

City of Muscatine, Iowa



Annual Budget Fiscal Year 2018/2019

ANNUAL BUDGET

CITY OF MUSCATINE, IOWA

**FOR THE FISCAL YEAR
JULY 1, 2018 - JUNE 30, 2019**

CITY OFFICIALS

**Diana Broderson
Mayor**

City Council

Philip Fitzgerald	Osmond Malcolm
Tom Spread	Nadine Brockert
Allen Harvey	Kelcey Brackett
Santos Saucedo	

BUDGET PREPARED BY:

Gregg Mandsager, City Administrator
Nancy A. Lueck, Finance Director
LeAnna McCullough, Accounting Supervisor

COVER:

The new Merrill Hotel and Conference Center, located in downtown Muscatine overlooking the Mississippi River, opened in March of 2018. This was one of the first projects in the State to be awarded Iowa Reinvestment District funding from the Iowa Economic Development Authority (IEDA).

City of Muscatine

Mayor and City Council



Left to Right:

**Councilmembers Santos Saucedo, Allen Harvey, Tom Spread,
and Nadine Brockert, Mayor Diana Broderson, Councilmembers Kelcey
Brackett, Phil Fitzgerald, and Osmond Malcolm**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Muscatine

Iowa

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morill

Executive Director

Award for Distinguished Budget Presentation

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Muscatine, Iowa for its annual budget for the fiscal year beginning July 1, 2017. This was the 33rd consecutive year the City received this award.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

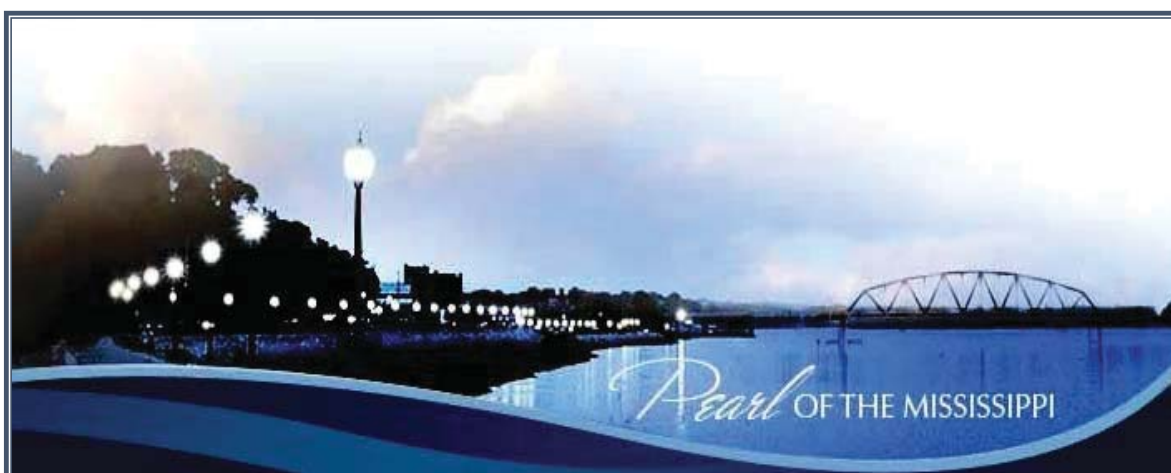
City of Muscatine

Information Directory

City of Muscatine Website
muscatineiowa.gov

City Administrator and Department Directors

<u>Director/Department</u>	<u>E-mail Address</u>	<u>Telephone</u>
Gregg Mandsager City Administrator	gmandsager@muscatineiowa.gov	563-264-1550
Melanie Alexander Art Center Director	malexander@muscatineiowa.gov	563-263-8282
Dave Gobin, Community Development Director	dgobin@muscatineiowa.gov	563-262-4141
Nancy A. Lueck, Finance Director	nlueck@muscatineiowa.gov	563-264-1550
Jerry Ewers, Fire Chief	jewers@muscatineiowa.gov	563-263-9233
Pam Collins Library Director	pcollins@muscatineiowa.gov	563-263-3065
Richard Klimes, Director of Parks and Recreation	rklimes@muscatineiowa.gov	563-263-0241
Brett Talkington, Police Chief	btalkington@muscatineiowa.gov	563-263-9922
Brian Stineman, Public Works Director	bstineman@muscatineiowa.gov	563-263-8933
Jon Koch, Director of Water Pollution Control	jkoch@muscatineiowa.gov	563-263-2752



Introduction to the City of Muscatine

Pearl of the Mississippi

www.muscatineiowa.gov

Early History

Benjamin Nye is credited with having made the first settlement within the present county of Muscatine. This was in the spring of 1834. Mr. Nye laid out a town at the mouth of Pine Creek, situated about 12 miles northeast of Muscatine and named it **Montpelier**. Mr. Nye built a store and three separate mills with his last one, Pine Creek Grist Mill, still standing today in Wildcat Den State Park. Pine Creek offered perfect water power and for many years the early residents of the county brought their grain to his mill but the town itself was a failure.

Colonel George Davenport, who lived at the time in Rock Island, brought a stock of goods and established a trading post in what is now **Muscatine**, erecting a small log cabin and leaving the post in charge of an agent.

The year 1835 saw a number of new settlers in this area. **James W. Casey** started a trading post below that of Colonel Davenport, known as "*Casey's Wood Yard*" of Newburg. **Colonel John Vanater** who had been here several years before, returned and bought Colonel Davenport's post. The town of Bloomington was laid out in 1836 by Colonel Vanater who named the town for his hometown Bloomington, Indiana. This was the first survey by an act of the Wisconsin Territorial Legislature. Approved in January 8, 1837, Bloomington was made the county seat.

Bloomington was incorporated as a town of the second class on January 23, 1839 and on May 6th, its first president, **Joseph Williams** was elected. The population of Bloomington in January 1839 was 71 and there were 33 buildings in the town. In November, there were 84 houses in the city.

How Muscatine got its name

Historians differ in their ideas of how Muscatine got its name. Some claim it was taken from the Mascoutin Indians who lived in this area in the 18th century. The name "*Mascoutin*" means "*Fiery Nation*". Other historians claim the name came from the Indian name for what is now known as Muscatine Island. Because of the great difficulty in getting mail, (it was often sent to Bloomington, Illinois or Bloomington, Indiana and sometimes Burlington, Iowa), in 1850 the new name of **Muscatine** was adopted for both the town and county.

The name Muscatine is unique in that it is not used by any other city in the United States or the world.

Railroad Development

The period from 1854 to 1875 was marked by the coming of the railroads and the rapid settlement and development of the State of Iowa. The Chicago, Rock Island and Pacific Railroads were the first railroads to be built in Iowa reaching Rock Island, Illinois, in August 1854 and connecting with Iowa by ferry crossing the Mississippi River. On November 20, 1855, the Mississippi and Missouri Railroad, which later became part of the Rock Island System, operated the first passenger train between Davenport and Muscatine. This was also the first passenger train operated in the State of Iowa.

Early Muscatine Industry

Lumbering, saw and planing mills, sash and door factories and other forms of woodworking were a major industry in Muscatine. When the nearby forests were cut off, lumber operators moved up the Mississippi River and brought the logs downstream by water. With the coming of the railroad, lumber was shipped in, but through all these changes various types of woodworking continued to be Muscatine's major industry. Muscatine businessmen acquired forest lands and continued to operate saw mills in various parts of the county.

Pearl Button Industry

John Fred Boepple, a German immigrant with a flair for making buttons, came to Muscatine in 1887. By mistake, Boepple found that fresh water mussel shells, instead of animal horns, made a stronger button that more closely resembled the fashionable buttons made of expensive import marine shells. Nicholas Barry and his sons invented a machine which turned out better buttons with less labor. Muscatine soon became the world's largest pearl button manufacturer, its factories employing half of the Muscatine workforce during

the turn of the century, earning it the name of "***Pearl Button Capital of the World.***" In 1905 over 1.5 billion pearl buttons were made in Muscatine. Today nearly all buttons are made from plastic.

Other Industrial Development

In 1892, after a nationwide investigation, **H.J. Heinz Company** decided to locate one of their principal canning plants in Muscatine, being the first expansion outside of Pittsburgh. Numerous additions have been made to this plant making it now the largest Heinz plant outside of Pittsburgh and the largest canning plant between the Mississippi River and the Rocky Mountains.

The fertile soils of Muscatine make the area well known for producing some of the highest quality agricultural products in the world with the famous Muscatine Melon being perhaps the most recognized.

Muscatine is home to the world headquarters of HNI (HON Corporation) that began here as a small business. Other companies have major facilities in Muscatine and a number of small and medium sized companies have become known nationally and internationally for their products.

Incorporation and Government

Muscatine acquired its present name in 1850. On February 21, 1851 Muscatine was incorporated by a special act of the Iowa State Legislature and is one of four Iowa cities that continues to operate under such special authority.

The city is the county seat of Muscatine County and has a mayor-council form of government. Day-to-day operations of the city are carried out under the supervision of a City Administrator.

We remain proud of our heritage and the strong industrial base present today. **Mark Twain**, who lived in Muscatine in 1854, once wrote "*I remember Muscatine for its summer sunsets. I have never seen any on either side of the ocean that equaled them.*" Our noted sunsets, joined together with the rolling terrain, quiet neighborhoods and strong sense of family values gives Muscatine a special personality all its own.

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INTRODUCTORY SECTION



Gregg Mandsager
City Administrator
City Hall, 215 Sycamore St.
Muscatine, IA 52761-3840
(563) 264-1550 Voice/TT
Fax (563) 264-0750

TO: Mayor Diana Broderson and Members of City Council

SUBJECT: Budget Message - FY 2018/2019

DATE: March 15, 2018

The budget for fiscal year 2018/2019 is hereby presented as adopted by City Council subsequent to the informational review process and required public hearing. The emphasis of the budget process is on planning for anticipated operating expenditures, city services, personnel costs, capital expenditures, and other related programs. It is during the City Council's review process that choices are made among competing demands for the city's fiscal resources. The City of Muscatine's established budgetary process has resulted in a management oriented budget document with the fourfold theme of providing financial control, management information, planning, and policy information. This budgetary process has been recognized by the Government Finance Officers Association in their conferral of the 33rd consecutive Distinguished Budget Presentation Award for the fiscal year 2017/2018 City Budget. The budget for fiscal year 2018/2019 will also be submitted for consideration for this award.

GOALS AND OBJECTIVES

The budget for 2018/2019 includes comprehensive goals and objectives for each department and activity in the operating budget. The process of developing a comprehensive management by objectives program for the community is a continual process as the needs of the community change. As a result, the city must continue to redefine its goals and set objectives as to how they can be achieved in both the short and long term. The evaluation of progress in accomplishing the prior year's objectives is an important part of the budget process between the City Council, City Administrator, and department directors.

The City Council held a goal setting session on November 16, 2017 to discuss and establish goals and objectives for 2018/2019. The Core Values, Vision Statement, Mission Statement, and strategic goals for 2018 and future years as adopted and prioritized by City Council are as follows:

Core Values

- Integrity
- Respect
- Innovation
- Excellence
- Professionalism
- Customer Service
- Fiscal Responsibility

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

Vision

Muscatine is a vibrant river community where a rich tradition of community pride and entrepreneurial spirit has created an outstanding environment to live and work. Muscatine values its history, has a strong sense of community, is rich in cultural and economic diversity, and has strong global connections. Muscatine residents, businesses, and its local government are engaged and achieve goals through valued partnerships.

Mission

Provide effective municipal services, excellent customer service, and sound fiscal management that improves quality of life and ensures a sustainable economy.

<i>OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019 AND FUTURE YEARS</i>

Ongoing Opportunities

- Attract employees that work in Muscatine, but do not live in Muscatine. Focus on new employees entering the Muscatine workforce
- Partner with local organizations and governments to combine services or cooperate where feasible and appropriate
- Position the City to address potential shortfalls in revenue due to state and federal mandates, work to leverage local funding with grants, and increase the City's General Fund balance
- Work to retain Tax Increment Financing (TIF) as a municipal economic development tool
- Increase community awareness and engagement (Tell Muscatine's story)

Council and Management Agenda 2018-2019

Community and Economic Development

- Evaluate areas, programs, and opportunities for economic development
 - Update the City's Urban Renewal and Revitalization Areas (TIF and Tax Abatement)
 - Industrial Park (South End) – Create new TIF District
 - Highway 38-61 Industrial Park/Mixed Use Development
 - Create new TIF and tax abatement districts
 - Create a downtown façade program
- Market economic development programs
 - Budget for and create/review website and signage opportunities
 - Work with local banks, real estate companies, and others to promote plans and incentives
- Develop Port based upon feasibility study results:
 - Research and prepare grants (USEDA, TIGER, USDOT, FEMA, etc.) (2017)
 - Permitting and environmental review (2018)
 - Engineering/design for related infrastructure (2018-2019)
 - Construction to follow permitting and environmental clearance
- Develop vision and prepare Request for Proposals (RFP) for the redevelopment of the “Carver Corner” area
- Adopt policies or guidelines on public art and communications on city-owned land and rights-of-way (Community Improvement Action Team (CIAT) or Council subcommittee)
- Develop a comprehensive plan or vision for the downtown
 - Design and construct 2nd Street “Streetscape” project addressing storm water at the same time

Housing

- Promote infill opportunities and evaluate opportunities to improve current housing stock (voluntary and involuntary opportunities), including the adoption of a property maintenance code and non-residential design guidelines
- Review and sell, redevelop, repurpose, or demolish nuisance and city-owned properties (create assets versus liabilities)
- Implement and market the Housing Demand Study (Downtown, Single Family, Multi-Family, Pocket Neighborhoods, etc.)
 - Conduct community presentations that communicate the need
 - Add web and social media content
 - Assemble developable sites
 - Identify public, private, and partnership opportunities
 - Identify infrastructure needs and code changes to implement study

Programs and Services

- Complete the rewrite of the 1974 Zoning Ordinance
 - Sign regulations, property maintenance codes, home-based businesses, and form based zoning
 - Develop a youth diversion program for at risk youth in cooperation with the Police Department, School District, Juvenile Probation, and other parties; educate and train staff

Marketing, Communication, and Engagement

- Develop and implement a marketing plan for the City of Muscatine in cooperation with the Greater Muscatine Chamber of Commerce and Industry (GMCCI), Muscatine School District, Muscatine Community College, Muscatine Power and Water, Unity Point - Trinity Muscatine, and the Convention and Visitors Bureau (CVB)
- Enhance the City's website, expand the use of social media tools for public communication, and explore opportunities for a city mobile application (app)
- Continue communication efforts with a focus on increasing transparency and ease of use. Investigate and develop dashboards (visual metrics) for public, Council, and staff use (i.e. Opengov or internal program)

Continuous Service Improvement (Processes, Technology and Efficiency)

- Improve organizational effectiveness and efficiency
- Bring technology to the field (drive efficiency)
- Work with GMCCI, downtown businesses, and residents to create a clean and inviting environment downtown and other areas in need (i.e. gateways and major corridors)
- Evaluate LEAN in local government and whether to continue the initiative and if so, in what format

Sustainability

- Develop a Sustainable Muscatine program and the associated policies to incorporate community sustainability principles of economic prosperity, environmental integrity, and cultural vibrancy into the City Comprehensive Plan. This will integrate public, private, and non-profit groups as well as individuals to build sustainability practices into planning, budgeting, facilities, and operations locally and regionally.
 - Establish a broad-based stakeholder group or committee to draft guidance documents or policies
 - Evaluate "green" facility initiatives (solar power, lighting, automated lighting, etc.)

Key Projects, Programs and Placemaking

- Develop a plan for the renewal of the Local Option Sales Tax continuing its focus on sewer separation and streets

- Infrastructure: Maximize current resources, look for operational efficiencies, focus on preventive and deferred maintenance, and look for “green” initiatives that are feasible and demonstrate long-term benefits
- Update and implement Capital Improvement Plan (CIP) with focus on existing infrastructure
- Mississippi Drive (2018-2019)
 - Finalize 2nd and Mulberry, Carver Corner, and Broadway to Carver Corner
- Grandview Avenue (2019-2020)
- Explore Placemaking projects – develop and maintain local amenities for residents that attract and retain a quality workforce (aesthetics, pocket parks, native plantings, low maintenance, appropriate trees)
 - Implement Pearls of Progress Community Attractions and Tourism (CAT) Grant projects
- Combined Sewer Overflow (CSO) (multiple phases through 2028) (Phase 4 2018)
- City Hall HVAC and building envelope plan
- Riverfront Master Plan – develop implementation strategy and work to implement low cost items
- Develop 2nd Street “Streetscape” Plan and scope
- Water Pollution Control Plant (WPCP) Receiving Station and Waste to Energy Projects
- Library transition to the new Musser Public Library and HNI Community Center
- Review opportunities for reuse of the “old” Musser Public Library building or site
- Reforestation (Grants, CSO, Downtown, Riverfront, Grandview, right-of-way, Emerald Ash Borer (EAB))
- Solid Waste operations review/evaluation
- Review and discuss options for city-wide storm water and sewer issues
- Rezone and work to acquire IDOT maintenance facility for public safety and public works needs as well as to implement a regional storm water management area (infiltration and retention)

Pride in Muscatine

- Work to develop a positive reputation for Muscatine in the region
- Work to create strong community and neighborhood events with active participants
- Encourage participation in Muscatine, whether it be in local government or with any of the other numerous opportunities
- Create or improve public gathering places
- Work to create a strong sense of community
- Work to have more people calling Muscatine their “hometown”
- Market the many good things happening in Muscatine
- Strengthen community service partnerships

The 2018/2019 budget includes funding appropriations (where applicable) required to accomplish the objectives listed above. Department objectives also make reference to the City Council Strategic Goals where applicable including the City Administrator, Community Development, Public Works, Engineering, Park Administration, and Finance department objectives. The budget was also prepared according to certain policies and practices established by the City Council. These policies and practices immediately follow this Budget Message.

KEY BUDGET ISSUES

In developing the fiscal year 2018/2019 budget, there were several key issues which had to be addressed during the budget process and which will continue to be concerns during the implementation of the various programs and services during the year.

State Legislation

In 2013 the State Legislature adopted Senate File 295 for Property Tax Reform. This legislation implemented the following:

1. Taxable valuations for commercial property and industrial property, which historically had been valued at 100% of actual value, were rolled back to 95% for 2014/2015 and to 90% for 2015/2016. Per this legislation the State will provide a reimbursement to cities for the commercial and industrial rollback which is expected to offset a portion of the property taxes which would have been received if not for these rollbacks. This reimbursement, however, was capped at the 2016/2017 funding level. The 2018/2019 budget is based on the City continuing to receive the State reimbursement for the commercial and industrial rollback. There is, however, discussion in the State legislature for phasing out this reimbursement.
2. A taxable valuation growth reduction for agricultural and residential property from the previous 4% to 3%. This will limit the annual increase in taxable valuations for those properties.
3. While the rollback factor for residential property is expected to incrementally increase in upcoming years from the current 55.6209%, it will not increase above 60% per this legislation.
4. Created a new “multi-residential” property class which will be rolled back to residential levels by January 1, 2022, without backfill to local governments. This is being phased in beginning in the 2016/2017 fiscal year. The rollback factor for these properties was 86.25% in 2016/2017, 82.50% in 2017/2018, and it will decrease to 78.75% in 2018/2019. The rollback factor will continue to decrease by 3.75% each year until 2023/2024 when it will be equal to the residential rollback in place at that time.

This legislation impacted the City’s taxable property valuations for fiscal years 2014/2015, 2015/2016, 2016/2017, 2017/2018, and 2018/2019, and will continue to impact taxable valuations in future years.

The 2018 legislative session promises potential action on other topics critical to the cities across the state, which may directly impact city Automated Traffic Enforcement (ATE) revenues and Tax Increment Financing (TIF). The City continues to closely monitor bills related to ATEs, TIF, pensions, and any others that would impact the City operation. If there would be ATE legislation that in the worst case would prohibit use of ATE cameras, this would be a \$350,000 loss of revenue to the General fund. This amount would be equivalent to \$.40 per \$1,000 of valuation if the tax rate could be increased in an amount to fully offset this loss of revenue. With tax levy limits, however, the City would only be able to increase the levy by approximately \$.31 per \$1,000 which would fund the remaining balance of \$31,230 (\$.036 per \$1,000 of valuation) for employee benefits and \$235,597 (\$.27 per \$1,000 of valuation) for the Emergency tax levy. These total to \$266,827 and the City would need to consider other means to make up the remaining shortfall – other revenue enhancements and/or service level reductions.

The City’s 2018/2019 budget was developed based on positioning the City for the impacts from the legislative changes previously enacted or that may be enacted this legislative session.

The City of Muscatine made a number of changes in previous years to adjust for the limited revenues available for City operations. Significant reorganization actions have taken place when the opportunities presented themselves throughout the General Fund activities. Overall, these adjustments have continued to place a strain on the operational activities of the City’s General Fund. Despite these challenges, the City continues to do more with less and provide for basic overall services within the General Fund and other funds of the City while facing increasing demands for public services.

Property Tax Rate

Every elected body struggles with balancing the tax burden for citizens with a need to provide adequate funding for operational and capital activities within the organization itself. It is that balance that City Council again tried to achieve in the 2018/2019 budget. The total property tax rate for the 2018/2019 budget is \$15.67209 per \$1,000 of taxable valuation, which is the same total rate as the six previous years. While the employee benefits and tort liability tax levies increased for the upcoming year, the City was able to reduce the transit, levee, and debt service tax levies in an amount which offset the employee benefits and tort liability levy increases. The budget will again fund a portion of the cost of employee benefits for General Fund employees from the General Fund balance instead of the Employee Benefits tax levy. This assisted in maintaining the same tax rate for 2018/2019.

While the tax rate will not change for 2018/2019, rollback factors applied to several property categories will impact property taxes for these property owners. Residential property owners will see a 2.24% decrease in city property taxes since the rollback factor applied to residential property decreased from 56.9391% to 55.62097% (by 2.32%) for the upcoming year. The average residential property in the City of Muscatine has an assessed value of \$108,000. The owner of the average residential property will see a decrease of \$23.00 in their city property taxes for 2018/2019. With the rollback decreasing from 82.50% to 78.75% for multi-residential properties, the owner of a multi-residential property with a value of \$100,000 will see a decrease of \$59.00 in their city property taxes. The 90% rollback for commercial and industrial properties will continue in 2018/2019. These rollbacks are mandated by the State of Iowa and result in shifting the tax burden between different categories of property.

It was noted in the previous paragraph that the owner of the average home will have a decrease of \$23.00 in their City property taxes in 2018/2019 due to the residential rollback decrease. The 2018/2019 budget includes an increase in the utility franchise fee from 1% to 5%. For a home owner with the average annual gas costs of \$596, this would be a \$24 increase for the year. These amounts nearly offset so a negligible impact is expected when combining the City property tax and utility franchise fee for the average home owner for 2018/2019.

Police and Fire Pension Contributions and Rates

The required city contribution rate to the statewide Municipal Fire and Police Retirement Systems of Iowa (MFPRSI) was 30.12% in 2013/2014, 30.41% in 2014/2015, 27.77% in 2015/2016, 25.92% in 2016/2017, 25.68% in 2017/2018, and 26.02% in 2018/2019. Pension contributions for 2013/2014, 2014/2015, 2015/2016, and 2016/2017 were \$1,327,925, \$1,374,746, \$1,301,930, and \$1,314,218, respectively. The estimated contributions for 2017/2018 and 2018/2019 are \$1,339,274 and \$1,402,568. The decrease in 2015/2016 was due to the contribution rate decrease. The increase for 2016/2017 was due to the addition of four new firefighter positions with pension contributions for the new positions more than offsetting the savings from the decrease in the pension contribution rate. It should be noted that police and fire pension costs increased from \$654,034 in 2009/2010 when the contribution rate was 17.00%, to \$1,402,568 for 2018/2019 with the 26.02% contribution rate. This is a \$748,534 increase and an increase of 114.5% over this 10-year period. While modest annual decreases in future year pension rates are forecasted, these rates continue to have a significant impact on the City's budget.

Police and fire pension contributions are funded annually from the Employee Benefits tax levy. For 2018/2019 the tax levy rate needed to fund Police and Fire pension costs is \$1.60187 per \$1,000 of taxable valuation. In addition to police and fire pension contributions, the Employee Benefits tax levy also funds costs of FICA, IPERS, health insurance and other benefit costs for General Fund employees. The tax rate needed to fund other employee benefit costs for 2018/2019 is \$3.10221 which brings the total Employee Benefits tax levy for 2018/2019 to \$4.70408 per \$1,000 of valuation.

For the 2013/2014 budget the City chose to fund \$527,005 of other employee benefit costs for General Fund employees from the General Fund balance instead of the Employee Benefits levy. This allowed for the total overall tax rate to remain the same for 2013/2014. In 2014/2015 \$355,005 and in 2015/2016 \$192,959 of other employee benefits were funded from the General Fund balance instead of the Employee Benefits levy which again allowed for the total tax levy rates for those years to remain unchanged. In 2016/2017, 2017/2018, and 2018/2019 \$192,637, \$230,218, and \$31,230 respectively, of other employee benefit costs are being funded from the General Fund balance which again assisted in maintaining the same total tax rate for those years. While in recent years the City has been able to maintain the same total tax rate by varying individual tax levy rates and using the General Fund balance, if the Police and Fire pension contributions increase in upcoming years, increases in the City's total tax levy rate will be unavoidable. The MFPRSI contributions are one of the most significant budget challenges we face annually and these costs have a direct impact on our ability to maintain our existing levels of services.

Significant Changes Implemented

A number of changes were implemented over the past several years which placed the City in a better financial position for 2018/2019 and future years.

A key issue for the 2010/2011 budget was the consideration of and ultimate adoption of a Utility Franchise Fee on Alliant Energy, the provider of natural gas to the community. The ordinance change adopting this fee provides that the fee may be up to 5% on natural gas sales by Alliant in the community. The initial rate was set at 2% which was effective July 1, 2010. Implementation of this fee allowed for a reduction in the City's property tax rate for 2010/2011 and future years. The effect of the Utility Franchise Fee and the related reduction in property taxes varied by resident and individual businesses. Implementation of this fee resulted in the reduction of the Emergency property tax levy from its maximum rate of \$.27/\$1,000 of valuation in 2009/2010 and prior years, to \$.08/\$1,000 in 2010/2011. The Emergency Tax Levy was eliminated in 2011/2012 and was not levied in 2012/2013, 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, or 2018/2019.

The establishment of the Utility Franchise Fee allowed the City to diversify its funding sources used for the provision of General Fund services and reduce the City's property tax rate. With this franchise fee in place for up to 5% of natural gas sales, it allowed flexibility for the City Council to modify this rate if needed to continue to provide expected levels of City services to residents. This rate can be modified by giving a 90-day notice to Alliant Energy. For the 2012/2013 year City Council chose to reduce the Utility Franchise Fee rate to 1% which has generated \$81,400 in recent years. This reduction was possible since there had been strong revenues in other areas of the General Fund budget, specifically Automatic Traffic Enforcement (ATE) fines. The 1% franchise fee rate was maintained for the 2013/2014, 2014/2015, 2015/2016, 2016/2017, and 2017/2018 budgets. During prior year budget discussions, the City Council identified the Utility Franchise Fee as a potential revenue source to offset any legislative action to reduce annual ATE revenues.

The 2017/2018 revised estimate and 2018/2019 budget reflect the loss of approximately \$350,000 in annual revenue from the automated traffic enforcement (ATE) camera at Highway 61 and University Avenue beginning in April of 2017. This ATE camera location was ordered to be discontinued by the Iowa Department of Transportation and no tickets have been issued at that location since April of 2017. The City continues to appeal this decision. With the loss of those revenues, the 2018/2019 budget includes an increase in the utility franchise fee from the current 1% to 5% effective July 1, 2018. This increase is expected to generate \$325,600 in additional revenues, which is the approximate loss in revenue from the ATE camera at University Avenue and Highway 61.

There have been numerous structural, operational, and other changes over the last seven budget years which have placed the City's General fund in a more stable and sustainable financial condition going forward. Several of these were (1) funding economic development administrative costs and the Chamber economic development allocation with TIF funds (a total of over \$150,000 annually), (2) transferring the dredge operation to the Water Pollution Control fund (\$42,000 in annual General Fund savings), (3) changing from the previous insurance carrier to the Iowa Community Assurance Pool (ICAP) on July 1, 2014 resulted in annual savings of \$128,600 in General Fund insurance costs and a City-wide savings of \$173,900, (4) two voluntary annexations in 2012-2013 added 528 acres, 933 residents, \$88,000 in annual property taxes, and \$47,000 in annual Road Use Taxes, and (5) transitioning away from City participation in the Carver Swim Center generated an annual saving of \$28,100 beginning in 2015/2016 when the 3-year phase-out period was completed. Departments have also made numerous operational changes which resulted in cost savings and improved efficiency.

The General Fund budget for 2018/2019 includes an increase of 2.21 in fulltime equivalent (FTE) positions and there is a .27 FTE increase in the Housing budget for 2018/2019. This totals to a 2.48 increase in FTE positions. The budget includes a new Assistant City Engineer position with 75% of the costs of this position expected to be charged out to capital projects, with the balance funded from Road Use Tax. The budget also includes a 20 hour per week (.50 FTE) Custodian I position for the Public Safety Building with that position to replace the currently contracted cleaning service. There is also a .71 FTE increase in the Library budget due to the first full year of part-time staffing changes related to the library's move to the new Musser Public Library and HNI Community Center building in the spring of 2018. The FTE increase in the Housing budget reflects increasing a 29 hour per week custodian to full time.

There is also an increased budget allocation for seasonal staffing in the Park and Recreation department budgets beginning in April of 2018. The budget includes two new Seasonal Groundskeeper positions at 1,120 hours each at Grade 5 in the Seasonal Pay Plan (starting at \$12.00 per hour). This increase in seasonal staffing is due to additional facilities and responsibilities including maintenance of the new Kent Stein Park to Deep Lakes Park Trail, maintenance of the median areas of Mississippi Drive currently being reconstructed, and various other areas. Also, to assist in finding quality seasonal staff, the budget includes moving the Seasonal Equipment Operator positions from Grade 2 to Grade 3 and the Seasonal Lead Groundskeeper positions from Grade 4 to Grade 5 in the Seasonal Pay Plan. These changes are budgeted to be effective in April of 2018.

Departments will continue to look for efficiencies and cost savings in their operations in 2018/2019 and future years. One of the City's goals for the upcoming year is to continue to develop a formal Continuous Service Improvement program which will assist departments in identifying and implementing efficiencies and cost savings in their department operations. With limited financial resources expected to be available in future years and a growing demand for municipal services, the City must continue to take significant steps to enhance revenue streams as well as reduce expenditures where appropriate to meet these challenges. The recommendations included in the 2018/2019 budget are aimed at positioning the city to continue to address economic challenges, continue to provide existing services to the community, and position the city to meet new challenges and ever growing demands.

Tax Increment Financing (TIF) and Economic Development

The City has been a strong proponent of economic development activities over the years and has made aggressive use of TIF and tax abatement incentives. The City continues to support these efforts as these are effective tools for local communities, but TIF comes up against strong attacks annually during legislative sessions. The City needs to maintain the ability at the local level to attract and retain business. However, there is another side of the story which is often forgotten and that is the effect on the city,

county, and schools and ultimately their respective tax rates. The increment the City is claiming for TIF totals \$62,767,827 in 2018/2019 for all of the TIF areas. This value would generate \$508,419 in taxes from the \$8.10 General Fund tax levy. The impact on total taxes including the various other levies using the City's total tax rate of \$15.67209/\$1,000 rate is \$983,703 – essentially lost city revenue that could be used to fund and maintain city operations and services. If that \$62.77 million was allocated toward regular valuations for all taxing entities, the county would generate over \$569,000 in taxes and the school over \$936,000 (or they could reduce their respective tax rates). It should be noted that a portion of the increment the City is claiming is for debt service on bond issues for public improvements in TIF districts. If those projects were not funded from TIF and the City still did them, the City's debt service levy would need to be higher. It should also be noted that but for TIF, many of the projects may not have happened and there would have been no increase in regular taxes to the various governmental entities.

A significant funding source that was identified in previous years was the better utilization of tax increment financing (TIF) districts and returning to regular taxable valuations the unused portions of those funds on an annual basis. This will continue to be the case in the 2018/2019 budget and for years to come. By not claiming the full amount allowed, a portion of the values in each TIF area go back onto regular taxable valuations for all affected taxing entities. Approximately \$1,293,800 of incremental taxes was not claimed by the city for 2018/2019. This resulted in the related property values to be considered as regular valuations, which increased regular tax revenues in all tax categories for the City, County, and School district.

For 2018/2019 the City is claiming \$62,767,827 of incremental valuation which is 61.4% of the total increment of \$102,235,640 in all TIF districts. The amount the City did not claim of \$39,467,813 (38.6%) has gone back to regular taxable valuations for each taxing entity. The percentage claimed includes nearly 100% of the increment for the Wal-View Project #1 which was added to the increment beginning in the 2015/2016 budget and nearly 90% of the increment for Wal-View Project #2 added beginning in 2017/2018. The increment for the Wal-View #1 project for 2018/2019 is \$19,666,172 and the increment for Wal-View #2 is \$9,128,682. Since these are recent projects which had significant amounts of increment, it should be noted that if these projects were excluded from the total increment and increment claimed, the City would be claiming only 46.3% of the total increment for prior projects.

For the 2011/2012 through 2018/2019 budgets, the City Council approved two resolutions in each of these years for internal advances of funds which allow the City to claim TIF funds for TIF administrative and economic development purposes. The first resolutions provided for internal advances of \$102,517 in 2011/2012, \$105,254 in 2012/2013, \$113,089 in 2013/2014, \$116,500 in 2014/2015, \$116,500 in 2015/2016, \$142,100 in 2016/2017, \$148,900 in 2017/2018, and \$173,800 for 2018/2019 for staff time and other professional services involved in economic development activities and TIF administration and includes staff time of the City Administrator, Community Development Director, City Planner, Finance Director, Public Works Director, City Engineer, and Communication Manager positions. The other resolutions were for internal advances of \$35,000 in each of the years from 2011/2012 through 2014/2015 and \$38,000 in 2015/2016 through 2018/2019 for economic development grants to the Greater Muscatine Area Chamber of Commerce and Industry for their economic development activities. Using TIF funds for these purposes (instead of general property taxes) assisted the City in balancing each of the annual General Fund budgets from 2011/2012 through 2018/2019 and continuing to provide the current level of General Fund services to the community.

In May of 2011, the City Council approved a resolution, which consolidated and expanded the City's urban renewal policies, projects, and initiatives under a single urban renewal plan and expanded the City's urban renewal area to include the City boundaries. This action has allowed the City to pursue using TIF funding for economic development or blight alleviation throughout the City.

Landfill, Transfer Station, and Refuse Collection Fund Balances (Deficits)

Landfill Fund Balance (Deficit). A key budget issue in prior years was the deficit in the landfill fund, which is accounted for as an Enterprise fund of the city. This fund had deficit fund balances beginning in 2002/2003 which continued until the deficit was eliminated in 2014/2015. The budget for 2009/2010 included a significant rate increase for the transfer station from \$41.00 per ton to \$60.00 per ton effective July 1, 2009. This fee funds both transfer station and landfill costs. The continued need to expand and to develop costly landfill cells was the driving component of this fee increase as well as the deficit balance in the Landfill fund.

While it was anticipated that there would be some decrease in volume at the transfer station/landfill, the waste volume for 2009/2010 decreased from 41,320 tons in the prior year to 29,916 tons. With the continuing deficit in the Landfill fund, the Solid Waste Agency and the City considered implementing flow control measures which would have required all waste generated in the Agency area to be brought to the transfer station and landfill. Area businesses and the Chamber requested a committee be formed of business leaders, City staff, an Agency member, and others, to discuss the impacts that flow control would have on area businesses and possible alternate solutions. The Committee's recommendations included allowing for additional negotiated industrial contracts which would bring additional waste volume and revenue to the landfill. City Council approved the Committee's recommendations at their October 7, 2010 meeting and five new industrial contracts were entered into which were expected to bring in an additional 5,000 tons of waste and \$180,000 of revenues annually over the three year period of these contracts. These negotiated industrial contracts as well as the original industrial contracts were extended through June 30, 2015 and have been further extended through June 30, 2020.

The deficit in the Landfill fund at the end of 2009/2010 was over \$2.5 million. A large portion of this deficit was due to development of new cells at the landfill. The new cells were expected to have 298,800 tons of waste capacity, which was expected to provide a waste disposal area for approximately 8.5 years depending on the annual waste volume. The Landfill deficit decreased by \$411,988 to \$2,100,612 in the 2010/2011 fiscal year, decreased by an additional \$582,320 to \$1,518,292 in fiscal year 2011/2012, decreased by \$435,957 to \$1,082,335 in fiscal year 2012/2013, and further decreased by \$573,309 to \$509,026 in fiscal year 2013/2014. The deficit was eliminated in 2014/2015 and there was a positive fund balance of \$100,576. The fund balance increased to \$635,191 at the end of the 2015/2016 fiscal year and further increased to \$993,064 at the end of the 2016/2017 year. This balance plus the revenues received in 2017/2018 were sufficient to fund construction costs of \$739,800 for the next landfill cell and still maintain a positive balance estimated at \$724,614 as of June 30, 2018. This fund balance is projected to increase to \$1,231,814 at the end of the 2018/2019 fiscal year. With this cell completed, the Landfill is in a good position with sufficient waste capacity for the next 8 to 9 years based on an average waste volume of 42,000 tons. Waste tonnage varies annually, however, and may be negatively impacted when the industrial waste contracts expire on June 30, 2020.

Transfer Station Fund Balance (Deficit). The Transfer Station fund had a deficit balance of \$216,040 at the end of 2009/2010. Since revenues from the new negotiated industrial contracts were directed toward the deficit in the Landfill fund, the Transfer Station did not benefited financially from these new contracts. The 2010/2011 revised estimate included a \$200,000 funding transfer from the City's Refuse Collection fund which assisted in reducing the deficit in the Transfer Station fund. An additional \$50,000 transfer from the Refuse Collection fund was made in 2011/2012 which eliminated the Transfer Station deficit. There were further deficits in the Transfer Station budget of \$21,449 at the end of 2014/2015 and \$57,857 at the end of 2015/2016. These deficits were again primarily due to all of the revenue from the negotiated industrial contracts being credited to the Landfill fund.

After the 2016/2017 budget was adopted the City Council approved a change in the portion of the Transfer Station fee paid to the landfill to address the deficit in the Transfer Station fund and to address equipment replacement needs at that facility. This was reviewed with the Chamber Landfill Committee at their May 13, 2016 meeting and the Committee recommended that the allocation of the \$60 full rate tipping fee be changed from \$40 Landfill/\$20 Transfer Station to \$32 Landfill/\$28 Transfer Station for a two-year period (2016/2017 and 2017/2018). This allocation change allowed for the purchase of a new track loader funded from a separate internal loan, eliminated the deficit in this fund, and there was a positive \$166,418 fund balance at the end of 2016/2017.

The 2017/2018 revised estimate includes \$224,100 in capital outlay and the ending fund balance is estimated at \$97,168. Due to continuing capital outlay and deferred maintenance needs at the Transfer Station, the allocation of the full rate waste fee is budgeted to continue at the \$32 Landfill/\$28 Transfer Station rate for the 2018/2019 fiscal year. Based on an estimated 26,200 of transfer station tonnage at the full \$60 per ton rate, this results in an expenditure reduction of \$209,600 in the Transfer Station fund and a revenue reduction of that same amount in the Landfill fund. With continuing that rate allocation, the Landfill fund is still projected to have a \$1,231,814 fund balance at the end of 2018/2019. For the Transfer Station, continuing the current allocation rate allows for replacement of the exterior scale for \$105,000 and still maintains a \$33,668 positive fund balance.

Refuse Collection Fund Balance (Deficit). The Refuse Collection fund had a \$323,715 deficit fund balance at the end of 2015/2016 and this deficit decreased by \$86,807 to \$236,908 at the end of 2016/2017. The deficit is estimated at \$107,608 for the end of 2017/2018. These deficits were planned deficits due to capital costs to implement the City's automated refuse collection program for residential customers. Two automated (one-person) refuse collection vehicles were needed for the program as well as containers for each residential customer. The first automated refuse collection vehicle was purchased from the 2014/2015 budget and the 2nd from the 2015/2016 budget. With the long lead time on the order, however, even with the order placed in the 2015/2016 fiscal year, the vehicle was not delivered until December of 2016. These capital outlay purchases resulted in the deficit fund balances in recent years. With the final capital costs of implementing the automated refuse collection program all being incurred in 2016/2017, the operational savings from this program began to be fully realized. The original budget for 2017/2018 projected a \$160,700 decrease in the fund balance deficit at the end of the year to \$99,915. The deficit reduction of \$129,300 in the revised estimate is less than originally budgeted reduction and the fund balance deficit is estimated at \$107,608 at the end of 2017/2018.

Refuse collection rates for both regular residential customers and the senior rates are budgeted to increase by \$.50 per month effective July 1, 2018. The rate increase is needed in order to generate sufficient funds to replace one of the regular refuse collection vehicles in 2019/2020. The rate increase is also needed since the monthly rate for the curbside recycling program increases each year, which impacts the funds available for the regular refuse collection operation. Residential refuse collection rates have not been increased since April 1, 2011. The rate increase for 2018/2019 is projected to generate \$53,500 in additional revenues and a positive ending balance of \$77,092 is projected for June 30, 2019. This balance will be needed in order to replace one of the older 2-person refuse collection vehicles in the 2019/2020 budget.

Other Issues and Changes for 2018/2019

As in every year, there are increases in expenditure levels for city operations that reflect the increased cost of providing services even at a status quo or below status quo level. In 2013/2014 the City successfully negotiated 5-year contracts with each of the City's three bargaining units for fiscal years 2014/2015 through 2018/2019. The contracts for the police and fire bargaining units provided for wage increases of 2.25% in 2014/2015, 2.50% in 2015/2016, 2.75% in 2016/2017, 2.90% in 2017/2018, and 3.00% in

2018/2019. Wage increases for individual positions in the Blue/White Collar bargaining unit varied, but the overall financial impact to the City for this group was comparable to the increases for the police and fire bargaining units. Non-union employees are budgeted to receive the same across-the-board increase for 2018/2019 as the union groups (3.00%).

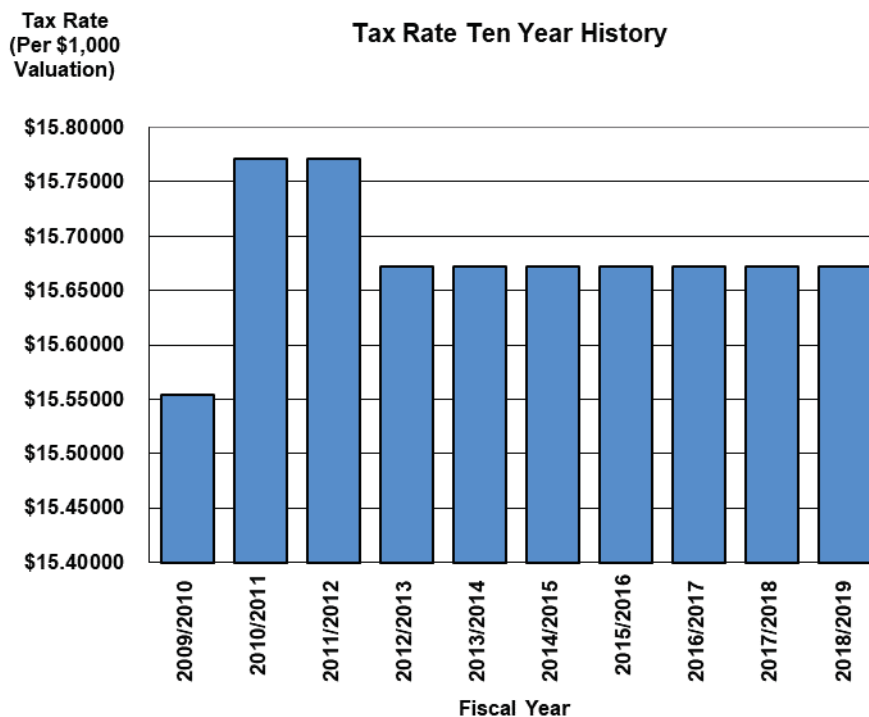
Municipalities are not immune to the same inflationary pressures that affect our residents and business community. Rising costs of fuel (typically), utilities, asphalt, other materials, and construction costs all affect the City. With the increased cost of providing basic services, there continues to be challenges for the city's financial resources to meet these increasing obligations. Additional costs for operating supplies and services continue to divert dollars that could be used for additional or enhanced services. The Municipal Cost Index (MCI) provides an indication of changes in the costs of materials purchased by municipal governments. The MCI had an increase of 2.94% between December 2016 and November 2017. Over the past 10 years the MCI increased a total of 23.53% or an average of 2.35% per year. The property tax rate for 2018/2019 is 2.97% lower than the rate 10 years ago and the 2018/2019 property tax revenues are 21.94% higher than 10 years ago (which is less than the MCI 10 year increase of 23.53%). In future years, a tax rate increase may need to be considered to fund the increasing costs of providing city services.

The 2015/2016 budget included an assigned funding allocation of \$12,300 to allow for merit increases for fulltime non-union employees. This was the first year of this program which allows for employees in this group to progress above the mid-point of their pay ranges based on merit performance in their positions. The 2016/2017 budget included \$12,300 for the 2nd year of this program. The budget amount was based on an estimated 30% of the fulltime employees in this group being eligible for merit pay of up to 1% of their annual salary. The 2017/2018 and 2018/2019 budgets each include \$50,000 to allow for pay increases in the non-union pay plan. This amount includes funds to allow for several positions to be placed on different grades in the pay plan based on market surveys and allows for merit increases of up to 3% based on performance.

The 5-year union contracts also provide for increases in health insurance deductibles and out-of-pocket maximums and employee contributions for health insurance. The bargaining units agreed to increase the health insurance deductibles and out-of-pocket maximums from the previous \$500/\$1,000 single and family deductibles and \$1,000/\$2,000 single and family out-of-pocket maximums to \$600/\$1,200 deductibles and \$1,200/\$2,400 out-of-pocket maximums effective January 1, 2016. The three bargaining units also agreed to increase the employee contributions for health insurance from the previous 5% to 6% as of January 1, 2017, to 7% as of January 1, 2018, and to 8% as of January 1, 2019. These changes will also apply to supervisory and non-union employees. These increases should assist in reducing future year health insurance costs and related rate increases.

TAX RATE AND BASE

Property taxes continue to be the major revenue source for the City of Muscatine. In 2018/2019, property taxes will represent 32.1% of total city operating revenues. This is a slight decrease from the 32.3% in fiscal year 2017/2018. The total tax levy rate for fiscal year 2018/2019 of \$15.67209 per \$1,000 of valuation is the same as the total tax rate for 2017/2018, 2016/2017, 2015/2016, 2014/2015, 2013/2014 and 2012/2013. The following chart shows the property tax rates for the last nine (9) years and the budgeted rate for 2018/2019:



The tax rate for 2009/2010 of \$15.55353 was significantly lower than the \$16.15095 tax rate in 2008/2009. This lower rate was possible due to the unusually high increase in taxable property valuations of 3.8% for that year. The increase for the prior year (2008/2009) was 4.6%, also significantly higher than prior years. These increases provided the city an opportunity to recover lost economic ground due to previous years' low or insufficient changes in taxable valuations. These higher than average increases in taxable valuation were one factor that led to lowering the City tax rates in each of these years. Additionally, for 2009/2010 the lower tax rate was due to several events in addition to the taxable valuation increasing - pension rates decreased and debt service requirements decreased. Going into 2010/2011 the city faced a different challenge – a net increase in taxable valuation of only 1.58% due to a significant loss in industrial values (down 4.35% for 2010/2011). The two main reasons for the increase in tax rate for 2010/2011 were the increase in the debt service levy for funding capital improvement projects and an increase in the Employee Benefits levy for the required rate increase for police and fire pensions. For 2011/2012 the same total tax rate was maintained and the rate decreased slightly (by \$.10/\$1,000) for 2012/2013. The tax rates for 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, and 2018/2019 were maintained at \$15.67209/\$1,000 of valuation, which is the same rate as 2012/2013.

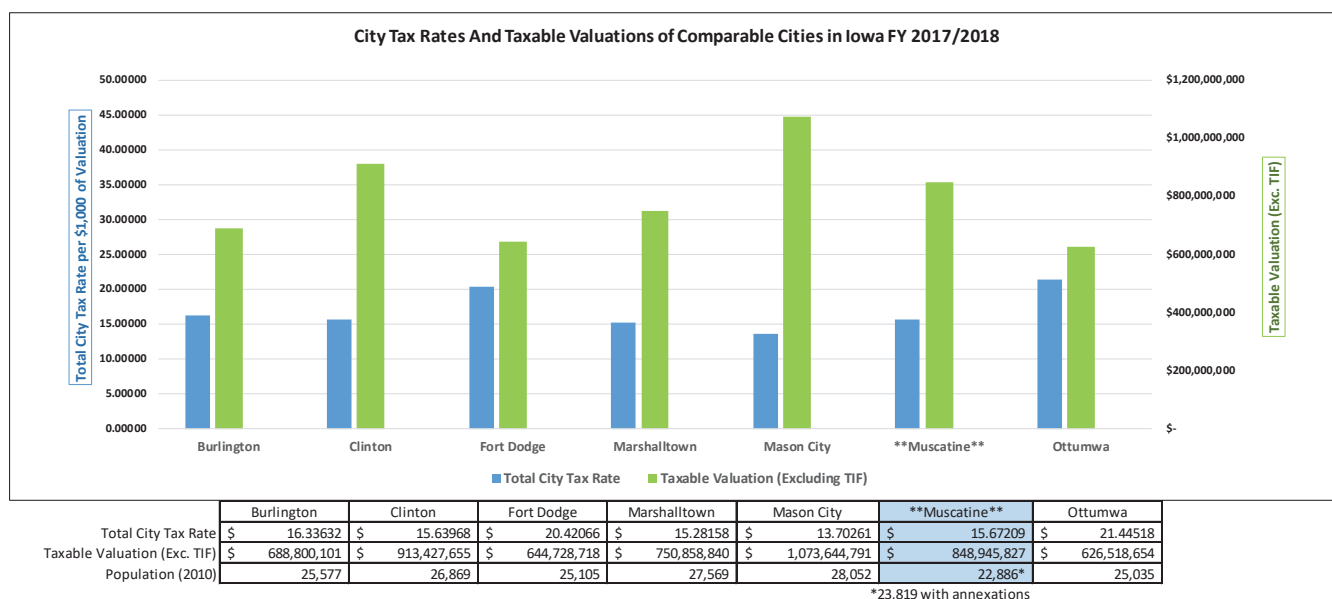
There are five categories that make up the 2018/2019 tax rate:

1. The City's General Fund levy of \$8.10 per \$1,000 of valuation is the maximum levy permitted by state law. The City has been at this maximum General Fund levy limit since 1991/92.
2. The Transit Levy is \$.05710, which is a 49.2% decrease in the levy rate (\$.055/\$1,000 decrease). This is primarily due to the available fund balance in the Transit fund from increased federal and state grant funding, reduced bus maintenance costs, and the transit fare increase effective July 1, 2015. The Transit fund balance will still be sufficient to fund the local share of bus and other capital purchases.

3. The Tort Liability levy will be \$.27422, representing an increase of 2.9% in this levy (a \$.008/\$1,000 increase). The Tort Liability tax levy has been fairly constant for the last four years due to the leveling of insurance premiums with the change to the Iowa Community Assurance Pool (ICAP) for the City's major insurance policies beginning July 1, 2014.
4. The Special Revenue Employee Benefits Levy is budgeted to increase 6.2% to \$4.70408 (an increase of \$.273/\$1,000). This would have been higher if \$31,230 in employee benefits had been funded from the tax levy instead of the General Fund balance. There is also projected to only be a \$10,814 beginning balance in the Employee Benefits fund at the beginning of 2018/2019. In prior years this balance has traditionally been higher due to savings in employee insurance and pension costs due to employee turnover. Much of the savings this year was offset by increased medical costs for former fire fighters that retired due to job-related injuries or illnesses.
5. The Debt Service Levy will decrease by 5.9% to \$2.53669 (a decrease of \$.158/\$1,000). This decrease was possible due to the increase in taxable valuation, favorable rates on the 2016 bond issue, and use of approximately \$40,000 in the debt service fund balance. The goal is to keep the debt service levy at or less than the \$2.89/\$1,000 of valuation in the debt service model prepared by Public Financial Management, Inc., the City's Financial Advisor. The debt service payments on the 2018 bond issue have been structured to meet this goal.
6. A levy for Levee Improvements has not been included in the 2018/2019 budget. In 2017/2018 this levy was set at the maximum rate allowed of \$.06750 (resulting in a decrease of \$0675/\$1,000). There are currently no known Levee projects and the collections of the 2017/2018 levy will provide funds for routine levee maintenance in both 2017/2018 and 2018/2019.

As noted previously, the City eliminated the Emergency tax levy for the 2011/2012 year and this levy has again not been used for 2018/2019. In 2009/2010 the City levied the maximum Emergency levy rate of \$.27/\$1,000 of valuation which generated \$196,964. For 2010/2011 the City implemented a 2% Utility Franchise Fee on Alliant Energy, the provider of natural gas services in the City. This fee allowed for a reduction in the City's overall property tax rate for 2010/2011, specifically the Emergency Tax Levy rate which was reduced from \$.27/\$1,000 in 2009/2010 to \$.08/\$1,000 in the 2010/2011 budget. The Emergency tax levy was eliminated in the 2011/2012 budget. From the 2009/2010 emergency levy, City Council directed that \$80,000 be set aside in the Emergency Tax Levy special revenue fund to be available in the case of future revenue shortfalls due to current or future economic conditions or for unanticipated emergency expenditures. Those funds are budgeted to remain in the Emergency Levy special revenue fund in 2018/2019. If the Emergency levy would be needed in future years, it would generate approximately \$235,600 at the maximum rate of \$.27 per \$1,000 based on the 2018/2019 valuations. This levy, however, would only offset a portion of revenue shortfalls if there would be legislation eliminating automated traffic enforcement cameras (\$350,000) and if the State backfill funding would be fully eliminated (\$634,752).

The following chart shows City tax rates for the group of seven cities in Iowa "comparable" to the City of Muscatine. The comparable cities shown are the group of similar size, stand-alone, full-service cities in the state. This chart shows the city tax rate and taxable valuations for the current 2017/2018 fiscal year. The information is not yet available for other cities for 2018/2019. City tax levies for this group range from \$13.70261 per \$1,000 of valuation for Mason City to \$21.44518 for Ottumwa. The City of Muscatine's rate of \$15.67209 is the median city in this group. Taxable valuations range from \$626,518,654 for Ottumwa to \$1,073,644,791 for Mason City. The City of Muscatine's taxable valuation of \$848,945,827 is third highest in this group. Each city sets their own tax rate based on their taxable valuation and the services provided to their residents.



Tax Rates from Lowest to Highest:

	Tax Rate	Taxable Valuation
Mason City	\$ 13.70261	\$ 1,073,644,791
Marshalltown	\$ 15.28158	\$ 750,858,840
Clinton	\$ 15.63968	\$ 913,427,655
Muscatine	\$ 15.67209	\$ 848,945,827
Burlington	\$ 16.33632	\$ 688,800,101
Fort Dodge	\$ 20.42066	\$ 644,728,718
Ottumwa	\$ 21.44518	\$ 626,518,654

Expansion of the existing industrial and commercial tax base as well as attraction of new tax base is key to the financial stability of the City of Muscatine for the future. In this regard, the City Council continues to invest in economic development activities by participating in several programs within the community to promote economic development. A number of these programs are controlled solely by the City of Muscatine and include the establishment and use of tax increment financing (TIF) districts as well as urban revitalization districts and enterprise zones. These financial incentive tools are available through City Council action to provide similar yet different types of financial incentives to encourage expansion of existing and attraction of new business opportunities within the city. In May of 2011 the City Council approved a resolution establishing a new enterprise zone and abatement schedule for a designated area of the City in order to offer tax abatement as an incentive to stimulate job creation and retention, enhance property tax values, and promote industrial revitalization within this area. As noted in the previous section, in May of 2011 the City Council approved a resolution which consolidated and expanded the city's urban renewal policies, projects, and initiatives under a single urban renewal plan and expanded the city's urban renewal area to include the current city boundaries. This action allows the city to pursue using TIF funding for economic development or blight alleviation throughout the city. In 2013 the City adopted policies and incentives to encourage in-fill opportunities and to address blight within the city limits. These policies and incentives include tax abatement incentives for improvements to properties in the City's two historical districts and in designated blighted areas of the City, and tax abatement

incentives for new residential home construction in designated areas approved by City Council. The tax abatement area and incentives was amended in March of 2018. In 2014 the City also started a Small Business Forgivable Loan program. The City is allocating \$100,000 in TIF funds annually beginning in 2015/2016 and continuing in 2016/2017, 2017/2018, and 2018/2019 for this program. This program is targeted for small businesses and the maximum forgivable loan is \$25,000. In December of 2016 the City created two new Urban Revitalization Areas – the Park Avenue area and the Grandview Avenue area.

In addition, the City Council continues to provide financial support to the Muscatine Chamber of Commerce & Industry. For fiscal year 2018/2019 the City Council has included \$35,000 in the budget to provide this assistance. An additional \$3,000 was allocated to the Chamber to assist in hosting visitors from Muscatine's various sister cities and other hospitality-related economic development activities. The City is one of the largest financial contributors to the Muscatine Chamber of Commerce & Industry and the City also provides staff assistance on a variety of projects that are undertaken by this organization on behalf of the community to promote economic development. The City also continues to pursue infrastructure improvements throughout the community to enhance economic development efforts as an active development partner in this process. Continued expansion and improvements of the sanitary and storm sewer systems within the city, extension of sewer and water services to the south end and other areas of the community, continued airport improvements, and overall quality of life projects are but a few examples of the city's continued commitment to enhancing economic and quality of life issues within the City of Muscatine.

In 2018/2019 taxable property valuations increased by 2.92% due to re-valuations by the County Assessor, new growth, and changes in taxable valuations due to changes in the rollback factors for residential and multi-residential properties. Growth in Tax Increment Financing (TIF) districts is not included in these taxable valuation amounts. The rollback of regular commercial and industrial valuations remained at 90% for 2018/2019. Multi-residential properties (those with 3 or more living quarters, assisted living facilities, land-leased communities, etc.), however, which had been included in the commercial property category, are now a separate property class. Those valuations were rolled back from 90% to 86.25% in 2016/2017, to 82.50% in 2017/2018, to 78.75% in 2018/2019, and will continue to be rolled back over the next five years until the rollback is equal to the rollback on residential properties. The taxable value for multi-residential properties for 2018/2019 is \$33,261,173, a .80% increase from the previous year. The increase is due to growth and re-valuations by the County Assessor being greater than the rollback for 2018/2019. Industrial property valuations increased by 11.54% for 2018/2019 and commercial values increased by 6.16%. Residential property values decreased by .33%. Actual valuations for residential property increased by 2.08% and there was a 2.32% decrease in the residential rollback (from 56.9391% to 55.6209%). The other smaller categories of properties are railroads, which increased in valuation by 12.97%, and utilities, which increased by 4.63%. Overall, these factors combined to result in the 2.92% overall increase in taxable valuations. It should be noted, however, that while the taxable valuations increased this year by 2.92%, this increase is somewhat of an anomaly as it is the fourth highest increase in the last 10 years and increases of this magnitude are not expected to continue in upcoming years.

As noted previously, property tax reform legislation approved in 2013 rolled back commercial and industrial property from 100% to 95% in 2014/2015 and further rolled back these valuations to 90% in 2015/2016. This legislation included a provision for the State to provide a reimbursement to cities which is expected to offset a portion of the property taxes which would have been received if not for the commercial and industrial rollback. For 2018/2019 the State reimbursement to the General Fund is estimated at \$328,067 based on the regular \$8.10 General Fund levy. Additional State reimbursement funds of \$2,313 for the Transit levy, \$11,106 for the Tort Liability levy, \$190,525 for the Employee Benefits levy, and \$102,741 for the Debt Service levy, total to an estimated total reimbursement of \$634,752 for 2018/2019. The State's allocation for future year reimbursements has been frozen at the

2016/2017 funding level. There is no reimbursement for the rollback on multi-residential properties. The 2018/2019 budget is based on the City continuing to receive the State reimbursement for the commercial and industrial rollback; however, there is discussion in the State legislature for phasing out this reimbursement.

STATE AND FEDERAL FUNDING

The City will continue to rely upon the property taxes generated as the primary funding source for General Fund programs. Reductions in state and federal funding sources have resulted in the continued emphasis on property taxes.

The largest source of funding from the State of Iowa is Road Use Tax funds collected by the State and distributed to local governments for street maintenance and street improvements. Road Use Tax revenues are estimated at \$2,882,100 in 2018/2019. Road Use Tax revenues continue to reflect the \$.10 per gallon increase in fuel taxes approved by the state legislature effective March 1, 2015. The fuel tax increase was expected to increase the City's allocation of Road Use Taxes by approximately \$400,000 annually. This increase has allowed the City to accelerate the street improvements planned for recent and future years. Road Use Taxes are distributed to cities on a per-capita basis.

In 2018/2019 other State funding includes \$243,800 in Transit operating funding, \$263,500 for Airport improvement projects, \$200,000 in Community Attractions and Tourism (CAT) grant funds, and \$366,000 in Iowa Reinvestment District funds.

The fiscal year 2018/2019 budget includes an estimated \$3,448,230 in federal funding for both operating and capital project costs. This includes the following: \$1,933,380 in funding for the Section 8 Housing rental assistance program; \$345,050 for operating and capital funding for the city's Public Housing Program; \$18,000 for the Home Ownership Education Program; \$607,200 in federal funding for the Transit operation; \$252,500 in federal funding for the West Side Trail project; \$167,700 for street improvements, and \$124,400 in Police department grants.

CHARGES FOR SERVICES

For fiscal year 2018/2019 budgeted charges for services total \$15,068,100 and comprise 30.3% of total operating revenues of the city compared to 30.4% for 2017/2018. These charges primarily involve programs and activities in the city's Enterprise Funds. Fee increases are budgeted for sanitary sewer services, collection and drainage, refuse collection, the boat harbor, and the golf course for fiscal year 2018/2019.

Sewer revenues including the separate collection and drainage charges are estimated at \$6,450,000 for 2018/2019. Based on previous independent reviews and studies, the city set forth on a course to systematically increase fees for collection and drainage as well as sanitary sewer rates. The purpose was to create sufficient fund balances to address current and future capital requirements for both operations, as well as debt service requirements on the State Revolving Fund Loan used to fund the major plant upgrade completed in 2012. In 2013 the City contracted for a rate study and the resolution adopting the recommended rates was approved by City Council in August of 2013. This resolution set both sewer and collection drainage rates for a 5-year period through June 30, 2018. The sewer rates reflected annual 3% increases with the first year rates effective September 1, 2013 and thereafter 3% annual rate increases effective July 1, 2014 through July 1, 2017. The 2017/2018 budget included \$15,000 for a new rate study with those rates to be effective July 1, 2018 and annually thereafter for the next three to five years. The rate study was in progress when the budget was developed and the new rates will be determined from the

study. The budget reflects estimated 3% increases in both sewer and collection and drainage rates to be effective July 1, 2018

Transit fares were increased for the 2015/2016 budget with the fare for fixed routes and night service increasing from \$.75 to \$1.00 and the paratransit fare increasing from \$1.00 to \$2.00. Transit charges are estimated at \$163,000 for 2018/2019.

Boat harbor slip rental rates are based on boat length. In 2017 the long dock was replaced as part of a capital project funded by a Resource Enhancement and Protection (REAP) grant from the Iowa Department of Natural Resources (IDNR). Increased slip rentals are expected with completion of the dock renovation project. A fee survey was done by the Parks department early in 2018. Based on the survey results, annual fees are budgeted to increase by \$50 for the 2018 season.

Golf course fees and sales are estimated at \$839,200 for 2018/2019. Golf fees were last increased for the 2017 golf season by \$1.00 per round for adult and senior greens fees. Adult and senior season pass fees were also increase by \$25.00. The greens fee and season pass rates for juniors remained the same in order to encourage interest in the game of golf by young people. The greens fees and season passes will not change for the 2018 golf season, but cart rental fees will increase by \$1.00 for both the 9-hole and 18-hole rates. This fee increase was needed to provide funds for capital improvements and equipment at the course. The 2018 season is the 12th season in which the city has complete operational control of golf services. The operation of the clubhouse had previously been contracted with a golf professional. The city's golf professional is now a fulltime employee and is responsible for managing the golf clubhouse operation. The city also assumed all beverage and golf cart services to maximize the earnings potential for the course. This change has produced positive results both operationally and financially for the city. An indoor golf simulator was purchased in 2010 to be used during winter months as well as during inclement weather during the golf season. Replacement of the fairway irrigation system was completed in 2013 at a total cost of \$330,200. A \$60,000 down payment was made in 2012/2013 and an internal loan is being used to finance the remaining portion of the project costs. Annual payments estimated at \$45,000 are being made from the Golf Course fund to repay this loan. The final payment on the loan will be made in fiscal year 2018/2019.

Budgeted transfer station charges for services total \$2,181,400 for 2018/2019 based on an estimated 42,000 tons of waste being processed at this facility. The current tipping fee is \$60.00 per ton and this rate will not change for the 2018/2019 year. In 2009/2010 the city began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualified for a discounted industrial rate of \$50/ton of which \$30 of this rate was paid to the Landfill. Additional negotiated industrial contracts were approved in 2010 which assisted in generating new waste for this facility. Revenue from the new negotiated contracts, however, was directed toward the Landfill fund deficit. These negotiated industrial contracts as well as the original industrial contracts were all extended through June 30, 2015 and have subsequently been extended through June 30, 2020. Under the most recent contract extensions the original industrial waste contracts were reduced by \$5.00/ton from \$50/ton to \$45/ton, with \$25 of the \$45 rate paid to the Landfill. The negotiated contracts were each reduced by \$2.50/ton.

Budgeted landfill charges for services total \$1,259,000 for 2018/2019. The landfill rates are incorporated in the transfer station rates with \$32.00 of the \$60.00 per ton transfer station rate (\$25.00 of the \$45.00 for industrial contracts) paid to the landfill for material disposed of at that facility. Additional negotiated industrial contracts were approved in the fall of 2010 and have been extended through June 30, 2020 with those revenues all directed to the Landfill fund.

The Refuse Collection budget is charged on a tonnage basis for waste collected and disposed of at the transfer station. Refuse Collection charges for services total \$2,274,500 for 2018/2019. For the 2018/2019 budget, the rates for both regular residential customers and the senior rates are budgeted to increase by \$.50 per month effective July 1, 2018 to \$20.50 and \$15.50, respectively. The rate increase is needed in order to generate sufficient funds to replace one of the regular refuse collection vehicles in 2019/2020. The rate increase is also needed since the monthly rate for the curbside recycling program increases each year, which impacts the funds available for the regular refuse collection operation. Residential refuse collection rates had not been increased since April 1, 2011 when the single sort curbside recycling program was implemented. The final year of the original contract with Allied Waste (now Republic Services) for the curbside recycling program was scheduled to end on March 31, 2016. In December 2015 City Council approved a 5-year extension to this contract. For the first year of the new contract the rate remained at \$3.43 per customer per month. For the 2nd through the 5th year of the new contract the per-customer per-month rate will increase to \$3.53, \$3.64, \$3.75, and \$3.86. The \$3.53 rate went into effect April 1, 2017, the \$3.64 rate will go into effect April 1, 2018, and the \$3.75 rate will go into effect April 1, 2019.

The Fire department continues to provide ambulance services for the city and surrounding townships. Revenue from ambulance services is estimated at \$1,525,000 for the 2017/2018 revised estimate and \$1,550,000 for the 2018/2019 budget with these estimates based on trends in the number of ambulance runs and revenues over the past year. The fee for the basic ambulance service is currently \$588, the rate for ALS 1 calls is \$698, the rate for ALS 2 calls is \$1,011 and the rate for SCT (Skilled Care Transports) is \$1,194. The Fire department reviews rates on an annual basis based on surveys of other area providers.

Parking fees are budgeted at \$149,000 for 2018/2019. Parking meter rates were last increased from \$.20 to \$.25/hour for 10-hour meters and from \$.30 to \$.50 for 2-hour meters for the 2013/2014 fiscal year. These rates will continue in 2018/2019.

PROGRAMS AND SERVICES

The 2018/2019 budget will provide for the continuation of most city services at the current levels. Full-time equivalent (FTE) year-round employees on an entity-wide basis total 226.14 for 2018/2019. This is a net increase of 2.21 in full-time equivalent positions compared to the original budget for 2017/2018. Changes in authorized positions for 2018/2019 and the three previous years are as follows:

2018/2019 (Including Changes in the 2017/2018 Revised Estimate)

- The 2018/2019 budget includes a new fulltime Assistant City Engineer position with 75% of this position expected to be funded from hours charged out to capital projects.
- The Building and Grounds budget includes a new half-time Custodian I position for the Public Safety Building. This position will replace the currently contracted cleaning service for that building.
- Library staffing will increase by .71 fulltime equivalent positions. This increase is in part-time hours implemented as part of the move to the new Musser Public Library and HNI Community Center.
- The 2017/2018 revised estimate and 2018/2019 budget for the Water Pollution Control Plant staffing was reduced by .27 in fulltime equivalent positions when a fulltime Maintenance Worker position was replaced with a 29-hour per week Custodian II position.
- The Housing budget for 2018/2019 includes increasing a 29-hour per week Custodian II position to fulltime (increase of .27 in fulltime equivalents).

2017/2018 (Including Changes in the 2016/2017 Revised Estimate)

- The 2017/2018 budget included two new 25-hour per week Custodian II positions and one new 25-hour per week Custodian I position. Two of the custodian positions replaced the previously contracted cleaning service at City Hall and the current Library. The other Custodian is expected to be needed to maintain the expanded space at the new HNI Community Center and Musser Public Library. Adding these positions resulted in an increase of 1.88 FTE positions.
- Library staff reorganizations resulted in a net .14 FTE reduction in Library staffing compared to the original 2016/2017 budget. Part of the 2017/2018 reorganization is due to moving to the new library.
- The 2016/2017 revised estimate and 2017/2018 budget reflected staff reorganizations in the Housing department that resulted in a 1.27 FTE reduction in staffing. The most significant reduction was elimination of the fulltime Housing Maintenance Supervisor/Inspector position in December of 2016 due to funding shortfalls in the housing budgets.

2016/2017 (Including Changes in the 2015/2016 Revised Estimate)

- The 2016/2017 budget included four new firefighter positions. These positions were added due to the increased number of ambulance transport calls.
- A Library staff reorganization resulted in a .54 FTE reduction in Library part-time staffing.
- Community Development part-time staff was reduced by .23 FTE due to a staff reorganization. Effective October 1, 2015, this department no longer has the responsibility for food/grocery permits and inspections, which allowed for this overall reduction.
- One Refuse Collection Driver position was eliminated when the 2nd automated refuse collection vehicle was placed in service. This was in late December of 2016 which resulted in a reduction of .50 FTE positions in 2016/2017.
- The Lift Station Supervisor position in the Water Pollution Control fund was eliminated in the 2015/2016 revised estimate.
- There were changes in Housing staffing resulting in an overall .45 FTE staff reduction.

2015/2016

- In the 2014/2015 revised estimate there was a reduction of one police officer position due to grant funding being discontinued for the officer 100% funded from a U.S. Department of Homeland Security grant for the Joint Terrorism Task Force.
- In the 2014/2015 revised estimate there was a reduction of .25 in staffing in the Housing department with a staff reorganization.
- A Communications Manager position was added in the 2015/2016 budget. This position manages the city website, branding and marketing efforts, news releases, and social media. While accounted for in the General Fund, the cost of this position is being evenly allocated to six funding sources.
- An additional 29 hour/week Community Services Officer position was added in the Community Development department. The primary responsibility of this position is to oversee the new rental housing registration and inspection program. Fees for rental housing registrations are expected to fund the cost of this position.
- The Art Center Aide position was increased from 20 hours/week to 29 hours/week for 2015/2016.
- There were changes in part-time staffing in the Library (.18 FTE reduction) and grant-funded Art Center part-time staffing (.22 increase).

The projected level of expenditures for the General Fund of \$20,165,500 for 2018/2019 is 3.9% (\$752,649) above the 2017/2018 budget of \$19,412,851. The overall increase in expenditures consists of (1) an increase of \$513,400 (5.0%) in salaries and wages, (2) an increase of \$159,800 (3.4%) in employee benefit costs, (3) a decrease of \$16,400 (1.7%) in commodity costs, (4) an increase of \$65,700 (2.8%) in contractual services costs, (5) an increase of \$61,000 (11.5%) in capital outlay costs, and (6) a decrease of \$30,851 (5.7%) in transfers and “assigned” funding.

The City first used the “assigned” funding classification in the 2012/2013 General Fund budget. The funding assignments for that year included allocations for a new fire engine, new financial software, and the first annual allocation of \$40,000 set-aside to fund the City’s obligation to retain the two COPS grant-funded police officers for one year subsequent to the 3-year grant period. The fire engine and the financial software were purchased in 2013/2014. The second and third annual allocations of \$40,000 for the COPS grant-funded police officer positions were budgeted in 2013/2014 and 2014/2015. The 3rd and final year of the COPS grant funding ended in March of 2015. The prior year assigned funding was used in 2015/2016 to meet the 4th year requirement of the grant agreement.

The 2015/2016 budget for the first time included an assigned funding allocation of \$12,300 to allow for merit increases for non-union employees and that same amount was budgeted for 2016/2017. The 2017/2018 budget includes an estimated \$50,000 to allow for pay increases in the non-union pay plan. This amount includes funds to allow for several positions to be placed in different grades in the pay plan based on market surveys and also allows for merit increases of up to 3%. The 2018/2019 budget again includes \$50,000 in assigned funding for merit increases of up to 3% for non-union fulltime employees. The assigned funding for merit increases allows fulltime employees in the non-union pay plan to progress above the midpoint of their pay grades based on job performance.

The funding “assignments” were made for several reasons: (1) While the General Fund balance and revenues are currently sufficient to fund operations and some capital items, changes by the State legislature could change this significantly in upcoming years. It is proposed that the City only make one-time expenditures from available funds instead of adding recurring costs (staffing increases); (2) Funding the fire engine and Finance software from the General Fund assisted in reducing future year debt service requirements. In prior years, sufficient funding would not have been available in the General Fund and these items would likely have been funded from bond proceeds; (3) Setting aside funds for the future COPS grant obligation lessened the impact on the General Fund for the required 4th year of funding for those officers; and (4) The assigned funding allocation for non-union pay increases allows for these funds to be budgeted in one area until it is determined which department budgets will be impacted by these increases.

The 2018/2019 budget for the General Fund of the City of Muscatine provides an expenditure level to fund most core services at essentially the same level as in previous years for most departments.

Although there are no full-time staff reductions in General Fund departments planned for 2018/2019, the effects of prior year reductions continue to be experienced in the respective departments. Prior year staff reductions affected most departments and have reduced full-time equivalent (FTE) employees in the General Fund by 8 from 170 in 2001/2002 to 162 in 2018/2019. There has always been a precarious balance between the desire to address community “needs and wants” and the availability and distribution of increasingly scarce financial resources. The City has been forced to adjust to the reduced levels of revenues by eliminating positions through the various departments of the city over the past seventeen years. Although savings were achieved through these actions, it did alter the levels of service that the city now offers to the public.

The 2018/2019 budget continues to provide for a variety of essential and non-essential public services. In 2010/2011 the City contracted with GATSO, USA to install and operate Automatic Traffic Enforcement (ATE) cameras at five intersections in the community. This system has improved traffic safety in those areas at minimal or no cost to the Police department. As noted previously, the ATE camera at Highway 61 and University Avenue was ordered to be discontinued by the Iowa Department of Transportation and no tickets have been issued at that location since April of 2017. The City continues to appeal this decision. The Police department added a mobile ATE unit in November of 2016. The Police department budget continues to include two School Resource Officer (SRO) positions with one in the high school and one in the middle schools, both of which receive 75% funding from the Muscatine Community School District. The two police officer positions assigned to the Drug Task Force will continue in 2018/2019. These positions are partially funded from federal grants.

The City of Muscatine continues to provide Emergency Medical Services (EMS) including ambulance services through the Fire department. Firefighters continue to provide paramedic level services as well as firefighting services to the community.

Public Works programs and service levels in the areas of roadway maintenance, snow and ice control, street cleaning, traffic control, and engineering have been maintained for fiscal year 2018/2019. Major Public Works projects scheduled for construction in 2018/2019 include the next phases of the Mississippi Drive Corridor project, the annual pavement management program, the annual new sidewalk construction program, and continuation of the West Hill Sewer Separation project.

The Refuse Collection budget continues to provide for the contracted single sort curbside recycling program which began in April, 2011. The 2014/2015 budget included funding to begin the transition to an automated refuse collection program for residential waste. This program involved providing standard waste bins to customers and purchasing automated refuse collection vehicles which can be operated by one person instead of the two-person crews needed for the regular vehicles. In 2014/2015 the first automated refuse collection vehicle was ordered and it was delivered and placed in service in December of 2015. The 2nd automated vehicle was ordered in 2015/2016 and it was delivered and placed in service in late December of 2016. With the 2nd automated truck now in service and all of the carts purchased, the savings from this program are now being fully realized. Fiscal year 2017/2018 was the first full fiscal year using both of the automated refuse collection vehicles.

Leisure time service activities include a wide variety of activities that reach a cross section of the community through the Library, Art Center, Museum, Golf Course and a comprehensive system of parks, recreation programs, the aquatic center, boat harbor, and soccer facility.

The City will continue its commitment toward effective planning and community development efforts. In 2013 the Community Development department completed the process for developing a new citywide comprehensive plan incorporating Iowa's Smart Planning Principles. This plan was adopted by the City Council on September 19, 2013. The Community Development department also completed the updated Five Year Capital Improvements Plan and this plan was adopted by City Council in February of 2016. This department is also nearing completion of the update to the City's zoning ordinance.

The city's Housing department operates the 100-unit Clark House Senior Citizen Facility, the 50-unit low and moderate income family Sunset Park Project, and the 50-unit Hershey Manor senior citizens facility operated by the city through a management contract with the Hershey Manor Board. In addition, the city is assisting low and moderate income individuals and families with rent subsidies through the federal Section 8 Housing Choice Voucher program.

For fiscal year 2018/2019 the city will continue to provide support for several non-profit service organizations within the community. Despite limited revenue growth, the City Council has remained committed to assisting these groups as best they can. These agencies provide valuable services to the entire community. For 2018/2019 the City Council chose to continue financial contributions to the Greater Muscatine Chamber of Commerce and Industry (Chamber), the Muscatine Humane Society, and Senior Resources. The contribution to the Chamber will remain at their current level of \$38,000. The subsidy to the Muscatine Humane Society will increase from their current \$60,000 to \$65,000. The 2017/2018 budget included a one-time increase in the subsidy to Senior Resources from \$20,000 to \$30,000 due to their loss of funding from other sources. The subsidy to Senior Resources was set at \$25,000 for 2018/2019.

The 2015/2016 budget for the first time included an allocation of \$25,000 to the Muscatine Center for Social Action (MCSA) for their Homeless Prevention Program. This \$25,000 funding allocation was continued in 2016/2017, 2017/2018, and 2018/2019. The subsidy, however, will be reduced if any grant funding is secured for this program.

Operating expenditures budgeted for all city operations for 2018/2019 total \$44,903,036, which is an increase of \$707,070 (1.6%) from the fiscal year 2017/2018 level of \$44,195,966. Operating revenues for the city total \$49,673,227 compared to \$48,301,244 for 2017/2018, an increase of \$1,371,983 (2.8%). Capital project expenditures are estimated at \$17,895,900 for the 2017/2018 revised estimate and \$16,574,600 for the 2018/2019 budget.

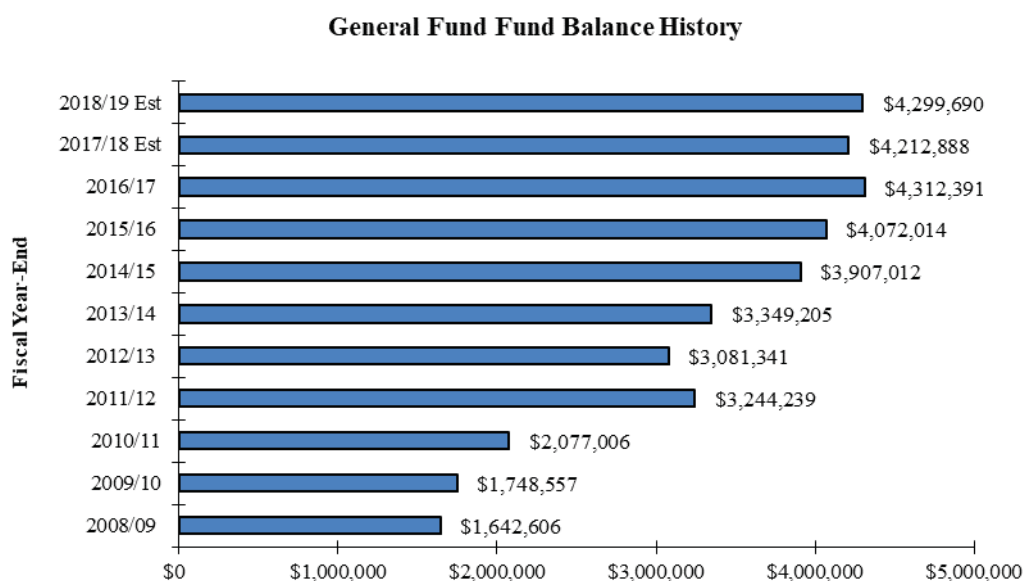
FUND BALANCE AND BUDGET POLICY ISSUES

The 2018/2019 budget presents beginning balances, revenues, transfers in, expenditures, transfers out, and ending fund balances for each city fund. Fund balance for budgeting purposes is defined as the funds remaining after the application of available resources to support expenditures of each fund. For governmental funds, fund balance is the difference between assets and liabilities of each fund. For enterprise and internal service funds, fund balance for budget purposes, is presented on a basis consistent with the budgets presented for governmental funds. Expenditures include capital outlay purchases and principal and interest due during the budget year on debt obligations. In this regard, the *budgetary* basis for enterprise and internal service funds differs from the *accounting* basis used to prepare the comprehensive annual financial report for the city. Additional information on the basis of budgeting and accounting for the various city funds can be found in the “Fund Structure Overview and Basis of Accounting and Budgeting” section later in the Introductory Section of the budget.

The city’s Operating Budget/Expenditure Policy provides that a balanced budget be presented each year for City Council consideration and approval. The policy defines balanced budget as one in which expenditures will not exceed estimated resources and revenues. This in effect provides that expenditures be less than the beginning fund balance of each fund plus revenues for the year. For 2018/2019 balanced budgets were presented to and approved by Council for all funds with the exception of the Marina Enterprise fund and the Equipment Services Internal Service fund. The deficits in the Marina and Equipment Services funds are due to inventories in those operations.

As in prior years, one of the key components of the City’s budget process is developing a General Fund balance that provides the city with the necessary funds to carry it through its first three months of operation of each fiscal year before property tax collections are disbursed by the county as well as provides adequate reserves for unforeseen circumstances or events. This is necessary for the fiscal integrity of the General Fund. In 2013 the City’s minimum General Fund balance policy was updated from the previous 10% of General Fund expenditures level to two months of General Fund expenditures,

which is equivalent to 16.7%. The City Council has made efforts in recent years to incrementally increase the General Fund balance as shown in the following graph.



The 2009/2010 General Fund ending balance was 11.4% of expenditures. This increased to 13.6% at the end of 2010/2011, 20.4% at the end of 2011/2012, 17.9% at the end of 2012/2013, 19.2% at the end of 2013/2014, 22.6% at the end of 2014/2015, 23.1% at the end of 2015/2016, and 22.8% at the end of 2016/2017. The fund balance decrease in 2012/2013 was a planned decrease with funds used for one-time capital items including a new fire engine and new financial software.

The estimated ending General Fund balance of \$4,329,708 when the 2017/2018 budget was developed was 22.3% of budgeted General Fund expenditures which met the 16.7% minimum amount in the new policy. The 2017/2018 revised estimate ending fund balance of \$4,212,888 is 21.6% of expenditures. The decrease in the revised estimate is primarily due to the loss of approximately \$350,000 in revenue from the automated traffic enforcement (ATE) camera at Highway 61 and University Avenue beginning in April of 2017. This ATE camera location was ordered to be discontinued by the Iowa Department of Transportation and no tickets have been issued at that location since April of 2017.

The ending balance for 2018/2019 of \$4,299,690 is 21.3% of General Fund expenditures which again meets the minimum fund balance provision in the updated General Fund Balance Policy. The 2018/2019 budget includes an increase in the utility franchise fee from the current 1% to 5% effective July 1, 2018. This increase is expected to generate \$325,600 in additional revenues, which is the approximate loss in revenue from the ATE camera at University Avenue and Highway 61. There are no one-time uses of fund balance in excess of the minimum amount in the 2018/2019 budget. The 2018/2019 budget is “balanced” with budgeted revenues \$86,802 higher than budgeted expenditures. This demonstrates that the operating budget is sustainable and that fund balance does not need to be used to fund current operating expenditures.

The City’s effort to increase the General Fund balance is in part due to comments in the 2008 Moody’s bond rating report which stated that Moody’s considered the previous minimum of 10% fund balance requirement to be “relatively narrow” and that higher reserve levels may be appropriate for challenges to the city’s financial operations. The increases in the General Fund balance in recent years and City Council

formally updating the City's minimum fund balance policy demonstrates Council's commitment towards the goal of increasing the General Fund balance. The importance of the General Fund balance integrity is reaffirmed when the city issues debt for various community projects. When undergoing a financial review by outside rating agencies in advance of bond issuance, the current fund balance in the General Fund reflects on the City's overall financial management and is probably the single most important factor in maintaining the City's bond rating. The bond rating received in April 2018 for the city's May 2018 general obligation bond issue was Aa2 under Moody's rating scale. This was the same rating as assigned for the 2016 and 2014 bond issues.

As discussed during the budget review process, the 2018/2019 budget is based on factors known at the time the budget was scheduled for a public hearing. As such, the budget reflects the City continuing to receive the State backfill for the Commercial and Industrial rollbacks and also the revenue from the remaining automated traffic enforcement (ATE) cameras. If the backfill would be fully eliminated by the State, there would be a total revenue reduction of \$634,752 (with \$529,698 directly impacting the General Fund, \$2,313 the Transit system, and \$102,741 the Debt Service Fund). If the ATEs would be prohibited by the State, there would be an additional \$350,000 revenue reduction to the General Fund. These total to a potential \$984,752 reduction in revenues to the City with \$879,698 directly impacting General Fund services.

If the State backfill funding is reduced or eliminated or ATE restrictions are implemented that negatively impact General fund revenues, the following interim plan is proposed to be used:

- Provisions in the General Fund Balance Policy provide that "except for extraordinary circumstances, unassigned fund balance should not be used to fund any portion of ongoing and routine operating expenditures of the City".
- The policy then provides that: "Extraordinary circumstances can include significant revenue fluctuations (i.e. State legislative changes limiting property taxes, limiting automatic traffic enforcement (ATE) use, etc.). In the event that use of unassigned fund balance is necessary to provide a short-term solution to maintaining essential services, the City will evaluate current and future economic conditions to evaluate the extent of expenditure reductions or revenue increases that would be needed to achieve day-to-day financial stability and restore the fund balance."
- Having a strong General Fund balance and the Fund Balance Policy in place will allow time for staff and City Council to plan for how to address revenue reductions if they occur.
- The recommended next step after the legislative session – Staff, Council, and public discussion of future revenues, expenditures, and City services for future years. The fund balance could be used in the short-term to backfill a portion of any lost revenues.

CAPITAL IMPROVEMENTS AND OTHER LONG-TERM FINANCIAL PLANS

Capital Improvements Plan

The operating budget will again be supplemented with an aggressive Five Year Capital Improvement Plan. In February of 2016 the City Council approved the resolution to adopt the current Five Year Capital Improvement Plan for fiscal years 2015/2016 through 2019/2020. Elected officials, citizens, and city staff participated in the development of this Plan and a public hearing was held prior to the Plan's adoption. This Plan is a document separate from the city's budget and can be accessed from the city's website. The Plan's capital project summary schedules, however, listing all Plan projects as well as summary schedules by fiscal year and by department have been included in the Capital Projects section of this budget document in order to provide a correlation between these two documents. During the annual budget

process, this Plan is used to determine capital improvement projects to be included in the budget for the upcoming year. A number of projects in this Plan are subject to the receipt of federal, state, or local grant funding. As such, projects in the Plan may be accelerated or deferred based on funding availability. The projects in the 2017/2018 revised estimate and 2018/2019 budget are projects which have approved funding sources. If outside funding is awarded for projects in the Plan but not yet in the adopted budget, the City will make the appropriate amendments to the current or upcoming budget.

In addition to the project summary schedules from the Five Year Capital Improvements Plan, the Capital Projects section of this budget document includes descriptions of all projects under construction in 2017/2018 and those to be initiated in 2018/2019. Also included in the Capital Projects section are estimated costs for these projects on a fiscal year basis.

The major emphasis in the city's Capital Improvements Plan for 2018/2019 and upcoming years will continue to be upgrading of the City's streets and sewer systems, airport improvements, building and facility improvements, park facility improvements, and improvements at the city's Water Pollution Control Plant.

In 2007 the City began a Comprehensive Pavement Management Program to upgrade the City's overall street conditions. Funding allocations totaling \$5 million were used in 2007 through 2009 to complete the initial upgrade. These initial costs were funded with general obligation bond proceeds. Thereafter an annual allocation of at least \$500,000 is needed to maintain the streets at this higher level. The ongoing annual maintenance of the improved streets began in 2010 with these costs funded from the 20% allocation of local option sales taxes as provided for in the voter referendum in 2008 for the local option sales tax extension. This 20% allocation is estimated at approximately \$550,000 annually. In 2018/2019 the Local Option Sales Tax funding for pavement management projects of \$553,200 will be supplemented with a \$446,800 allocation of Road Use Tax funds which total to a \$1 million allocation for pavement management projects. The additional Road Use Tax funding is available as a result of the State legislature increasing the gasoline tax by \$.10 per gallon effective March 1, 2015.

In addition to the ongoing Pavement Management Program, the City continues to use grant funding or other funding sources to complete improvements to heavily-used streets in the community. In January of 2018 the City received notification that its applications for Traffic Safety Improvement Program (TSIP) grants to fund construction of a mini-roundabout at the Houser/Fulliam intersection and the conversion of a portion of Park Avenue from a 4-lane to a 3-lane configuration were approved by the Iowa Department of Transportation. The grants will fund 100% of the estimated \$167,700 in construction costs for the Houser/Fulliam project and \$325,000 of the estimated \$421,800 in construction costs for the Park Avenue project. The City will be responsible for the remaining \$96,800 of project costs for the Park Avenue project and the estimated \$20,000 in engineering design costs for the Houser/Fulliam project and \$27,000 in engineering design for the Park Avenue project. Road Use Tax funds will fund the local share of the costs for these two projects.

The State transferred jurisdiction and maintenance responsibilities for the Mississippi Drive Corridor from the Mississippi River Bridge south to the Highway 61 Bypass in September of 2014. The State provided \$13 million of funding that the City can use to reconstruct and improve this corridor. Engineering design began in 2014/2015 and continued in 2015/2016 and 2016/2017 for the portion of this corridor from the Mississippi River bridge to Grandview Avenue. Construction for phase one of this project, from the Mississippi River bridge to Broadway, excluding the Mulberry Avenue intersection, began in the late spring of 2017 and will continue through calendar year 2018. The CP Railroad is contributing a total of \$4 million (\$2 million in 2016/2017, \$1 million in 2017/2018, and \$1 million in 2018/2019) for this project. Muscatine Power & Water will also contribute funding for utility relocation work required by this project. The balance of the project costs will be funded from the Transfer of

Jurisdiction funds. Project costs in 2018/2019 include those for the completion of the contract for phase one of the project, for construction of a roundabout at the 2nd Street and Mulberry Avenue intersection, for construction of the Grandview Avenue (Carver Corner) intersection, design and the start of construction for the Grandview Avenue portion of the project, and engineering inspection services.

Sewer improvements continue to be identified as a high priority by City Council. In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2028. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. The only remaining project in the Consent Order is the separation of the combined sewers in the West Hill area. This project will be constructed in multiple phases over the next ten years and the total cost for all of the phases is projected to reach or exceed \$55 million. Construction on Phase 1 of the project began in the summer of 2012 and was completed in the fall of 2013. Phase 2 of this project began in the summer of 2013 and was completed in the fall of 2014. Bids for Phase 3 of the project were received in March of 2015. The Phase 3 contract provided for three areas of work to be completed in calendar years 2015, 2016, and 2017. Bids for Phase 4 of the project were received in March of 2018. Phase 4 also consists of three work areas to be constructed during the next three calendar years (2018, 2019, and 2020).

The current 10-year local option sales tax period was scheduled to end on June 30, 2019 and a referendum was held on March 6, 2018 on the proposal to extend this tax for an additional 15 years to fund future sewer (80%) and street (20%) improvement projects. The extension of this tax was again approved by voters with 88% voting in favor of the extension. The 80% allocation of the local option sales tax for sewer improvements will fund project costs and anticipated debt service costs for the remaining phases of the West Hill Sewer Separation project

Engineering design is nearing completion for the High Strength Waste Receiving Station at the Water Pollution Control Plant which involves the construction of two large dumping areas to accept hauled waste. One dumping area will be for septic, recreational vehicle, and City jet/vac material disposal. The other site will allow the City to accept FOG (Fats, Oils, and Grease) waste from local restaurants. This waste helps produce methane gas in the Plant's anaerobic digesters. This gas can be used to run the boilers, heat buildings, and produce fuel. When the project is completed the City will receive disposal fees from waste haulers, greatly reduce carbon emissions, and save on energy costs at the Plant. The project is scheduled to be bid in the spring of 2018 with construction to begin late in 2017/2018 and be completed in fiscal year 2018/2019. The total construction cost estimate is \$3.8 million. Due to funding limitations in the Water Pollution Control Plant Reserve, the digester conversion portion of the project (estimated at \$800,000) will be funded from the May 2018 bond issue with that portion of the issue repaid with WPCP funds.

Pearls of Progress Projects - The HNI Corporation donated their former headquarters building in downtown Muscatine to the City to be used as the new Musser Public Library and HNI Community Center. The cost to convert this building into the new library and community center is estimated at \$1.3 million. This is one of the four projects in the City's Pearls of Progress Project that was awarded a \$500,000 Community Attractions and Tourism (CAT) Grant from the State of Iowa. The other projects include the Community Dog Park, construction of the West Side Trail to connect Kent Stein Park to Discovery Park, and the Muscatine County project to construct cabins at Deep Lakes Park. The estimated total cost of these projects is over \$8.1 million. Funding will be from grants, donations (including the donation of the library building), City bond proceeds, County Conservation Board funds, and the CAT grant.

Other significant capital projects budgeted for 2018-2019 include replacement of the Rose Garden restroom at Weed Park, Soccer Field #3 improvements, construction of a parking lot across the street from the Soccer Complex, continuation of deferred maintenance projects on city buildings, and the new T-Hangar construction project at the airport.

More information on individual capital projects can be found in the Capital Projects Fund section of the budget document.

City Comprehensive Plan

The City adopted a new comprehensive plan in September of 2013. The City's Five Year Capital Improvement Plan (discussed above) was based on elements included in the new comprehensive plan. The City's zoning ordinance update is in progress and is scheduled to be completed in 2018. Public forums were held to receive input from the community on the new comprehensive plan and the Five Year Capital Improvement Program and are also being held for the update to the zoning ordinance.

Long-Term Future Debt Financing Plan

The City, working with Public Financial Management (PFM), the City's financial consultant, has developed a long-term future debt financing plan. This plan shows annual debt requirements for existing general obligation debt and the related actual or estimated debt service tax levy rates. This schedule also calculates the amount of future year debt which can be issued without impacting the debt service tax rate. Based on this schedule, the City is scheduled to issue \$3,200,000 in property tax funded debt in May of 2018 with this portion of the bond issue funding the purchase of a new aerial Fire Truck, the local share of Airport improvement projects, the local share of the Kent Stein Park to Deep Lakes Park Trail, the local share of the West Side Trail, deferred maintenance improvements to various City buildings, and parks improvements which include replacement of the Weed Park and Soccer Sidewalk Lights, replacement of the Rose Garden Restroom at Weed Park, purchase of the Control Link Light System at Kent Stein Park, Soccer Field #3 improvements, and construction of a new parking lot across from the Soccer Complex.

The May 2018 issue includes \$800,000 for the digester conversion portion of the High Strength Waste Receiving Station at the Water Pollution Control Plant. The annual debt service payments on this portion of the bond issue will be funded from the Water Pollution Control fund. The May 2018 bond issue totals to \$4 million for project costs with an estimated \$90,000 allowed for bond issuance costs. The City has traditionally issued bonds every other year to assist in financing projects in the Capital Improvements Plan.

BUDGET DOCUMENT

The information in this budget document is generally organized on a fund basis. The State of Iowa requires city budgets be prepared on a fund and function basis with expenditures classified into nine functional areas – General Government, Public Safety, Culture and Recreation, Public Works, Community and Economic Development, Health and Social Services, Debt Service, Capital Projects, and Business-Type Activities. The Introductory Section includes the city's Financial Management Policies, budget calendar, city organizational chart, and entity-wide budget overview charts, which immediately follow this budget message. These are followed by operating budget summary schedules for major funds and non-major funds combined, budget summary schedules for all operating funds, property tax schedules, and major revenue sources schedules. The Operating Budget by Function Matrix included with the budget summary schedules for city operating funds, reflects how expenditures of each fund and activity are classified into the functional areas. Department organizational charts conclude the information

in the Introductory Section. Several of the department organizational charts include activities in more than one fund of the city so they have been included in the Introductory Section rather than the fund information which follows.

SUMMARY

The preparation of the fiscal year 2018/2019 budget involved an overall team effort by city staff and City Council. With the continued uncertainty that affects financial conditions in the state and the community, the challenge to continue high levels of service is one that city staff and Council must approach together. Decisions on the level of services to be provided throughout the community have generated and will continue to generate much discussion, especially when financial resources are limited and there is demand for services to be maintained at the same level or increased. The city will continue to look toward cooperative efforts between other governmental agencies in order to provide the best overall level of services to the community as a whole. However, it is important to be realistic in the expectations of the level of services as they match against the financial resources needed to provide for them. At some point the city will have to recognize it cannot provide all of the levels of service that are demanded by its citizens unless additional funding sources are identified to fund the cost of these additional services. Faced with this situation, elected representatives are forced to choose and prioritize levels of service in the community. Given that almost every service the city provides has a constituency base, future decisions are sure to draw criticism from those affected groups. It is unfortunate but it is a fiscal reality that this and other cities will have to grapple with well into the future. With strong leadership from the Mayor and City Council and a commitment to improve the quality of life in the community, the city staff looks forward to working with our elected representatives and the citizens of Muscatine.

It is my honor and pleasure to serve this community and to work as a team with its elected officials and city staff members to provide the highest level of service to the community that is possible. The most significant assets the city has are the dedicated individuals who work for it. Without their dedication and professionalism, the services enjoyed by this community would be far less. Also the dedication and time the elected officials put forward in the preparation of the city budget as well as their responsibilities throughout the year is a testament to their commitment to the community and citizens who elected them. Thank you to city staff, department heads, the Finance department, and to our elected officials for their respective hard work and long hours in putting this 2018/2019 budget together. A special thank you to Nancy Lueck, Finance Director, and LeAnna McCullough, Accounting Supervisor, for their long hours of budget preparation, compilation, and assistance with this document.

Respectfully submitted,

A handwritten signature in black ink, reading "Gregg Mandsager". The signature is fluid and cursive, with the first name "Gregg" and last name "Mandsager" clearly distinguishable.

Gregg Mandsager, City Administrator

CITY OF MUSCATINE FINANCIAL MANAGEMENT POLICIES

The following financial policies have been developed to provide guidance to the City's financial management system. The 2018/2019 budget for the City of Muscatine was prepared based on these policies where possible. The City's intent is to support a sound and efficient financial management system which best utilizes available resources and provides an acceptable service level to the citizens of Muscatine. The following statements are not intended to restrict the City Council's authority in determining service needs and/or activities of the City. These financial policies do not limit the City Council's ability and responsibility to respond to service delivery needs above or beyond these policies. The City Council as a policy making group is still accountable for the efficient and responsive operation of the City.

Revenue Policy

1. The City will initiate efforts to maintain a diversified and stable revenue system in an attempt to avoid short run fluctuations in any one revenue source.
2. Annual revenues will be estimated by an objective, and whenever possible analytical process.
3. Existing revenue sources will be re-examined annually with new revenue sources investigated during the annual budget preparation process.
4. Revenues will be estimated at a level to fund estimated expenditures on an annual basis. Revenues may exceed expenditures if the fund balance of any fund needs to be increased to meet minimum balance requirements. Additionally, surplus fund balances may supplement revenues in order to fund estimated expenditure levels.
5. Property tax revenue collections will be established through a tax levy rate for general operations which will not generally exceed the Municipal Cost Index and Consumer Price Index of the previous year. This increase will not include levy collections due to natural growth of the City but will include any state mandated equalization orders.
6. In relation to enterprise funds which have been established to support expenditure levels, user fees and charges will be established to fund direct and indirect costs of the activity whenever feasible. Exceptions include, but may not be limited to, the public transportation system and airport operations.
7. User fees in other governmental areas such as recreational services will be established at a level to support actual costs of adult activities and for other groups at a level which will not inhibit participation by all.
8. All user fees and charges will be re-evaluated on an annual basis during the budget preparation process.
9. One-time or special purpose revenues such as grant funds will be utilized to fund capital expenditures or expenditures required by that revenue. Such revenues will not be used to subsidize reoccurring personnel, operating, and maintenance costs.

10. The City will on a continuous basis seek methods to reduce the City's reliance on the property tax through seeking legislative support for local option taxes, investigating additional non-property tax revenue sources, and encouraging the expansion and diversification of the City tax base with commercial and industrial development.

Operating Budget/Expenditure Policy

1. The City Administrator will compile and submit to the City Council a balanced budget by the first Monday in February of each year.
2. The balanced budget will reflect expenditures which will not exceed estimated resources and revenues. Routine expenditures will not be greater than the previous year's expenditure level by more than the estimated annual percentage increase in the cost of living. The Municipal Cost Index and Consumer Price Index will be used as a basis for the cost of living.
3. The operating budget for the City will be developed and established on a service level basis. Any additions, deletions and/or alterations in the operating budget will be related to services to be provided to the general public.
4. The operating budget will emphasize productivity of human resources in providing services, efficient use of available revenue sources, and quality of services to be provided.
5. New service levels will be considered when additional revenues or offsetting reductions of expenditures are identified, the new services fall within the broad framework of the City operation, or when such services are mandated by the State of Iowa or the federal government.
6. Current City expenditures will be funded by current revenues unless specifically approved by the City Council.
7. The City will avoid the postponement of current expenditures to future years, accruing future years revenues, or utilization of short term debt to fund operating expenditures.
8. The operating budget will provide funding for the on-going maintenance and replacement of fixed assets and equipment. These expenditures will be funded from current revenues and, in the case of replacement of equipment, surplus fund balances in excess of the minimum working balance reserve.
9. Within the operating fund a reserve will be set aside for unforeseen emergencies. This reserve will be maintained at one percent of the operating budget as a minimum.
10. The budget will provide adequate funding for all retirement systems as prescribed by state law.
11. A working fund balance for general operations will be maintained in order to support expenditures prior to the collection of taxes. The working balance will be at least two months of budgeted operating expenditures for the General Fund which is equivalent to 16.7 percent of the budgeted level of expenditures. See separate detailed General Fund Balance Policy adopted November 7, 2013.
12. Each year the City will revise current year expenditure projections during the succeeding year's budget preparation process. Costs of operating future capital improvements included in the capital projects budget will be included in the operating budget.

13. The City will participate in a risk management program to minimize losses and reduce costs. This program will also protect the City against catastrophic losses through the combination of insurance, self-insurance, and various federal and state programs.
14. The City will maintain a budgetary control system to monitor its adherence to the approved operating budget.
15. The City administration will prepare monthly expense and revenue reports comparing actual revenues and expenditures to budgeted amounts.

Capital Improvement Budget Policy

1. The City will make all capital improvements in accordance with the adopted Capital Improvement Program except for emergency capital improvements which are deemed necessary by the City staff and approved individually by the City Council.
2. Capital improvements will be identified on the basis of long range projected needs rather than on immediate needs in order to minimize future maintenance, replacement, and capital costs.
3. All capital improvements proposed will be submitted to the Planning Commission for their review and consideration. Their recommendation, in addition to staff's recommendation, will be submitted to the City Council for approval as the capital improvement plan for the City.
4. A capital improvement program will be developed for a five-year period and updated annually.
5. Estimated costs of each capital improvement projected for each year will be included in the plan.
6. Revenue sources for each capital improvement will be identified in the plan whenever possible.
7. Intergovernmental funding sources from the federal, state, and private sector will be actively sought and used as available to assist in financing of capital improvements.
8. Future operating costs associated with the capital improvement will be projected and included as a memo item in the Capital Improvement budget.
9. During the initial stages of a particular capital improvement but no later than the public hearing for the capital improvement, revenue sources to fund the capital improvement and estimated project costs including incidental costs will be approved by the City Council.

Debt Administration Policy

1. The City will limit its long-term borrowing to capital improvements or projects which cannot be financed from current revenues or for which current revenues are not adequate.
2. Long-term borrowing will only be utilized to fund capital improvements and not operating expenditures.
3. The payback period of the bonds issued to fund a particular capital project will not exceed the expected useful life of the project.
4. The City will attempt to keep the average maturity of general obligation bonds at or below 10 years.

5. The City will maintain its debt limitation at 5 percent of actual property valuation as mandated by the State of Iowa.
6. Of the debt margin for general obligation bonds, 40 percent will be reserved for emergency purposes.
7. Whenever possible, special assessment, revenue, and/or general obligation bonds abated by enterprise revenues will be issued instead of general obligation bonds funded by property tax.
8. For those general obligation bonds issued and funded by property taxes, debt service and interest payment schedules shall be established whenever possible in such a manner to provide equalization of debt and interest payments each year for the life of the total outstanding general obligation bonds.
9. The City shall encourage and maintain good relations with the financial and bond rating agencies and prepare any reports so requested by these agencies. Full and open disclosure on every financial report and bond prospectus will be maintained.

Investment Policy

1. The City will make at least weekly a cash flow analysis of all City funds.
2. Disbursements of funds, collections of revenue, and deposit of such revenues will be scheduled to insure the maximum availability of funds for investment.
3. Where permitted by law, cash shall be pooled from separate funds in order to maximize investment yields. Interest earned from such pooling will be credited to each source of invested monies.
4. The City will obtain the maximum possible return on cash investments utilizing federal securities and/or local security purchases whichever yield the highest interest income.
5. Investments of City funds shall be accomplished first through the competitive bidding process by the invitation of bids to local banks and the Iowa Public Agency Investment Trust (IPAIT). If the interest rate offered by local banks and IPAIT do not fit the requirements of the City, investments shall be made in federal securities or any other higher yielding securities as authorized by the State of Iowa.
6. City checking accounts shall be established as interest bearing accounts according to the provisions of banking services agreements and as specifically restricted by state law and/or federal regulations unless a particular situation necessitates noncompliance with this provision.
7. The accounting system will provide regular information regarding the investments of the City and a quarterly report will be submitted to the City Administrator.
8. An annual report describing the activity of investment purchases will be submitted to the City Council at the end of each fiscal year.

Financial Reporting Policy

1. The City will establish and maintain a high standard of accounting practices and procedures which adhere to the concept of full and open public disclosure of all financial activity.

2. The accounting system will be maintained on a basis consistent with accepted standards for governmental accounting.
3. Monthly financial reports which represent a summary of financial activity for the City will be presented to the City Council on a regular basis.
4. The City will contract with an independent public auditing firm to perform the annual audit.
5. The independent public accounting firm will publicly issue an audit opinion regarding the financial statements of the City. This annual audit will be made available to the general public, bonding and financial consultants, and any other interested citizens and organizations.
6. The annual financial statements and accompanying audit opinion will be completed and submitted to the City Council by the 15th of December following the close of the preceding fiscal year.

City of Muscatine, Iowa
General Fund Balance Policy
Adopted November 7, 2013

Purpose of Policy

The purpose of this policy is to establish a key element of the financial stability of the City by setting guidelines for the General Fund balance. The Unreserved/Unassigned General Fund balance is an important measure of the City's financial stability. It is essential that the City maintain adequate levels of General Fund balance to (1) mitigate financial risk that can occur from unforeseen revenue fluctuations, (2) fund unanticipated expenditures including those which may result from natural or other disasters, (3) provide cash flow liquidity to fund expenditures throughout the fiscal year, and (4) demonstrate financial strength to credit rating agencies who assign bond ratings at the time general obligation bonds are sold. Credit rating agencies determine the adequacy of the unassigned fund balance using a complex series of financial evaluations. The size of the fund balance is an important, but not the only consideration in the City's rating. Other important factors are the reliability of a government's revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the legislative body.

Definitions

Fund Balance. The difference between assets and liabilities in governmental funds of the City, including the General Fund, is Fund Balance.

The Governmental Accounting Standards Board (GASB), that establishes financial reporting rules for governments, separates fund balance into five classifications that comprise a hierarchy based primarily on the restrictions placed on the funds.

1. Nonspendable. This classification represents funds that are inherently nonspendable. Resources that must be maintained intact pursuant to legal or contractual requirements are nonspendable, as well as assets that will never convert to cash such as inventory or prepaid items

2. Restricted. These funds are limited by externally enforceable limitations on use. This includes limitations from the entity providing the money, such as grantors. Also, this classification includes funds with limitations placed by law or enabling legislation.

3. Committed. Funds in this classification are those with limitations the government places on itself. The purpose of these funds is decided by Council action and also requires Council action to change the purpose.

4. Assigned. Assigned fund balance has limitations based on the intended use of the funds. The assigned use can be established by the City Council, the City Administrator, or Finance Director. This classification includes outstanding purchase orders, funds assigned for future equipment purchases, funds assigned for future grant commitments, and similar items.

5. Unassigned. Residual net resources, or the balance after restricted, committed, and assigned, are classified as unassigned fund balance. This is the amount of fund balance that is available to address emergencies and provide fiscal stability. This is the classification governed by this Fund Balance Policy.

Minimum Fund Balance Policy

The Government Finance Officers Association of the United States and Canada (GFOA) recommends that cities of any size maintain an unrestricted/unassigned General Fund balance of no less than two months of regular general fund operating revenues or expenditures, whichever is more predictable. For the City of Muscatine expenditures have historically been used to make this computation since expenditures vary less throughout each fiscal year. Two months of expenditures is equivalent to a fund balance of 16.7% of General Fund expenditures and this is the level targeted to be the new minimum General Fund balance at the end of each fiscal year.

The City Council during each budget review process may consider setting a ***budgeted*** ending balance less than the minimum percent noted above. It is suggested this be no less than 15% of budgeted General Fund expenditures but can be evaluated on a year-to-year basis by City Council. This can be considered since historically in all recent years the actual ending General Fund balances have exceeded the estimates developed during the budget process.

General Fund balances in excess of the minimum level, up to 20-25%, would further add to the financial stability of the City and allow more latitude in addressing revenue or expenditure fluctuations, disaster situations, and demonstrate credit worthiness to bond rating agencies. City Council, as a part of the budget process, can also choose to use fund balances above the minimum level for one-time capital purchases to reduce the amount of debt and resulting interest costs to be incurred by the City.

Other Policy Provisions

Maintaining Fund Balance. In the event that the unassigned general fund balance is calculated to be less than the policy states, the City shall plan to adjust budget resources or expenditures in the subsequent fiscal year(s) to restore the balance.

Utilization of Fund Balance. Except in extraordinary circumstances, unassigned fund balance should not be used to fund any portion of the ongoing and routine operating expenditures of the City. It should be used primarily to respond to unforeseen emergencies, to provide cash flow, and to provide overall financial stability.

Extraordinary circumstances can include significant revenue fluctuations (i.e. State legislative changes limiting property taxes, limiting automatic traffic enforcement (ATE) use, etc.). In the event that use of unassigned fund balance is necessary to provide a short-term solution to maintaining essential services, the City will evaluate current and future economic conditions to evaluate the extent of expenditure reductions or revenue increases that would be needed to achieve day-to-day financial stability and restore the fund balance.

Administrative Responsibilities. The Finance Director shall be responsible for monitoring and reporting the City's various fund balance assignments. The City Administrator is responsible for making recommendations to the City Council on the use of any unassigned fund balance above the minimum level as an element of the annual operating budget process and from time to time throughout the year if the need arises.

Annual Report. The Finance Director shall annually submit a report to the City Council outlining the status of the City's various components of the fund balance. This is to be included with the fiscal year-end financial report to City Council.

CITY OF MUSCATINE

FUND STRUCTURE OVERVIEW AND BASIS OF ACCOUNTING AND BUDGETING

FUND STRUCTURE OVERVIEW:

The accounting system and the budget appropriation process are structured according to the basic guidelines established by the Government Finance Officers Association of the United States and Canada. The format includes the basic funds and fund types which follow.

The City's **governmental funds** are as follows:

General Fund - This fund accounts for all transactions of the city that pertain to the general administration of the city and the services traditionally provided to its citizens. This includes general administration, police and fire protection, streets, public building operations and maintenance, and parks and recreation.

Special Revenue Funds - These funds are utilized to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for as separate funds. For the City of Muscatine these funds include the Road Use Tax Fund, Local Option Sales Tax Fund, Municipal Housing Program Funds, Equipment Replacement Fund, Computer Replacement Fund, Employee Benefits Fund, Emergency Tax Levy Fund, Tax Increment Funds, Riverview Reinvestment District Fund, Community Development Block Grant Fund, Small Business Forgivable Loan Program Fund, and Police Forfeiture Fund. While the City continues to budget several of these funds as Special Revenue funds, the Emergency Tax Levy, Equipment Replacement, and Computer Replacement funds are included as part of the City's General Fund on fiscal year-end financial statements as required by Governmental Account Standards Board (GASB) Statement 54.

Debt Service Fund - This fund accounts for the accumulation of revenues for and payment of principal and interest on general obligation long term debt.

Capital Projects Fund - These funds are utilized to account for financial resources to be used for the acquisition or construction of capital facilities or other major fixed assets.

The City's **business-type funds** include the following:

Enterprise Funds - These funds are utilized to account for operations and activities that are financed and operated in a manner similar to a private business enterprise, and where the cost of providing goods and services to the general public on a continuing basis is expected to be recovered primarily through user charges. The City has also established Enterprise Funds when it was advantageous to segregate revenues earned and expenses incurred for an operation for purposes of capital maintenance, public policy, management control, or accountability. Enterprise Funds for the City include the Water Pollution Control, Collection and Drainage, Solid Waste Management Funds, Airport Operations, Parking Operation,

Transit Operations, Golf Course, Boat Harbor, Marina, Ambulance, and Convention and Visitors Bureau (CVB) Funds.

Internal Service Funds - These funds are established to finance and account for services and/or commodities furnished by one department or agency to other departments or agencies of the city. The Internal Service Funds of the City are the Equipment Services, Health Insurance, and Dental Insurance funds.

The City's other funds include the following:

Former Expendable Trust Funds – Although reflected in this budget document as trust funds, these former expendable trusts are now reflected in the City's fiscal year-end financial statements as special revenue funds. These funds are used to account for assets held by the City in a trustee or custodial capacity where both the principal and interest may be expended for purposes in the trust agreement. Budgeted trust funds which are now considered Special Revenue funds in fiscal year-end financial statements include the Library Trust Fund, the Art Center Trust Funds with the exception of the McWhirter-Gilmore Trust, and the Perpetual Care Interest Trust.

Permanent Funds – These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs. These funds were formerly classified as non-expendable trust funds. The Permanent Funds of the City include the Perpetual Care Fund, the McWhirter-Gilmore Art Center Trust and the Cemetery Special Trusts.

Accounting for financial activities of the City and the budget appropriation process are also presented according to classifications required by the State of Iowa. Revenues are credited to individual fund types while expenditures/expenses are recorded according to functional areas within specific funds for budgetary control purposes. All of the City's funds, with the exception of the Equipment Services Internal Service Fund, are considered appropriated funds according to the criteria established by the State. This budget document was prepared according to these criteria. The following functional areas are included in the budget:

General Government - This function provides for the operation of the government and assures the general administration of the municipality. Activities included in this function are mayor and council, legal services, city administrator, human resources, wellness program, finance, information technology, risk management, and buildings and grounds.

Public Safety - This function provides for services to reduce the amount and effects of external harm to individuals and damage to property, and in general to promote an atmosphere of personal security from external events. The police, animal control, and fire activities are included in this function.

Culture and Recreation - This function promotes the general well being of the City and encourages the fullest development of cultural and educational potentials of the citizens in the community. This function includes the activities of library, art center, parks and recreation, and cemetery.

Public Works - This function provides for safe and well-maintained infrastructure for the City. Activities included in this function are public works administration, roadway maintenance, snow and ice control, street cleaning, traffic control, and engineering.

Community and Economic Development – This function provides for planning and development of the City including the social, physical, and economic needs of the City. Activities included in this function are Community Development, Economic Development, the Section 8 Housing Program, and the Tax Increment Funds.

Health and Social Services – This function provides for assistance to service agencies involved in providing health and social services in the community. For the City, this function includes the Economic Well-Being activity.

Debt Service – This function provides for the accumulation of resources for and the payment of principal and interest on long-term debt of the City.

Capital Projects – This function provides for the acquisition or construction of major capital facilities or equipment for the City.

Business-Type Activities – This function includes activities of the City that are financed in whole, or in part, by fees charged to external parties for goods or services. These activities are accounted for as enterprise funds and include the Airport, Transit, Parking, Golf Course, Boat Harbor, Marina, Ambulance, Convention and Visitors Bureau, Refuse Collection, Landfill, Transfer Station, Water Pollution Control, and Collection and Drainage funds.

BASIS OF ACCOUNTING AND BUDGETING:

The City of Muscatine uses the modified accrual basis of accounting to budget and account for transactions of the governmental funds. Under this basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available) and expenditures are recognized when the fund liability is incurred. For the City's proprietary funds the City uses the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when the liability is incurred. The City prepares the budgets for proprietary funds consistent with this basis except that capital outlay items are included in the budget and depreciation is excluded.

The City prepares its budget on a basis consistent with generally accepted accounting principles except that the City also recognizes encumbrances for budgetary purposes. Encumbrances include supplies ordered but not yet received, and services contracted but not yet expended by the City. Encumbrances are charged against a budget or appropriation for accounting purposes. Accordingly, expenditures/expenses in this document include encumbered expenditures/expenses. Encumbrances do not lapse at year-end and provide authorization for expenditures/expenses for the following year.

The City appropriates funds for capital projects on a fiscal year basis. The Capital Projects section of this document includes descriptive information on each project with estimated costs and financing sources. Included on separate schedules are project cost estimate listings by fiscal year for both the revised 2017/2018 and upcoming 2018/2019 fiscal years.

CITY OF MUSCATINE
BUDGET PREPARATION CALENDAR
Fiscal Year July 1 - June 30

	<u>Operating Budget</u>	<u>Capital Improvements Budget</u>
October	Finance Department prepares budget guidelines and preparation packet Goal setting session by City Council	
November	Finance Department distributes to departments budget manual and other materials	
December	Departments meet with Boards and Commissions and develop budget requests Budget requests submitted to Finance Department Budget discussions with City Administrator, Finance Director, and department heads begin	
January	Discussions with department heads, Finance Director, and City Administrator continue	
February	Proposed City Budget presented to City Council City Council in-depth review of department operating budgets	
March	Public hearing on proposed operating budgets City Council approval of operating budget by resolution Certification of City Budget to County Auditor	

	<u>Operating Budget</u>	<u>Capital Improvements Budget</u>
April		Community Development Department prepares guidelines and forms for revision to 5-year Capital Improvements Program (revised annually)
May	Proposed budget amendments presented to City Council	Procedures for adding or revising capital improvement projects distributed to departments
	Public hearing on proposed amendments	
	City Council approval of amendments to current year budget by resolution	Capital Improvement requests submitted to Community Development Department
June		Proposed Capital Improvement package including possible funding sources forwarded to Planning & Zoning Commission
		Discussion and review of proposed program by Commission
July		Meetings of Planning & Zoning Commission and departments regarding projects, i.e., scope, need, and available funding
August		Planning & Zoning Commission recommendation to City Council
		City Council discussion of proposed program
September		Public hearing by City Council regarding capital improvement program
		City Council approval of program by resolution

BUDGET PREPARATION PROCESS

The preparation of the City of Muscatine's budget involves the interaction of City departments, boards and commissions, City Council, and the general public. This process begins with City Council goal setting and the distribution of materials to departments and is completed with City Council certification of a budget for the upcoming fiscal year.

The City's budgetary process began nine months prior to July 1st, the beginning of the City's fiscal year. The City Council held a special meeting on November 16, 2017 to discuss their overall goals and objectives for the operation of the City. These goals and objectives were formally adopted on December 7, 2017. Department directors incorporated funding in their department budgets or in related capital project funds to achieve these goals and objectives.

Boards and commissions consisting of individuals from the community also assisted City staff during the budget process and made recommendations to the City Council regarding various services and activities of the City of Muscatine. There are three boards and seven advisory commissions consisting of sixty-four individuals that serve the City in this capacity.

In early November, the budget manual and appropriate worksheets were distributed to department heads. The budget manual provided general information and gave specific directions on the budget process. The City's procedures included completion by each department of various forms which were described in detail in the manual. The City of Muscatine's budgetary process is on the City's computer system and this system was used to generate the historical data forwarded to the departments. The department's responsibilities included the review of the historical data in respect to services to be provided to the citizens of Muscatine by the department. Personnel and wage information was provided by the Finance Department. The department head reviewed the information to determine what level of appropriation would be required to provide the current level of services. Any additional service levels proposed to be provided to the general public at the request of departments, the City Administrator, or City Council, were developed separately and independently from the status quo budget. The additional service level requests were reviewed in-depth during the budgetary process, and if appropriate, added to the department's request.

Additionally, while analyzing expenditure requirements in order to support current service levels, each department was also requested to establish goals and objectives for the upcoming fiscal year. These goals and objectives related to the service levels currently provided by the individual department or activity. A status report on the current year's goals and objectives was also required by the City Administrator and these reports were also forwarded to the City Council as attachments to the proposed budget. In addition to the funding requests to continue current service levels, the budget material included a form to indicate where each department would reduce their budget, if necessary, by 1%, 3%, or 5%. These percentage reductions were in the non-capital outlay or non-debt line items. This allowed departments to prioritize their services in the event that funding reductions would need to be made.

Additionally, the City Administrator, at the initial budget meeting of the City Council, described the overall taxing mechanism for the City of Muscatine in addition to potential revenue sources. The presentation included a brief overview of proposed financing of capital improvement projects and corresponding debt service requirements. This meeting provided the citizens of Muscatine with knowledge on how the City of Muscatine's services are provided through appropriations and funded by available revenue sources. All agendas for the budget meetings were distributed to the local media and posted on the City's website.

Department requests for appropriations were submitted to the Finance Department for initial review by December 12th. The departments had consulted with the appropriate boards and commissions in developing their budget requests. The department heads met with the City Administrator and Finance Director during the remainder of December and the first part of January regarding the proposed budgets. The City Administrator discussed with the respective department head the goals and objectives of each department prior to analysis of expenditure levels. Concurrently, the Finance Department prepared revenue estimates from input from the respective departments. Each department was required to submit revenue estimates for their activities. The Finance Department estimated general revenues such as those from the State and Federal government, and lastly determined the City of Muscatine's taxing ability. A preliminary budget was discussed with the City Administrator. This preliminary budget reflected the budget requests as submitted by the departments and as adjusted by the City Administrator in addition to revenue projections for the City.

Additional departmental discussions were required due to funding sources not meeting expenditure requests. These meetings occurred during the month of January. Additional service level requests were also considered at that time in addition to consideration of possible areas of reductions. The City Council has established a certain level of working balance for the City, and consequently that balance needed to be maintained and expenditures funded from available revenue sources.

The City Administrator presented to the City Council a proposed budget on January 25, 2018. The City Council received a packet of information which included the budget message from the City Administrator, various schedules dealing with taxation and property valuations, in addition to the proposed revenue and expenditure summary and detail schedules. Copies of the initial proposed budget as presented to the City Council were available at the City Clerk's office, the public library, and the City's website for citizen review.

The summary information for each department included a history of financial data in addition to a revised estimate for the current year and the proposed budget for fiscal year 2018/2019. Additionally, a brief description of the activity was presented which included any other related information for the department. Any changes from the current year to the proposed year were also noted. Also included were the goals and objectives and performance measures for each department.

The month of February was primarily devoted to discussions with the City Council. The City Administrator and Finance Director reviewed each activity budget with the City Council. Appropriate board or commission members were invited to attend as well as the respective department representatives. Members of the boards and commissions were given the opportunity to relate to the City Council their concerns and requests. Furthermore, discussions occurred in regard to the availability of Federal and State grants and the financing of capital improvement projects. A section in the notebook provided to the City Council addressed debt service requirements and the utilization of Federal and State funds. As mentioned previously, the City Council received a status report on the goals and objectives for each department for the current year in addition to the goals and objectives for the upcoming year. These sessions, as in the case of the goals and objective sessions of the City Council, were open to the general public.

After the general budget meetings, the City Council met to discuss the City's services and items of concern for the operation of the City. This discussion included the balancing of requests and potential revenue sources. The City Council identified items that they had previously discussed which were to be considered as additions or deletions to the proposed budget. The City Council then had the task of weighing certain services or activities within the organization in light of available resources. After the City Council had agreed upon a proposed level of services and corresponding appropriation level, the Council set the required public hearing for the budget. Notice of the hearing was made in the local newspaper and a summary of proposed expenditure and revenue levels was included in that publication. According to State law, the tax rate and the total expenditures cannot be increased after publication of the public hearing notice. During the public

hearing, citizens were given the opportunity to voice their objections or support of the proposed budget as presented. After the public hearing, the City Council considered any comments made and acted upon the approval of the budget.

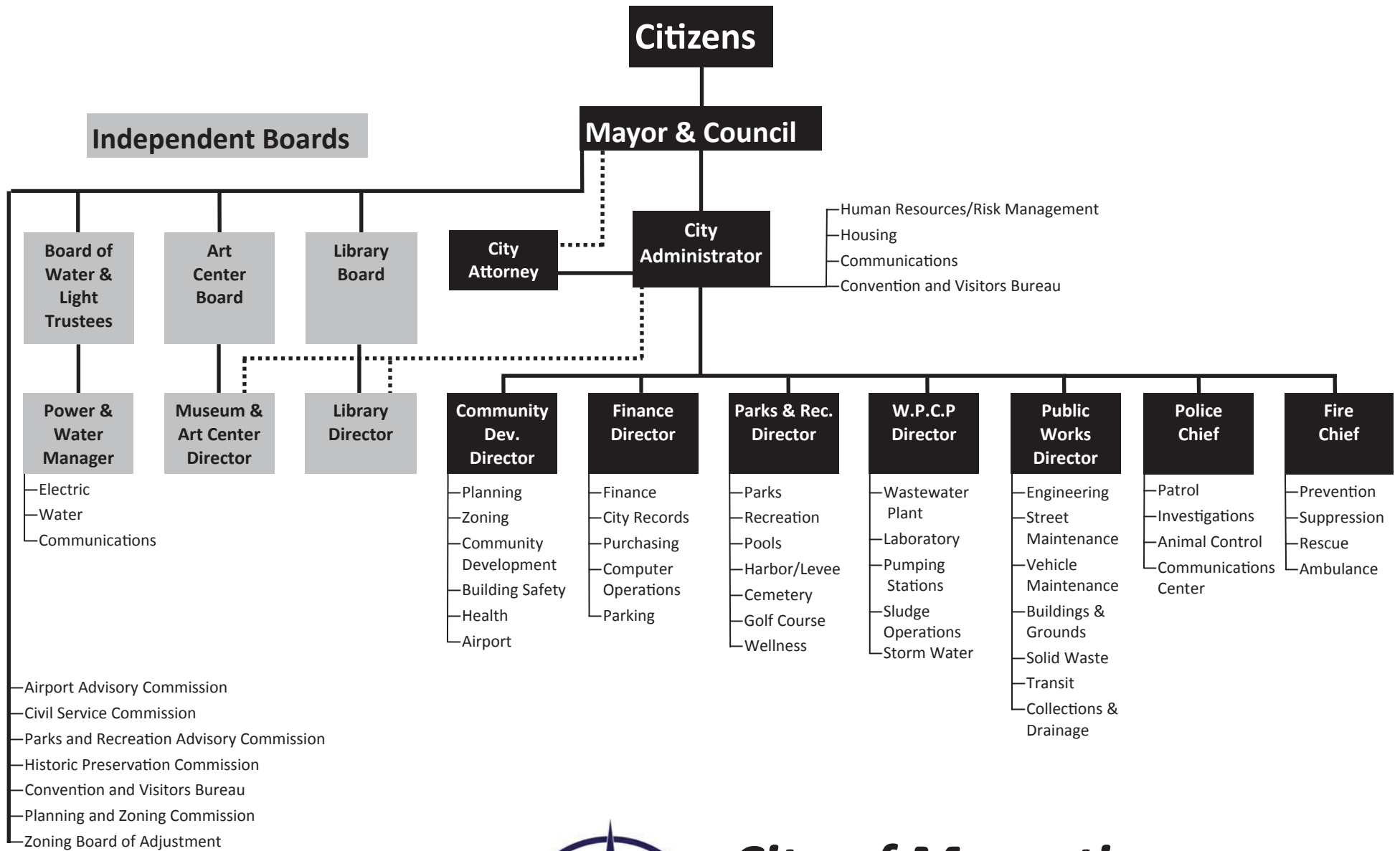
The City Council officially approved the budget on March 1, 2018 and authorized the City Clerk by resolution to certify the budget to the County Auditor by March 15, which is the State filing deadline. After certification, the budget was reviewed by staff and detailed information changed in light of City Council discussions. The budget was subsequently printed and made available for distribution. The budget document then becomes a guide for the City Council and departments during the year for achieving the goals and objectives, and providing programs and services as described in the budget.

BUDGET AMENDMENT PROCESS

The State Code of Iowa provides that "A city budget as finally adopted for the following fiscal year, becomes effective July 1st, and constitutes the city appropriation for each program and purpose specified therein until amended as provided in this section. A city budget for the current fiscal year may be amended for any of the following purposes:

1. To permit the appropriation and expenditure of unexpended, unencumbered cash balances on hand at the end of the preceding fiscal year which had not been anticipated in the budget.
2. To permit the appropriation and expenditures of amounts anticipated to be available from sources other than property taxation, and which had not been anticipated in the budget.
3. To permit transfers from the Debt Service Fund, the Capital Improvements Reserves Fund, the Emergency Fund, or other funds established by state law to any other city fund unless specifically prohibited by state law.
4. To permit transfers between programs within the General Fund. The budget amendment must be prepared and adopted in the same manner as the original budget, ..."

Consequently, according to state requirements, a public hearing is required for each amendment of the current year's budget. The information supplied to the City Council and general public includes the public hearing notice and a detailed listing of proposed amendments by department. Each proposed amendment is described as to its purpose or need. A budget amendment is to be completed by May 31st of each year in order to allow time for a potential hearing to be held. The decisions from protest hearings need to be rendered before June 30, the end of the fiscal year. Any amendment of the budget after May 31st, which would be appealed, and likewise without adequate time for a hearing and decision before June 30, is considered void.



City Boards & Commissions



City of Muscatine Organizational Structure

CITY OF MUSCATINE

ENTITY-WIDE BUDGET OVERVIEW 2018/2019

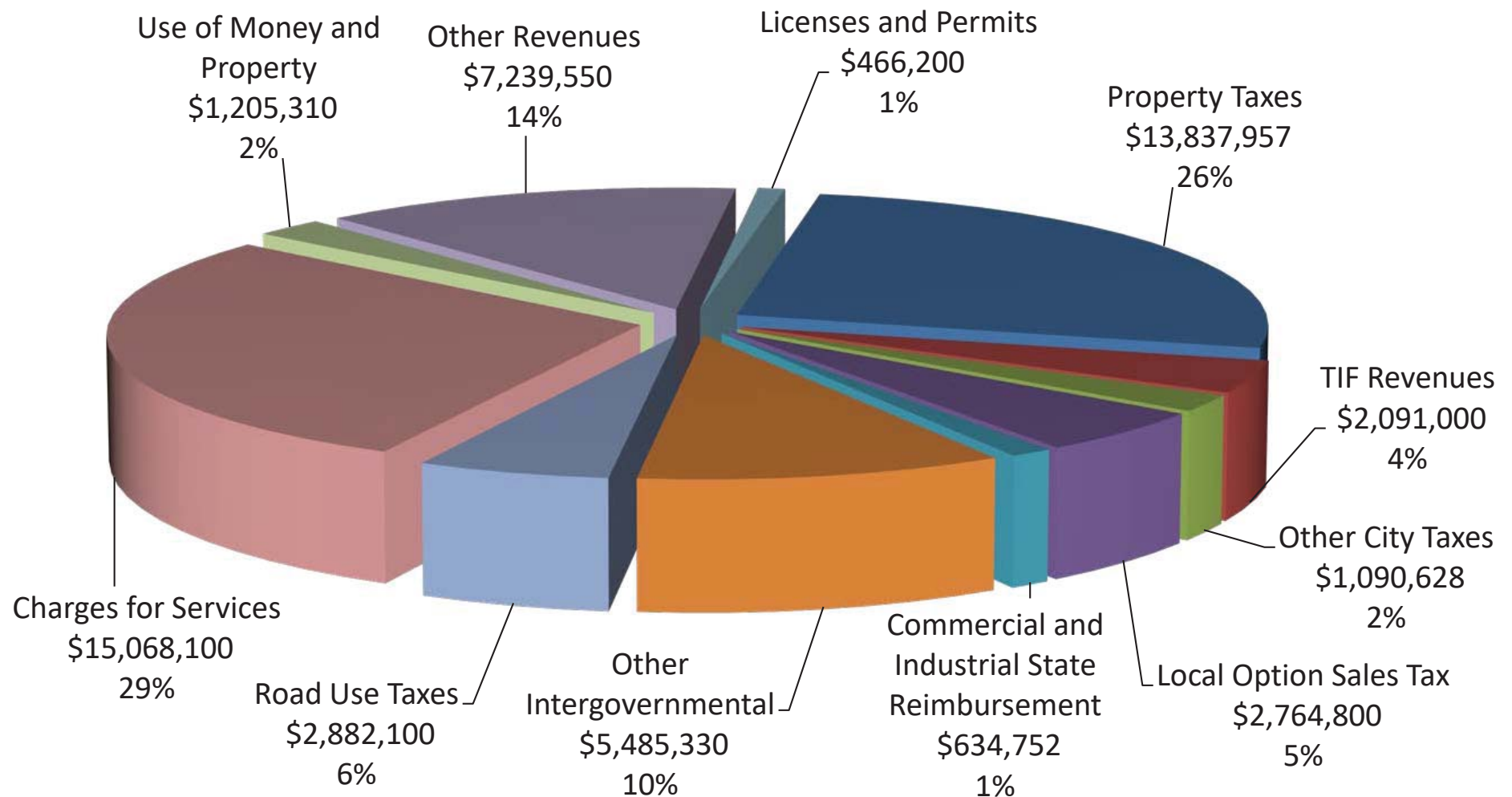
ALL CITY REVENUES AND EXPENDITURES - INCLUDING CAPITAL PROJECTS

PROPERTY TAX RATE INFORMATION

Where Does the Money Come From?

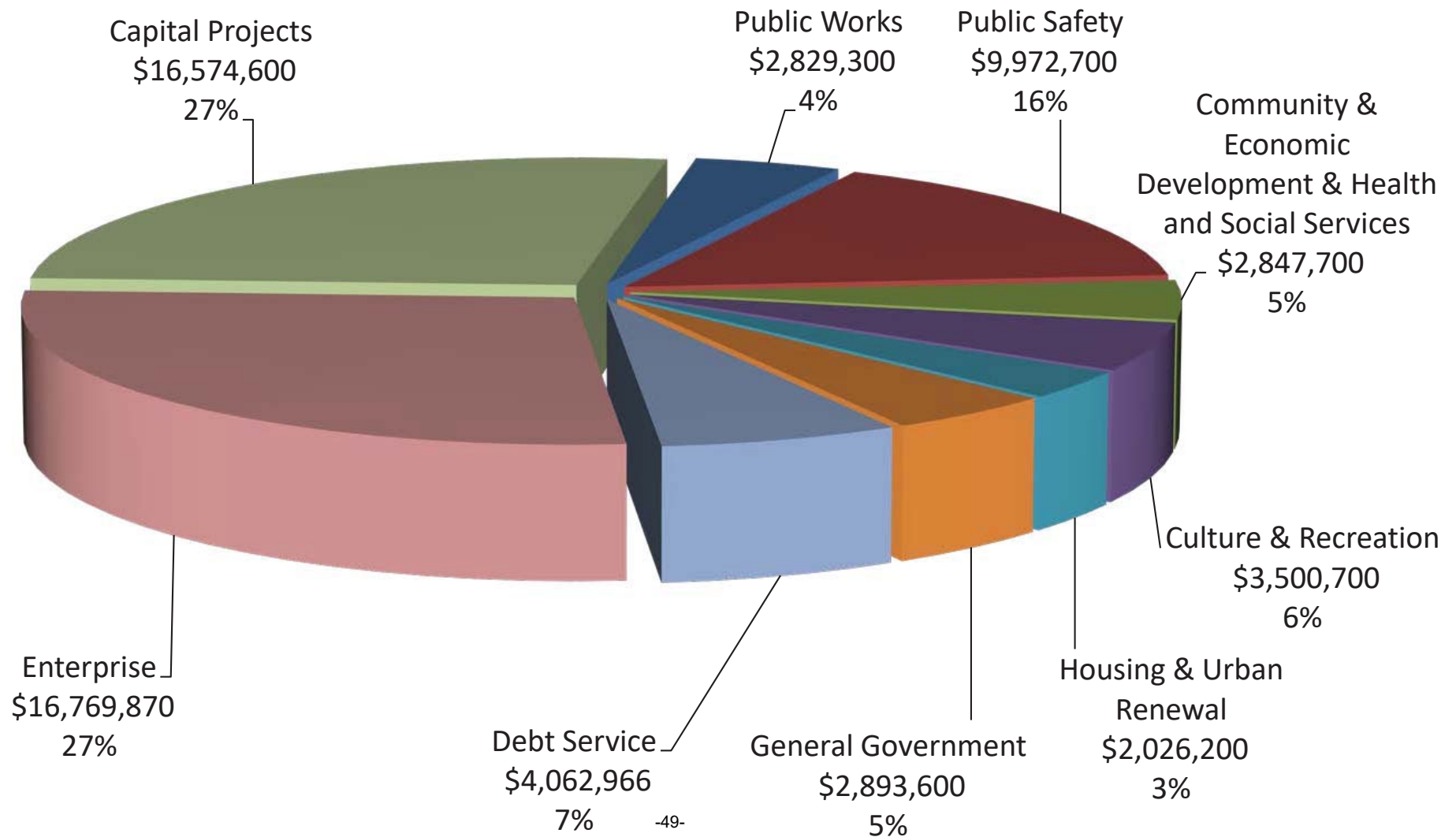
All City Funds Revenue Sources (Including Capital Projects)

Budget 2018/2019 - \$52,765,727



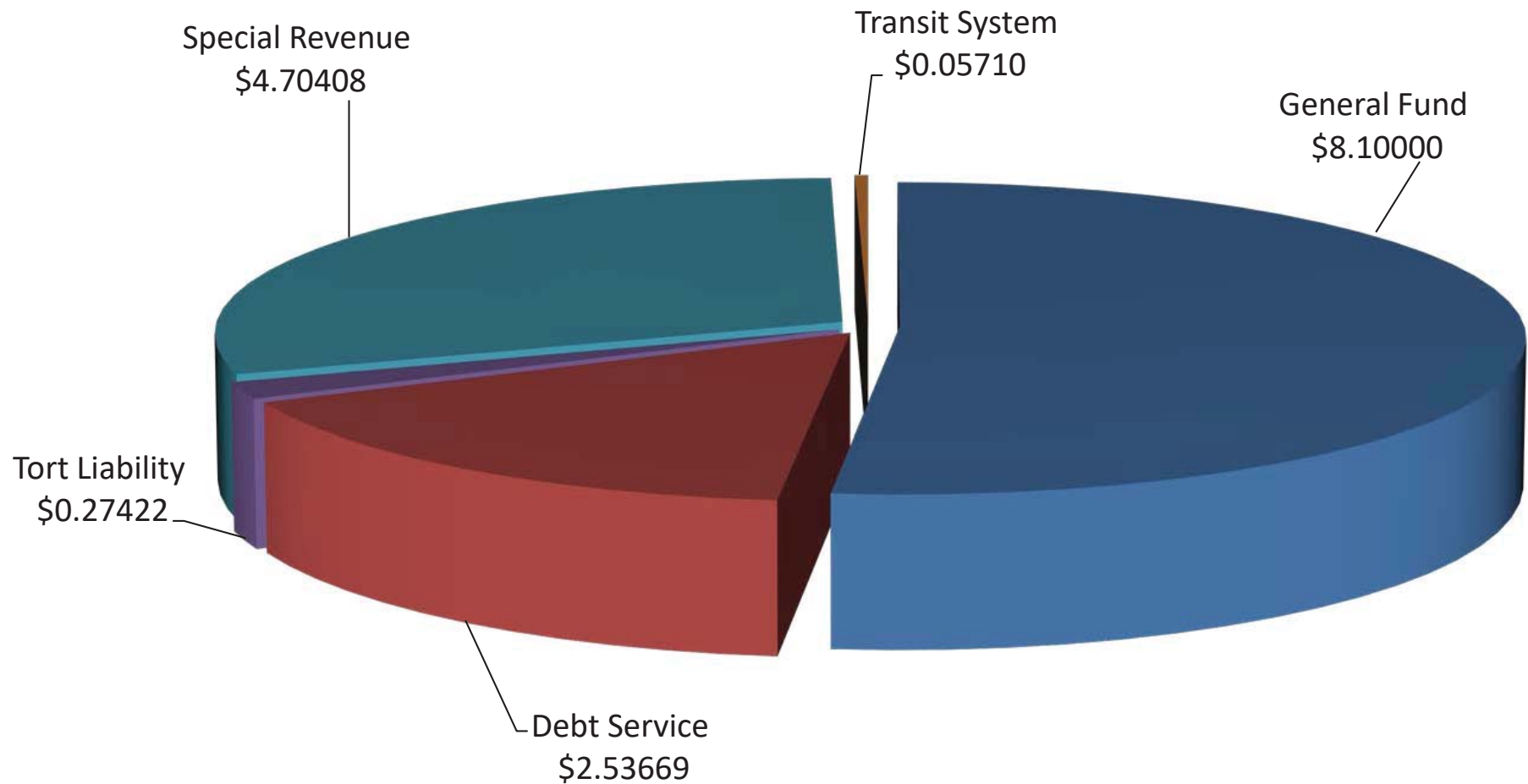
How are the Funds Used?

All City Expenditures by Function (Including Capital Projects)
Budget 2018/2019 - \$61,477,636



City Tax Levy Rates by Type

FY 2018/2019
Total \$15.67209/\$1,000 Valuation



Where Do Your Property Taxes Go?

City
\$15.67209
39.5%

Muscatine
Schools
\$14.91989
37.6%

Muscatine County
\$9.07348 23.0%



Above tax levy rates reflect fiscal year 2017/2018 rates totaling \$39.66546 per \$1,000 valuation
Tax levy rates for fiscal year 2018/2019 for the School & County are not yet available

BUDGET SUMMARY SCHEDULES

INDIVIDUAL MAJOR FUNDS

AND

NON-MAJOR FUNDS COMBINED

Major Fund Information

Beginning with the City's Fiscal Year 2002/2003 Comprehensive Annual Financial Report, financial information has been presented for Major and Non-Major Funds for both governmental fund types and business-type/enterprise funds. This change was effective when the City implemented Governmental Accounting Standards Board (GASB) Statement 34.

Major funds are defined as those in which the fund's assets, liabilities, revenues, or expenditures for the fiscal year are 10% or more of the respective governmental or business-type fund totals of assets, liabilities, revenues, or expenditures. In addition, the fund's assets, liabilities, revenues, or expenditures must also be at least 5% of the total of these same categories for both governmental and business-type funds combined. A City's General Fund is always considered a major fund, even if it would not meet the above criteria.

For Fiscal Year 2016/2017 the City's major operating funds were determined to be:

Governmental Funds:

- General Fund
- Employee Benefits Special Revenue Fund
- Local Option Sales Tax Special Revenue Fund
- Road Use Tax Fund
- Debt Service Fund

Business-Type/Enterprise Funds:

- Water Pollution Control Fund
- Transfer Station Fund
- Refuse Collection

These funds are described and historical information is presented for these funds in their respective sections of this budget document. These funds are expected to continue to be the City's major operating funds for future year budgeting and financial reporting purposes.

City of Muscatine
Operating Funds - Major Funds and Non-Major Funds Combined
Budget Summary

	Major Governmental Funds					Major Business-Type/ Enterprise Funds			Other Non-Major Funds	Total
	General	Employee Benefits	Local Option Sales Tax	Road Use Tax	Debt Service	Water Pollution Control	Transfer Station	Refuse Collection		
Projected Beginning Balance, July 1, 2018	\$ 4,212,888	\$ 10,814	\$ 240,059	\$ 770,189	\$ 215,964	\$ 1,511,074	\$ 97,168	\$ (107,608)	\$ 14,808,164	\$ 21,758,712
Revenues and Other Sources										
Property Taxes	\$ 7,360,565	\$ 4,104,698	\$ -	\$ -	\$ 2,372,694	\$ -	\$ -	\$ -	\$ 2,091,000	\$ 15,928,957
Other City Taxes	1,068,901	14,113	2,764,800	-	7,614	-	-	-	-	3,855,428
Licenses and Permits	446,800	-	-	-	-	1,400	-	-	18,000	466,200
Intergovernmental	827,586	190,525	-	2,882,100	102,741	-	-	-	3,790,530	7,793,482
Charges for Services	777,700	-	-	-	-	5,065,000	2,181,400	2,274,500	6,050,900	16,349,500
Use of Money and Property	186,700	-	200	-	1,000	1,500	21,000	-	944,910	1,155,310
Other Revenue	1,246,700	-	-	-	-	68,300	12,000	5,900	4,072,850	5,405,750
Other Financing Sources										
Transfers In	8,337,350	-	553,000	-	304,900	-	44,100	-	3,157,096	12,396,446
Total Revenues and Other Sources	\$ 20,252,302	\$ 4,309,336	\$ 3,318,000	\$ 2,882,100	\$ 2,788,949	\$ 5,136,200	\$ 2,258,500	\$ 2,280,400	\$ 20,125,286	\$ 63,351,073
Funds Available	\$ 24,465,190	\$ 4,320,150	\$ 3,558,059	\$ 3,652,289	\$ 3,004,913	\$ 6,647,274	\$ 2,355,668	\$ 2,172,792	\$ 34,933,450	\$ 85,109,785
Expenditures and Other Uses										
Public Safety	\$ 9,655,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,600	\$ 9,972,700
Public Works	2,829,300	-	-	-	-	-	-	-	-	2,829,300
Health and Social Services	50,000	-	-	-	-	-	-	-	-	50,000
Culture and Recreation	3,417,300	-	-	-	-	-	-	-	83,400	3,500,700
Community and Economic Development	891,300	-	-	-	-	-	-	-	3,932,600	4,823,900
General Government	2,828,600	-	-	-	-	-	-	-	65,000	2,893,600
Debt Service	-	-	-	-	2,837,018	-	-	-	1,225,948	4,062,966
Business Type/Internal Service	-	-	-	-	-	3,208,400	2,246,200	2,095,700	10,504,470	18,054,770
Other Financing Uses										
Transfers Out	493,900	4,320,150	3,318,000	3,343,000	-	2,061,396	75,800	-	4,838,000	18,450,246
Total Expenditures and Other Uses	\$ 20,165,500	\$ 4,320,150	\$ 3,318,000	\$ 3,343,000	\$ 2,837,018	\$ 5,269,796	\$ 2,322,000	\$ 2,095,700	\$ 20,967,018	\$ 64,638,182
Projected Ending Balance, June 30, 2019	\$ 4,299,690	\$ -	\$ 240,059	\$ 309,289	\$ 167,895	\$ 1,377,478	\$ 33,668	\$ 77,092	\$ 13,966,432	\$ 20,471,603
Increase (Decrease) in Fund Balance	\$ 86,802	\$ (10,814)	\$ -	\$ (460,900)	\$ (48,069)	\$ (133,596)	\$ (63,500)	\$ 184,700	\$ (841,732)	\$ (1,287,109)
Percent Change in Fund Balance	2.1%	-100.0%	0.0%	-59.8%	-22.3%	-8.8%	-65.4%	171.6%	-5.7%	-5.9%
Percent Ending Fund Balance of Expenditures	21.3%	0.0%	7.2%	9.3%	5.9%	26.1% #	1.4% #	3.7%	66.6%	31.7%

Explanations of Significant Changes in Fund Balances of Major Funds

General Fund:

The fund balance of the General Fund is budgeted to increase by \$86,802 (2.1%) during fiscal year 2018/2019. The budgeted ending balance is 21.3% of expenditures for the year. In November of 2013 the City Council adopted a new General Fund balance policy which provides that the minimum fund balance be at least two months of expenditures which is equivalent to 16.7%. The budget for 2018/2019 with the ending balance of 21.3% of General fund expenditures more than meets this new minimum fund balance target amount.

Employee Benefits Special Revenue Fund:

This fund accounts for a separate tax levy which funds employee pension and benefit costs for General Fund employees. Each year the City projects employee benefit costs when setting this levy. Due to prior year employee benefit costs being less than budgeted, there will be an estimated \$10,814 beginning fund balance for 2018/2019. The Employee Benefits tax levy for 2018/2019 was set at a rate which results in utilizing this beginning balance to fund the estimated employee benefit costs for 2018/2019. This resulted in the zero balance budgeted in this fund at the end of 2018/2019, which is the balance normally budgeted.

Local Option Sales Tax:

The City has had a one percent local option sales tax since July 1, 1994 with the majority of the proceeds from this tax used for sewer improvement projects. In 2008 voters approved continuation of this tax for a 10-year period with 80% of this tax to be used to continue sewer improvement projects and 20% for the City's pavement management program. The balance in the Local Option Sales Tax fund is budgeted to be maintained at \$240,059 for 2018/2019. The sewer portion of the tax is being used to fund the West Hill Sewer Separation project. This multi-year multi-phase project, with a total cost estimated to reach or exceed \$55 million, is the final sewer separation project mandated in the City's Consent Order with the Environmental Protection Agency (EPA). Phase 4-A of the West Hill Sewer Separation project is scheduled for construction in calendar year 2018 and Phase 4-B is scheduled for calendar year 2019.

The current 10-year local option sales tax period will end on June 30, 2019 and a referendum was scheduled for March 6, 2018 on the proposal to extend this tax for an additional 15 years to fund future sewer (80%) and street (20%) improvement projects. The referendum was held on March 6, 2018 and the extension of this tax was again approved by voters with 88% voting in favor of the extension.

Road Use Tax Fund:

Road Use Taxes are received from the State of Iowa from gasoline taxes, license fees, and weight taxes. These funds are returned to the City as road use taxes and are distributed to cities on a per capita formula basis. The Road Use Tax fund balance is projected to decrease by \$460,900 (59.8%). This amount represents the use of funds accumulated in the prior year being expended for street improvement projects in 2018/2019.

Debt Service Fund:

The City generally sets the debt service tax levy at a level to fund annual debt service requirements on tax-supported general obligation bond issues. The Debt Service fund balance has been increasing in recent years due to interest rates on new bond issues being less than budgeted and interest savings from the refunding of prior year bond issues. The fund balance decrease of \$48,069 (22.3%) is due to the budgeted use of a portion of the accumulated balance.

Water Pollution Control Fund:

The balance of the Water Pollution Control fund is budgeted to decrease by \$133,596 (8.8%) in 2018/2019. The fund balance decrease is due to an additional \$500,000 transfer to the Plant Replacement Reserve to provide sufficient funding for the High Strength Waste Receiving Station project. The 2018/2019 budgeted ending balance is 26.1% of fund expenditures for the year.

Transfer Station:

Based on budget assumptions, the Transfer Station fund is projected to have a beginning fund balance of \$97,168 in 2018/2019 and that balance is budgeted to decrease by \$63,500 to \$33,668 by the end of 2018/2019. The fund balance decrease is due to capital outlay purchases including \$105,000 to replace the exterior scale. Capital purchases in recent years are critical to the efficient operation of the Transfer Station.

Refuse Collection:

The Refuse Collection fund is projected to have a \$107,608 deficit fund balance at the beginning of 2018/2019. This was a planned deficit due to capital costs to implement the City's automated refuse collection program for residential customers. Two automated (one-person) refuse collection vehicles were needed for the program as well as containers for each residential customer. The first automated refuse vehicle was purchased from the 2014/2015 budget. The 2nd automated truck was purchased in 2015/2016. With the long lead time on the order, however, even with the order placed in 2015/2016, the vehicle was not delivered until December 2016. With the 2nd automated truck now in service and all of the carts purchased, the savings from this program are now being fully realized.

The rates for both regular residential customers and the senior rates are budgeted to increase by \$.50 per month effective July 1, 2018. The rate increase is needed in order to generate sufficient funds to replace one of the regular refuse collection vehicles in 2019/2020. Residential refuse collection rates have not been increased since April 1, 2011. The deficit fund balance in the Refuse Collection fund is budgeted to be eliminated and a positive fund balance of \$77,092 is projected by the end of the 2018/2019 fiscal year.

Non-Major Funds:

The fund balance of non-major funds combined is expected to decrease by \$841,732 (5.7%) during 2018/2019. There are increases and decreases in the balances of the various non-major funds. The overall decrease, however, is due to the \$1,799,000 decrease in the Water Pollution Control Plant Replacement Reserve which includes the use of \$2,500,000 of accumulated funds to fund the High Strength Waste Receiving Station project.

BUDGET SUMMARY SCHEDULES - OPERATING FUNDS

**City of Muscatine
Operating Funds
Budget Summary**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 19,167,414	\$ 21,134,677	\$ 20,655,257	\$ 22,898,442	\$ 21,758,712
Revenues and Other Sources					
Property Taxes	\$ 14,396,324	\$ 14,961,957	\$ 15,594,207	\$ 15,533,207	\$ 15,928,957
Other City Taxes	3,514,232	3,715,827	3,453,615	3,710,215	3,855,428
Licenses and Permits	407,259	447,081	417,400	537,700	466,200
Intergovernmental	7,271,328	7,626,465	7,345,812	7,514,392	7,793,482
Charges for Services	14,860,042	15,509,653	15,957,200	16,332,100	16,349,500
Use of Money and Property	1,060,018	1,057,456	1,082,160	1,136,460	1,155,310
Other Revenue	5,329,159	5,347,186	5,737,250	5,510,200	5,405,750
Other Financing Sources					
Transfers In	7,972,798	11,055,850	11,719,352	11,788,346	12,396,446
Refunding Bond Proceeds	1,343,448	0	0	0	0
Total Revenues and Other Sources	\$ 56,154,608	\$ 59,721,475	\$ 61,306,996	\$ 62,062,620	\$ 63,351,073
Funds Available	\$ 75,322,022	\$ 80,856,152	\$ 81,962,253	\$ 84,961,062	\$ 85,109,785
Expenditures and Other Uses					
Public Safety	\$ 8,617,230	\$ 9,215,450	\$ 9,382,800	\$ 9,444,200	\$ 9,972,700
Public Works	2,225,526	2,751,312	2,717,700	2,536,600	2,829,300
Health and Social Services	45,000	45,000	55,000	55,000	50,000
Culture and Recreation	3,226,003	3,456,490	3,462,200	3,507,600	3,500,700
Community and Economic Development	3,813,665	3,924,561	4,464,330	4,546,430	4,823,900
General Government	2,346,786	2,658,719	2,752,300	2,901,105	2,893,600
Debt Service	5,310,608	3,876,920	4,033,656	4,033,656	4,062,966
Business Type/Internal Service	16,720,028	16,317,275	18,601,580	19,053,462	18,054,770
Other Financing Uses					
Transfers Out	11,882,499	15,711,983	17,712,603	17,124,297	18,450,246
Total Expenditures and Other Uses	\$ 54,187,345	\$ 57,957,710	\$ 63,182,169	\$ 63,202,350	\$ 64,638,182
Ending Balance, June 30	\$ 21,134,677	\$ 22,898,442	\$ 18,780,084	\$ 21,758,712	\$ 20,471,603

**City of Muscatine
Operating Funds
Fund Statement**

Fund	Estimated Balance (Deficit) 7/1/18	Revenues	Expenditures	Estimated Balance (Deficit) 6/30/19
General	\$ 4,212,888	\$ 20,252,302	\$ 20,165,500	\$ 4,299,690
Enterprise:				
Airport Operations	0	118,300	118,300	0
Transit System	614,582	1,068,900	1,251,800	431,682
Parking System	61,583	211,100	223,700	48,983
Golf Course	39,458	839,200	861,400	17,258
Boat Harbor Operations	(2,762)	30,000	27,100	138
Marina Operations	(3,330)	12,100	11,900	(3,130)
Ambulance Operations	242,064	1,581,900	1,621,400	202,564
Convention & Visitors Bureau	113,488	120,300	119,100	114,688
Refuse Collection	(107,608)	2,280,400	2,095,700	77,092
Landfill Operations	724,614	1,409,700	902,500	1,231,814
Landfill Surcharge Reserve Part I	0	21,000	21,000	0
Landfill Surcharge Reserve Part II	0	44,100	44,100	0
Landfill Post-Closure Reserve	999,991	28,500	0	1,028,491
Landfill Closure Reserve	969,138	102,000	0	1,071,138
Transfer Station Operations	97,168	2,258,500	2,322,000	33,668
Transfer Station Closure Reserve	33,825	0	0	33,825
Water Pollution Control	1,511,074	5,136,200	5,269,796	1,377,478
Collection and Drainage	651,169	1,455,600	1,319,900	786,869
WPCP Replacement Reserve	2,272,875	701,000	2,500,000	473,875
West Hill Sewer Reserve	2,828,819	412,000	0	3,240,819
Sewer Revenue Bond Sinking Fund	111,582	1,064,596	1,061,143	115,035
Sewer Extension and Improvement Reserve	697,446	197,500	0	894,946
Special Revenue:				
Employee Benefits	10,814	4,309,336	4,320,150	0
Emergency Levy	81,167	200	0	81,367
Road Use Tax	770,189	2,882,100	3,343,000	309,289
Community Block Grant	26,934	0	3,000	23,934
Tax Increment - Downtown	45,865	205,400	207,100	44,165
Tax Increment - Southend	879,906	1,507,500	1,504,405	883,001
Tax Increment - Cedar Development	66,546	280,200	285,000	61,746
Tax Increment - Muscatine Mall	32,139	0	32,100	39
Tax Increment - Heinz	6,565	12,000	12,000	6,565
Tax Increment - Highway 38 NE	11,569	15,100	16,500	10,169
Tax Increment - Fridley Theatre	16,186	74,000	74,000	16,186
Downtown Reinvestment District	0	366,000	366,000	0
Small Business Forgivable Loan Program	0	100,000	100,000	0
Local Option Sales Tax	240,059	3,318,000	3,318,000	240,059
Equipment Replacement	179,021	257,700	377,600	59,121
Computer Replacement	63	40,000	40,000	63
Public Housing Operations	3,263	786,210	787,170	2,303
Section 8 Voucher Program	117,636	1,935,080	1,949,700	103,016
Home Ownership Program	56,873	45,100	51,700	50,273
Sunset Park Education Center	2,265	24,800	24,800	2,265
Police Forfeiture Fund	3,709	5,000	5,000	3,709
Trust and Agency:				
Perpetual Care Fund	880,853	5,000	0	885,853
Perpetual Care Interest Trust	0	14,500	14,500	0
Cemetery Special Trusts	50,474	800	2,800	48,474
Library Trusts	9,200	31,500	31,400	9,300
Art Center Trusts	481,528	11,100	9,200	483,428
Debt Service:				
General Obligation	215,964	2,788,949	2,837,018	167,895
Internal Service/Other:				
Equipment Services	60,601	1,281,400	1,284,900	57,101
Dental Insurance	28,672	166,000	165,200	29,472
Health Insurance	1,412,587	3,542,900	3,539,600	1,415,887
Total *	\$ 21,758,712	\$ 63,351,073	\$ 64,638,182	\$ 20,471,603

*Includes interfund transactions.

**City of Muscatine
Operating Funds
Revenue Summary**

Fund	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
General	\$ 15,789,767 *	\$ 19,121,492 *	\$ 19,385,894	\$ 19,409,048	\$ 20,252,302
Enterprise:					
Airport Operations	104,038	97,286	115,800	127,400	118,300
Transit System	1,095,295	1,453,717	1,247,900	1,247,100	1,068,900
Parking System	218,536	218,110	207,600	211,600	211,100
Golf Course	770,586	748,405	841,900	822,300	839,200
Boat Harbor Operations	21,295	15,244	25,200	122,600	30,000
Marina Operations	12,061	7,489	12,100	12,100	12,100
Ambulance Operations	1,549,538	1,548,505	1,481,500	1,600,800	1,581,900
Convention & Visitors Bureau	94,206	96,588	103,100	110,900	120,300
Refuse Collection	2,235,332	2,248,221	2,226,000	2,226,900	2,280,400
Landfill Operations	1,557,541	1,402,988	1,404,600	1,574,700	1,409,700
Landfill Surcharge Reserve Part I	20,325	20,710	21,000	23,500	21,000
Landfill Surcharge Reserve Part II	42,665	43,490	44,100	49,350	44,100
Landfill Post-Closure Reserve	39,770	28,083	40,000	28,500	28,500
Landfill Closure Reserve	90,382	101,817	90,500	102,000	102,000
Transfer Station Operations	2,167,729	2,296,026	2,261,100	2,571,750	2,258,500
Water Pollution Control	4,412,695	4,595,572	4,904,300	4,750,900	5,136,200
Collection and Drainage	1,294,939	1,344,236 *	1,354,100	1,355,600	1,455,600
WPCP Replacement Reserve	201,830	706,097	701,000	701,000	701,000
West Hill Sewer Reserve	401,973	411,031	402,000	412,000	412,000
Sewer Revenue Bond Sinking Fund	1,061,838	1,062,962	1,062,103	1,062,603	1,064,596
Sewer Extension and Improvement Reserve	192,204	200,284	191,000	206,200	197,500
Special Revenue:					
Employee Benefits	3,407,029	3,704,214	3,942,162	3,942,162	4,309,336
Emergency Levy	108	258	100	200	200
Road Use Tax	2,915,003	3,035,941	2,834,500	2,858,300	2,882,100
Community Block Grant	34	98	0	0	0
Tax Increment - Downtown	214,432	214,231	205,100	199,500	205,400
Tax Increment - Southend	1,210,592	1,232,884	1,551,000	1,508,200	1,507,500
Tax Increment - Cedar Development	191,290	244,730	274,000	266,400	280,200
Tax Increment - Muscatine Mall	45,326	37,987	0	0	0
Tax Increment - Heinz	5	20,977	16,000	15,500	12,000
Tax Increment - Highway 38 NE	303,027	60,056	15,000	14,700	15,100
Tax Increment - Fridley Theatre	75,490	74,881	75,000	72,900	74,000
Downtown Reinvestment District	0	0	0	112,000	366,000
Small Business Forgivable Loan Program	200,280	103,070	100,000	100,000	100,000
Local Option Sales Tax	2,787,454	2,934,066	3,296,800	3,485,240	3,318,000
Equipment Replacement	343,874	211,499	207,300	207,700	257,700
Computer Replacement	59,441	40,644	40,000	53,100	40,000
Public Housing Operations	847,331	797,403	796,860	798,380	786,210
Section 8 Voucher Program	1,984,828	1,943,357	1,949,380	1,941,290	1,935,080
Home Ownership Program	31,231	40,821	34,700	42,000	45,100
Sunset Park Education Center	26,483	26,707	26,700	24,000	24,800
Police Forfeiture Fund	22	25	5,000	0	5,000
Trust and Agency:					
Insurance Trust	31	0	0	0	0
Perpetual Care Fund	11,654	4,021	5,000	5,000	5,000
Perpetual Care Interest Trust	14,322	14,357	14,300	13,800	14,500
Cemetery Special Trusts	831	806	800	800	800
Library Trusts	42,012	60,025	36,100	45,000	31,500
Art Center Trusts	230,561 *	38,935	11,100	39,300	11,100
Debt Service:					
General Obligation	4,114,747	2,783,272	2,768,997	2,768,997	2,788,949
Internal Service/Other:					
Equipment Services	910,484	1,049,132	1,286,400	1,281,400	1,281,400
Dental Insurance	150,947	155,724	160,500	160,600	166,000
Health Insurance	2,661,194	3,123,001	3,531,400	3,377,300	3,542,900
Total **	\$ 56,154,608	\$ 59,721,475	\$ 61,306,996	\$ 62,062,620	\$ 63,351,073

* Includes encumbrance adjustments.

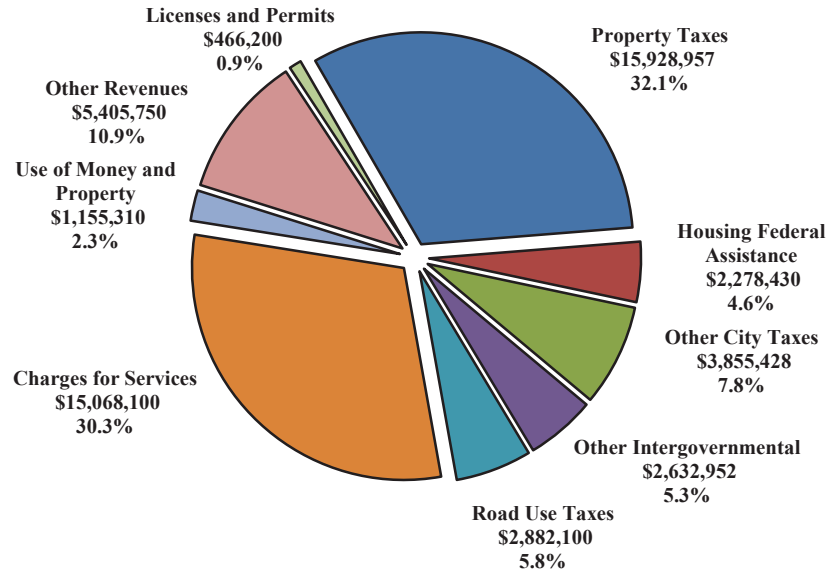
** Includes interfund transactions.

**City of Muscatine
Operating Funds
Expenditure Summary**

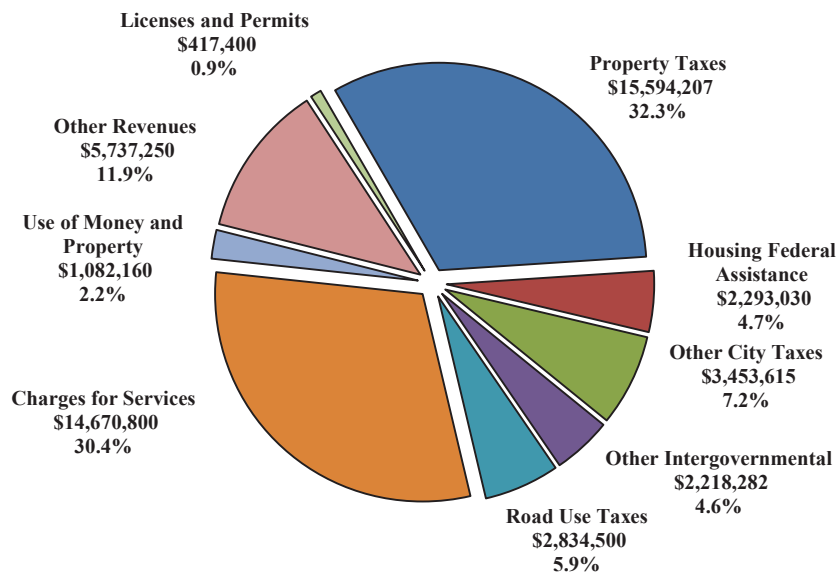
Fund	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Estimate 2017/2018	Budget 2018/2019
General	\$ 15,624,765	\$ 18,881,115	\$ 19,412,851	\$ 19,508,551	\$ 20,165,500
Enterprise:					
Airport Operations	104,038	97,286	115,800	127,400	118,300
Transit System	944,837	1,231,792	1,317,600	1,221,400	1,251,800
Parking System	201,830	208,382	222,900	228,400	223,700
Golf Course	723,624	753,613	861,000	831,600	861,400
Boat Harbor Operations	24,281	116,870	26,300	26,800	27,100
Marina Operations	12,563	6,113	11,800	11,800	11,900
Ambulance Operations	1,386,361	1,527,439	1,616,300	1,643,900	1,621,400
Convention & Visitors Bureau	84,722	86,831	123,400	115,500	119,100
Refuse Collection	2,530,640	2,161,415	2,065,300	2,097,600	2,095,700
Landfill Operations	1,022,926	1,045,115	1,482,100	1,843,150	902,500
Landfill Surcharge Reserve I	20,325	20,710	21,000	23,500	21,000
Landfill Surcharge Reserve II	42,665	43,490	44,100	49,350	44,100
Transfer Station Operations	2,204,137	2,071,751	2,354,000	2,641,000	2,322,000
Transfer Station Closure Reserve	0	4,570	0	0	0
Water Pollution Control	4,359,615	4,804,102	5,058,603	4,971,603	5,269,796
Collection and Drainage	1,457,988	1,400,792	1,257,800	1,334,200	1,319,900
WPCP Replacement Reserve	53,007	242,233	2,000,000	625,000	2,500,000
West Hill Sewer Reserve	0	0	228,000	0	0
Sewer Revenue Bond Sinking Fund	1,061,185	1,061,165	1,061,495	1,061,495	1,061,143
Sewer Extension and Improvement Reserve	0	200,000	0	700,000	0
Special Revenue:					
Employee Benefits	3,424,752	3,760,223	3,996,499	3,988,453	4,320,150
Road Use Tax	2,481,829	3,058,784	3,360,200	3,342,900	3,343,000
Community Block Grant	1,000	0	4,000	3,800	3,000
Tax Increment - Downtown	208,450	203,050	202,650	202,650	207,100
Tax Increment - Southend	1,157,441	1,198,100	1,612,255	1,546,655	1,504,405
Tax Increment - Cedar Development	182,958	235,257	274,000	255,400	285,000
Tax Increment - Muscatine Mall	42,033	18,781	0	0	32,100
Tax Increment - Highway 38 NE	285,328	66,126	18,500	17,700	16,500
Tax Increment - Heinz	0	19,000	15,400	14,800	12,000
Tax Increment - Fridley Theatre	67,760	72,525	73,300	66,800	74,000
Riverview Reinvestment District	0	0	0	112,000	366,000
Small Business Forgivable Loan Program	59,070	62,700	100,000	181,790	100,000
Local Option Sales Tax	2,749,767	3,181,633	3,296,800	3,482,940	3,318,000
Equipment Replacement	262,762	306,875	106,000	104,100	377,600
Computer Replacement	45,316	54,994	61,000	109,105	40,000
COPS Grant Commitment Reserve	89,000	0	0	0	0
Public Housing Operations	832,542	843,152	799,980	839,830	787,170
Section 8 Voucher Program	1,970,300	1,894,043	1,964,930	1,937,040	1,949,700
Home Ownership Program	53,409	52,802	62,700	57,700	51,700
Sunset Education Center	27,808	29,270	28,400	23,900	24,800
Police Forfeiture Fund	11,056	20,056	5,000	9,500	5,000
Trust and Agency:					
Insurance Trust	57,299	0	0	0	0
Perpetual Care Interest Trust	14,322	14,357	14,300	13,800	14,500
Cemetery Special Trusts	3,342	3,340	2,800	2,800	2,800
Library Trusts	66,616	65,757	121,700	176,700	31,400
Art Center Trusts	86,158	187,699	8,000	30,300	9,200
Debt Service:					
General Obligation	4,084,358	2,652,050	2,810,206	2,810,206	2,837,018
Internal Service/Other:					
Equipment Services	938,344	1,025,686	1,273,600	1,266,000	1,284,900
Dental Insurance	139,641	140,187	160,400	160,000	165,200
Health Insurance	2,985,175	2,826,479	3,529,200	3,383,232	3,539,600
Total *	\$ 54,187,345	\$ 57,957,710	\$ 63,182,169	\$ 63,202,350	\$ 64,638,182

* Includes interfund transactions.

**All City Operating Revenues By Source
Budget 2018/2019
\$49,673,227**



**All City Operating Revenues By Source
Budget 2017/2018
\$48,301,244**

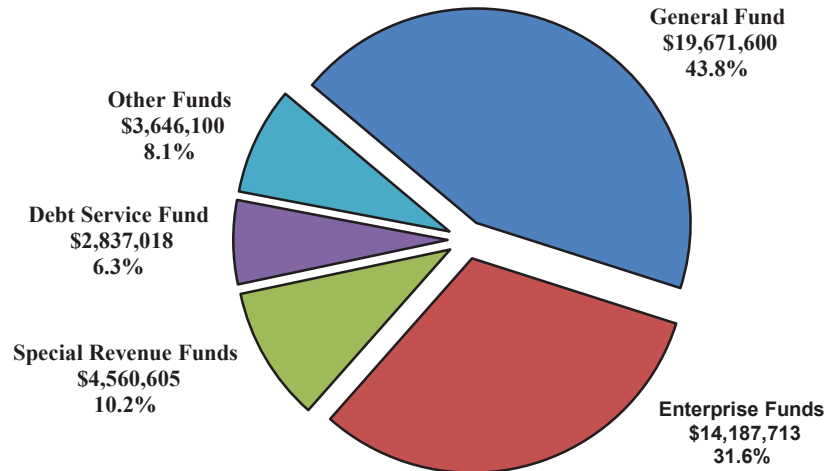


**All City Funds Operating Revenues
Reconciliation Information**

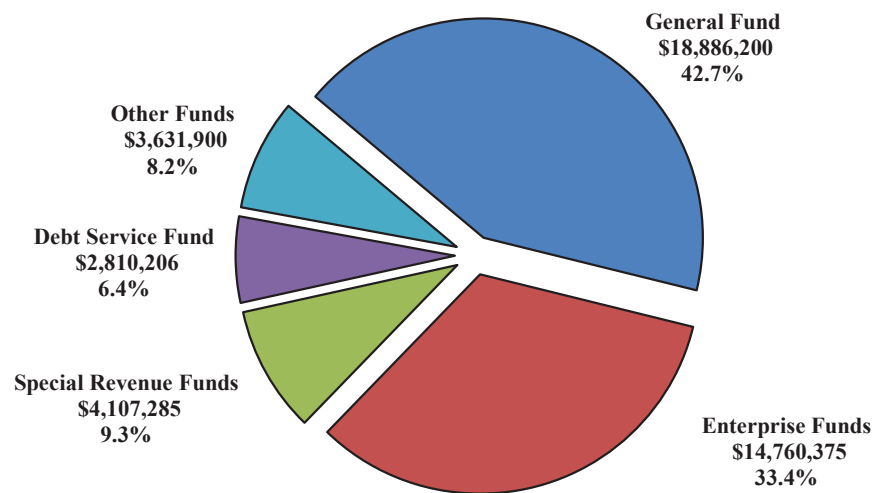
The revenue charts on the preceding page are shown net of interfund transfers. The following is a reconciliation of revenues per the summary statement to revenues net of transfers.

	2017/2018 Budget	2018/2019 Budget
Revenues per Summary Statement	\$ 61,306,996	\$ 63,351,073
Transfers In:		
General Fund		
Trust and Agency Funds	\$ 14,300	\$ 14,500
Special Revenue Funds	6,606,699	7,014,550
Health Insurance Fund	60,500	61,500
Tax Increment Funds	186,900	199,600
Enterprise Funds	926,000	1,047,200
Debt Service Fund		
Enterprise Funds	0	97,800
Tax Increment Funds	202,650	207,100
Equipment Replacement Fund		
General Fund	200,000	250,000
Computer Replacement Fund		
General Fund	40,000	40,000
Homeownership Program		
Community Block Grant	3,000	2,000
Sunset Park Education Center		
Community Block Grant	1,000	1,000
Small Business Forgivable Loan Program		
Tax Increment Funds	100,000	100,000
Convention and Visitors Bureau		
General Fund	90,500	120,000
Airport Operations Fund		
General Fund	36,100	33,900
Transit Operations Fund		
General Fund	100,000	50,000
Landfill Operations		
Landfill Surcharge Reserve	21,000	21,000
Landfill Surcharge Reserves		
Landfill Operations	65,100	65,100
Landfill Closure and Post-Closure Reserves		
Landfill Operations	130,500	130,500
Transfer Station		
Landfill Surcharge Reserve	44,100	44,100
Sewer Reserves		
Water Pollution Control Fund	700,000	700,000
Collection & Drainage Fund	180,000	180,000
Sewer Sinking Fund	1,061,603	1,063,596
West Hill Sewer Separation Project Reserve Fund	400,000	400,000
Local Option Tax Pavement Management Allocation		
Local Option Sales Tax	549,400	553,000
Total Transfers In	<u>11,719,352</u>	<u>12,396,446</u>
Non-Budgeted Fund		
Equipment Services Operations	<u>1,286,400</u>	<u>1,281,400</u>
Budgeted Revenues Net of Transfers	<u><u>\$ 48,301,244</u></u>	<u><u>\$ 49,673,227</u></u>

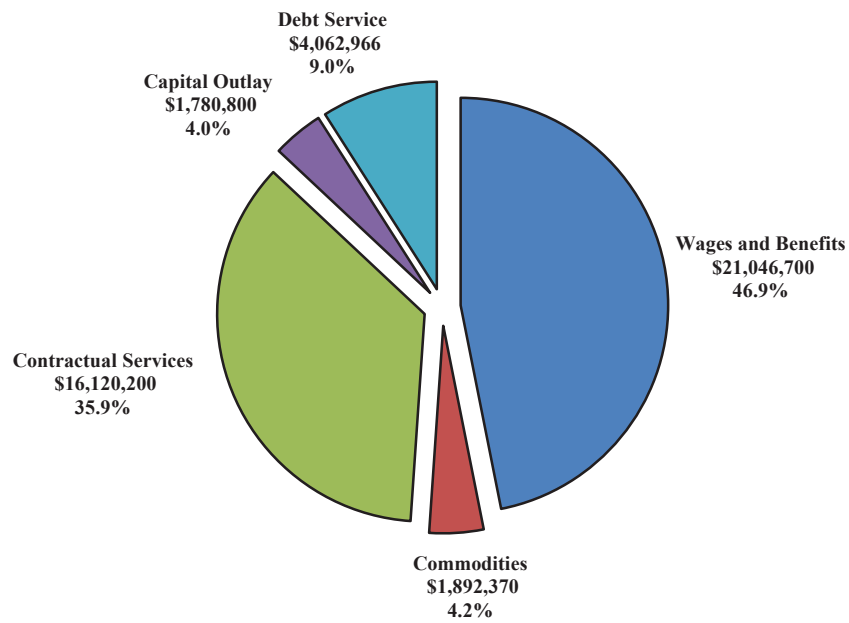
**All City Operating Expenditures By Fund
Budget 2018/2019
\$44,903,036**



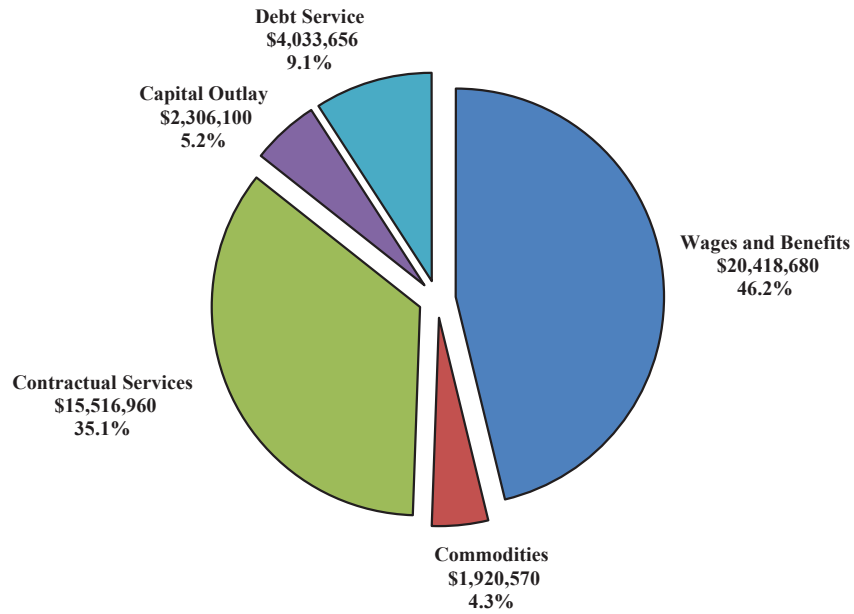
**All City Operating Expenditures By Fund
Budget 2017/2018
\$44,195,966**



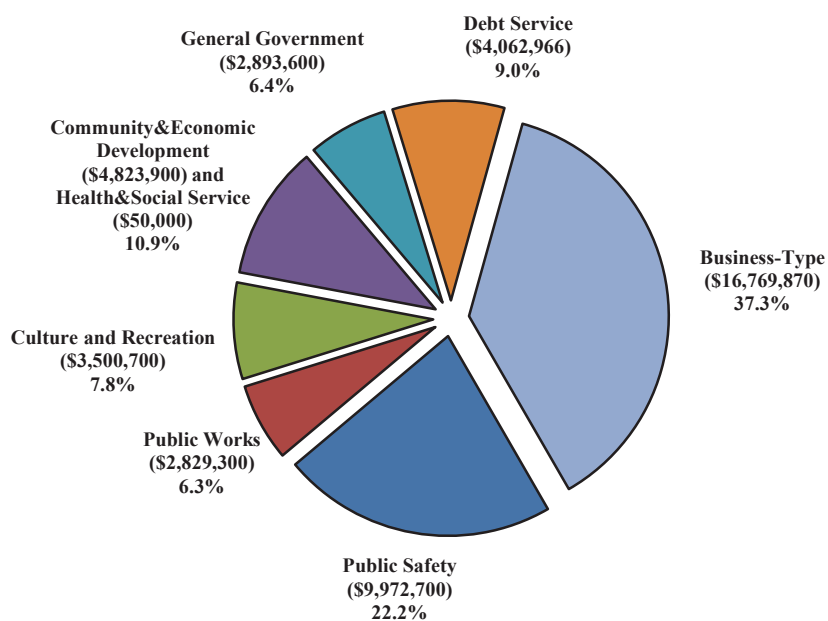
**All City Operating Expenditures By Type
Budget 2018/2019
\$44,903,036**



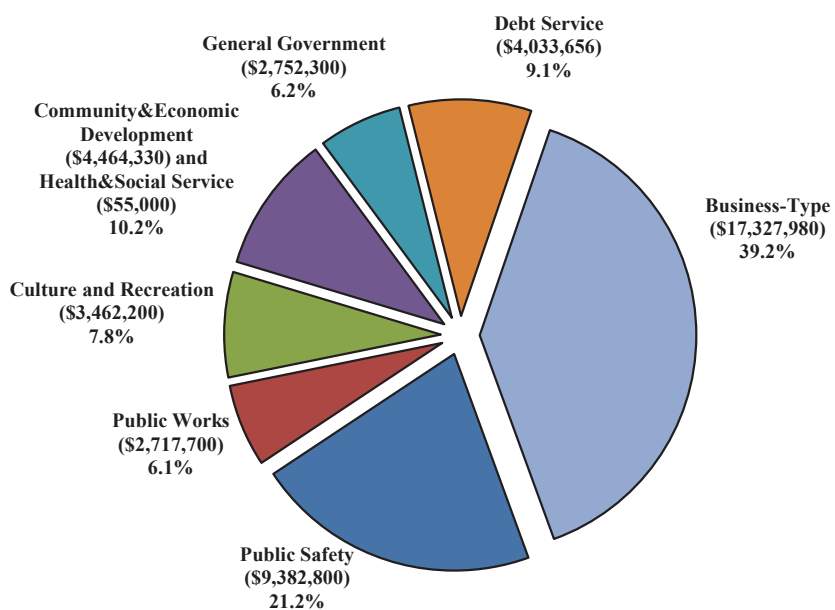
**All City Operating Expenditures By Type
Budget 2017/2018
\$44,195,966**



All City Operating Expenditures By Function *
Budget 2018/2019
\$44,903,036



All City Operating Expenditures By Function *
Budget 2017/2018
\$44,195,966



* Function descriptions and a matrix of expenditures by function follow these charts.

BUDGET FUNCTIONS

GENERAL GOVERNMENT:

Provides for the operation of the government and assures general administration of the municipality.

PUBLIC SAFETY:

Provides for services to reduce the amount and effects of external harm to individuals and damage to property, and in general to promote an atmosphere of personal security from external events.

CULTURE AND RECREATION:

Promotes the general well being of the City and encourages the fullest development of cultural and educational potentials of the citizens in the community. This function includes the activities of library, art center, parks and recreation, and cemetery.

PUBLIC WORKS:

Provides for safe and well-maintained infrastructure for the City. Activities include public works administration, roadway maintenance, snow and ice control, street cleaning, traffic control, and engineering.

COMMUNITY AND ECONOMIC DEVELOPMENT:

Provides for planning and development of the City including the social, physical, and economic needs of the City. Activities include Community Development, Economic Development, the Section 8 Housing Program, and Tax Increment Funds.

HEALTH AND SOCIAL SERVICES:

Provides for assistance to service agencies involved in providing health and social services to the community. The Economic Well Being activity is the only budget in this function.

DEBT SERVICE:

Provides for the accumulation of resources for and the payment of principal and interest on long-term debt of the City.

BUSINESS TYPE ACTIVITIES:

Provides for activities of the City that are financed in whole, or in part, by fees charged for goods or services. For budget purposes, these activities include the City's enterprise funds and internal service funds.

**All City Funds Operating Expenditures
Reconciliation Information**

The expenditure charts on the preceding pages are shown net of interfund transfers. The following is a reconciliation of expenditures per the summary statement to expenditures net of transfers.

	2017/2018 Budget	2018/2019 Budget
Expenditures per Summary Statement	\$ 63,182,169	\$ 64,638,182
Transfers Out:		
General Fund		
Transit Operations Fund	\$ 100,000	\$ 50,000
Airport Operations Fund	36,100	33,900
Equipment Replacement Fund	200,000	250,000
Computer Replacement Fund	40,000	40,000
Convention & Visitors Bureau	90,500	120,000
Capital Projects Fund	60,051	0
Trust and Agency Funds		
General Fund	14,300	14,500
Community Block Grant		
Sunset Park Education Center	1,000	1,000
Homeownership Program	3,000	2,000
Special Revenue Funds		
General Fund	7,356,699	7,663,150
Capital Projects Fund	3,296,800	3,318,000
Tax Increment Funds	546,550	525,900
Golf Course Fund		
Capital Projects Fund	45,000	45,200
Ambulance Fund		
General Fund	926,000	1,047,200
Landfill Operations Fund		
Landfill Surcharge Reserve	65,100	65,100
Landfill Closure/Post-Closure Reserve	130,500	130,500
Landfill Surcharge Reserve		
Landfill Operations Fund	21,000	21,000
Transfer Station Fund	44,100	44,100
Transfer Station Operations Fund		
Capital Projects Fund	75,800	75,800
Water Pollution Control Fund		
Debt Service Fund	0	97,800
Sewer Reserves	1,961,603	1,963,596
Capital Projects Fund	10,000	0
Water Pollution Control Plant Replacement Reserve		
Capital Projects Fund	2,000,000	2,500,000
West Hill Sewer Reserve		
Capital Projects Fund	228,000	0
Collection & Drainage		
Sewer Reserves	380,000	380,000
Capital Projects Fund	20,000	0
Health Insurance Fund		
General Fund	60,500	61,500
Total Transfers Out	<u>\$ 17,712,603</u>	<u>\$ 18,450,246</u>
Non-Budgeted Fund		
Equipment Services Operations	<u>1,273,600</u>	<u>1,284,900</u>
Budgeted Expenditures Net of Transfers	<u><u>\$ 44,195,966</u></u>	<u><u>\$ 44,903,036</u></u>

City of Muscatine
Matrix of 2018/2019 Operating Budget by Function
(Excludes Transfers)

Fund/Activity:	General Government	Public Safety	Culture and Recreation	Community and Economic Development	Health and Social Services	Public Works	Debt Service	Business Type/Internal Service	Total
General Fund:									
Mayor and Council	\$ 94,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,800
Legal Services	175,000	0	0	0	0	0	0	0	175,000
City Administrator	453,500	0	0	0	0	0	0	0	453,500
Human Resources	168,500	0	0	0	0	0	0	0	168,500
Wellness Program	61,500	0	0	0	0	0	0	0	61,500
Finance and Records	631,000	0	0	0	0	0	0	0	631,000
Computer Operations	267,800	0	0	0	0	0	0	0	267,800
Risk Management	293,700	0	0	0	0	0	0	0	293,700
Building and Grounds	682,800	0	0	0	0	0	0	0	682,800
Police Operations	0	4,982,100	0	0	0	0	0	0	4,982,100
Animal Control	0	137,500	0	0	0	0	0	0	137,500
Fire Operations	0	4,535,500	0	0	0	0	0	0	4,535,500
Library	0	0	1,160,600	0	0	0	0	0	1,160,600
Cable Television Operations	0	0	21,300	0	0	0	0	0	21,300
Art Center	0	0	363,400	0	0	0	0	0	363,400
Park Administration	0	0	197,400	0	0	0	0	0	197,400
Park Maintenance	0	0	804,700	0	0	0	0	0	804,700
Kent Stein Park	0	0	219,000	0	0	0	0	0	219,000
Soccer Complex	0	0	198,800	0	0	0	0	0	198,800
Swimming Pools	0	0	158,000	0	0	0	0	0	158,000
Recreation	0	0	120,600	0	0	0	0	0	120,600
Cemetery	0	0	173,500	0	0	0	0	0	173,500
Community Development	0	0	0	818,300	0	0	0	0	818,300
Economic Development	0	0	0	73,000	0	0	0	0	73,000
Economic Well-Being	0	0	0	0	50,000	0	0	0	50,000
Public Works Administration	0	0	0	0	0	206,000	0	0	206,000
Roadway Maintenance	0	0	0	0	0	1,467,300	0	0	1,467,300
Traffic Control	0	0	0	0	0	192,900	0	0	192,900
Snow and Ice Control	0	0	0	0	0	486,200	0	0	486,200
Street Cleaning	0	0	0	0	0	210,100	0	0	210,100
Engineering	0	0	0	0	0	266,800	0	0	266,800

(Continued)

(Continued)

Fund/Activity:	General Government	Public Safety	Culture and Recreation	Community and Economic Development	Health and Social Services	Public Works	Debt Service	Business Type/ Internal Service	Total
Enterprise Funds:									
Airport Operations	0	0	0	0	0	0	0	118,300	118,300
Transit Operations	0	0	0	0	0	0	0	1,251,800	1,251,800
Parking System	0	0	0	0	0	0	0	223,700	223,700
Golf Course	0	0	0	0	0	0	0	816,200	816,200
Boat Harbor Operations	0	0	0	0	0	0	0	27,100	27,100
Marina Operations	0	0	0	0	0	0	0	11,900	11,900
Ambulance Operations	0	0	0	0	0	0	0	574,200	574,200
Convention and Visitors Bureau	0	0	0	0	0	0	0	119,100	119,100
Public Housing	0	0	0	0	0	0	0	787,170	787,170
Refuse Collection	0	0	0	0	0	0	0	2,095,700	2,095,700
Landfill Operations	0	0	0	0	0	0	0	706,900	706,900
Transfer Station	0	0	0	0	0	0	0	2,246,200	2,246,200
Collection and Drainage	0	0	0	0	0	0	0	939,900	939,900
Water Pollution Control	0	0	0	0	0	0	0	3,208,400	3,208,400
Sewer Sinking Fund	0	0	0	0	0	0	1,061,143	0	1,061,143
Special Revenue Funds:									
Equipment Replacement	25,000	312,600	40,000	0	0	0	0	0	377,600
Southend Tax Increment	0	0	0	1,052,900	0	0	164,805	0	1,217,705
Cedar Development Tax Increment	0	0	0	285,000	0	0	0	0	285,000
Highway 38 NE Tax Increment	0	0	0	16,500	0	0	0	0	16,500
Heinz Tax Increment 2014	0	0	0	12,000	0	0	0	0	12,000
Fridley Theatre Tax Increment	0	0	0	74,000	0	0	0	0	74,000
Downtown Reinvestment District	0	0	0	366,000	0	0	0	0	366,000
Small Business Forgivable Loan	0	0	0	100,000	0	0	0	0	100,000
Section 8 Housing	0	0	0	1,949,700	0	0	0	0	1,949,700
Home Ownership Program	0	0	0	51,700	0	0	0	0	51,700
Sunset Park Children's Education Program	0	0	0	24,800	0	0	0	0	24,800
Police Forfeiture Fund	0	5,000	0	0	0	0	0	0	5,000
Computer Replacement Fund	40,000	0	0	0	0	0	0	0	40,000
Debt Service Fund	0	0	0	0	0	0	2,837,018	0	2,837,018
Internal Service/Other Funds:									
Health Insurance Fund	0	0	0	0	0	0	0	3,478,100	3,478,100
Dental Insurance Fund	0	0	0	0	0	0	0	165,200	165,200
Trust and Agency Funds:									
Library Trusts	0	0	31,400	0	0	0	0	0	31,400
Cemetery Trust	0	0	2,800	0	0	0	0	0	2,800
Art Center Trusts	0	0	9,200	0	0	0	0	0	9,200
Total	\$ 2,893,600	\$ 9,972,700	\$ 3,500,700	\$ 4,823,900	\$ 50,000	\$ 2,829,300	\$ 4,062,966	\$ 16,769,870	\$ 44,903,036

City of Muscatine
Fulltime Employee Trends

General Fund

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Budget 2017-18	Actual 2017-18	Budget 2018-19
City Administrator	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Wellness Program	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Human Resources	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Risk Management	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Finance	5.65	5.65	5.65	5.65	5.70	5.70	5.70	5.70	5.70	5.70	5.70
Information Technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Buildings and Grounds	5.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	6.23	6.23	6.73 (1)
Police	42.88	41.88	43.88	44.88	44.73	43.73	43.73	43.73	43.73	43.73	43.73
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire	36.50	36.50	36.50	37.50	37.50	37.50	37.50	41.50	41.50	41.50	41.50
Library (FTE)	15.93	15.91	15.74	15.51	14.95	14.71	14.33	13.76	14.19	14.19	14.90 (2)
Art Center (FTE)	4.04	4.57	4.54	4.25	4.25	4.52	4.70	4.70	4.70	4.70	4.70
Park Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Park Maintenance *	6.75	6.08	6.00	6.00	6.00	6.00	5.80	5.80	5.80	5.80	5.80
Kent Stein Park *	1.12	1.12	1.12	1.12	1.12	1.12	1.22	1.22	1.22	1.22	1.22
Soccer Complex *	1.13	1.13	1.13	1.13	1.13	1.13	1.23	1.23	1.23	1.23	1.23
Recreation *	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cemetery *	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Development	6.17	6.67	6.72	6.92	6.92	6.93	7.44	7.42	7.42	7.42	7.42
Street Cleaning	1.75	1.75	1.75	1.75	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Roadway Maintenance	11.43	11.43	11.43	11.43	11.43	11.43	11.43	11.43	11.43	11.43	11.43
Traffic Control Operations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00 (3)
Public Works Administration	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Total General Fund	152.83	150.87	152.64	154.32	153.81	152.85	154.16	157.57	159.88	159.88	162.09

**City of Muscatine
Fulltime Employee Trends**

Enterprise / Other Funds

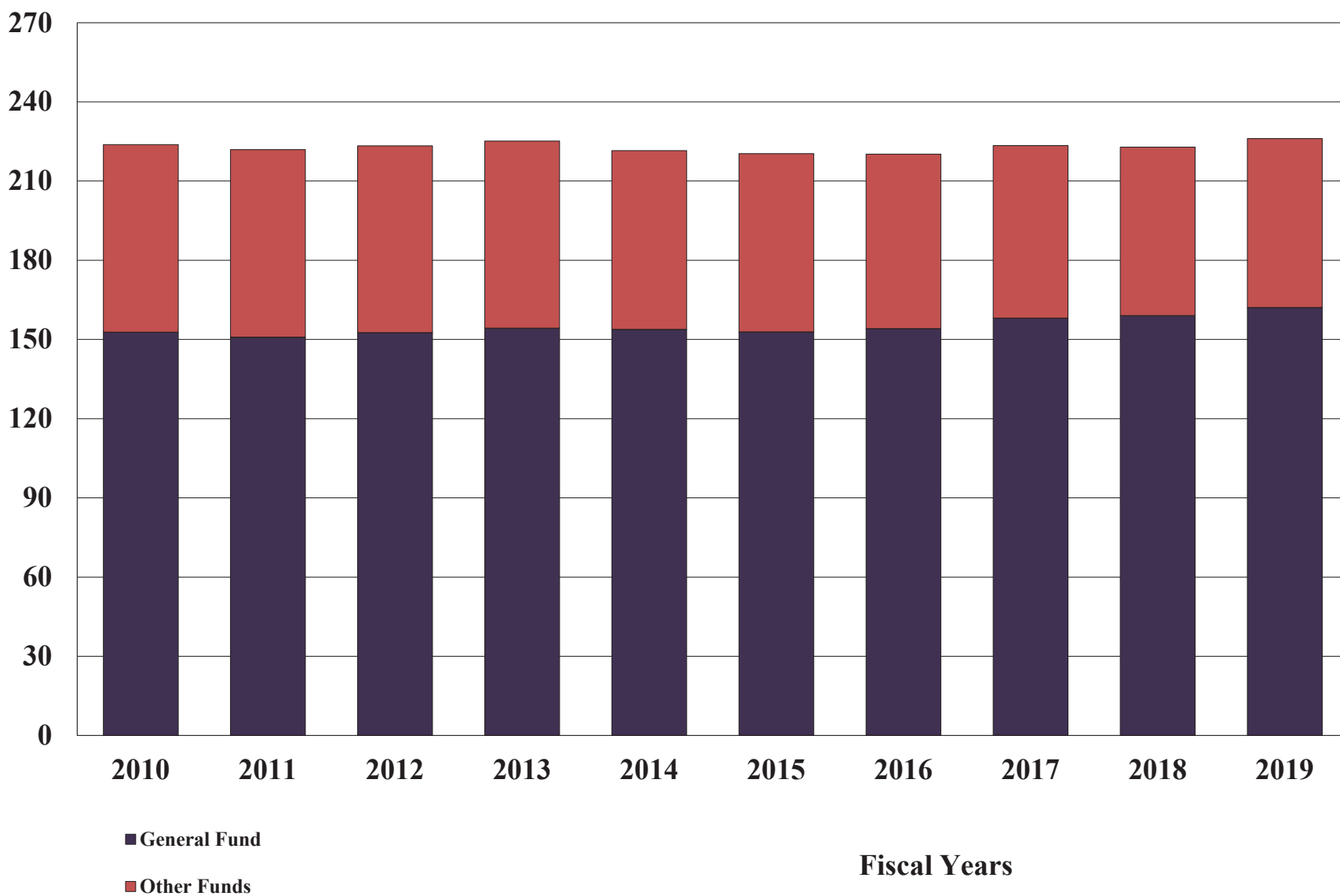
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Budget 2017-18	Actual 2017-18	Budget 2018-19
Parking System	3.10	3.10	3.10	3.10	2.90	2.90	2.90	2.90	2.90	2.90	2.90
Golf Course *	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Boat Harbor Operations	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Transit System *	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Refuse Collection	11.30	10.45	10.66	10.66	9.56	9.56	9.56	8.98	8.98	8.98	8.98
Landfill	0.33	0.30	0.25	0.25	0.25	0.25	0.25	0.60	0.60	0.60	0.60
Transfer Station	3.67	3.58	3.42	3.42	3.42	3.42	3.42	3.15	3.15	3.15	3.15
Water Pollution Control											
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Plant Operations	11.00	10.75	10.75	10.75	9.75	8.75	8.75	8.75	8.75	8.48 (4)	8.48 (4)
Pumping Stations	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Laboratory Operations	4.25	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Biosolids Operations	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Collection and Drainage	6.78	6.53	6.53	6.53	6.53	6.53	6.53	6.53	6.53	6.53	6.53
Storm Water Operations	0.33	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58
Ambulance Operations	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Housing (FTE)	10.75	12.50	12.13	12.25	11.50	12.25	11.77	10.71	10.28	10.28	10.55 (5)
Equipment Services	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total Enterprise/Other Funds	71.04	71.07	70.70	70.82	67.77	67.52	66.04	64.48	64.05	63.78	64.05
Grand Total	223.87	221.94	223.34	225.14	221.58	220.37	220.20	222.05	223.93	223.66	226.14

* These departments have a substantial number of part time employees, primarily seasonal employees.

Position Changes for the 2017/2018 Revised Estimate and 2018/2019 Budget:

1. The 2018/2019 Building & Grounds budget includes one new 20 hour per week Custodian I position. This position is in place of the currently contracted cleaning services at the Public Safety Building.
2. Library staff reorganizations resulted in a .71 FTE increase in the 2018/2019 budget. The reorganization is due to moving to the new library building.
3. The Engineering division added a full time Assistant City Engineer position in FY 2018/2019; 75% of the cost of this position is expected to be charged out to capital projects.
4. The 2017/2018 and 2018/2019 Water Pollution Plant Operations budgets include a reorganization that resulted in an overall decrease in staff. One full-time Maintenance Worker position was replaced with a 29 hour per week Custodian II position after the retirement of the previous Maintenance Worker.
5. The Housing budget for 2018/2019 includes increasing a 29 hour per week Custodian II position to full time.

Fulltime Employee Trends Ten Year History



PROPERTY TAX SCHEDULES

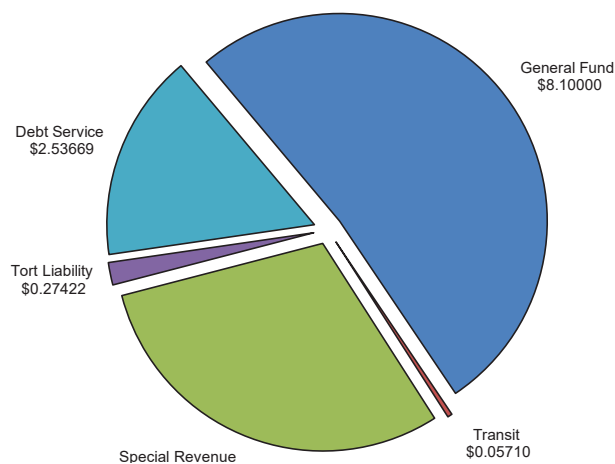
City of Muscatine

Property Tax Levies by Type - Fiscal Year 2017/2018 and 2018/2019

	2017/2018 Budget		2018/2019 Budget		Percent of Levy Increase (Decrease)	Change in Dollars Levied	Percent Change in Dollars Levied
	Collections	Levy Per \$1,000 of Assessed Valuation	Collections	Levy Per \$1,000 of Assessed Valuation			
General Fund	\$ 6,867,458	\$ 8.10000	\$ 7,067,918	\$ 8.10000	0.00%	\$ 200,460	2.92%
Transit System	95,297	0.11240	49,824	0.05710	(49.20%)	(45,473)	(47.72%)
Tort Liability	226,041	0.26661	239,280	0.27422	2.85%	13,239	5.86%
Special Revenue:							
Police and Fire Retirement	\$ 1,291,752	\$ 1.52359	\$ 1,397,764	\$ 1.60187	5.14%	\$ 106,012	8.21%
FICA/IPERS	626,100	0.73847	711,312	0.81518	10.39%	85,212	13.61%
Other Employee Benefits	2,047,067	2.41447	2,026,852	2.32282	(3.80%)	(20,215)	(0.99%)
Reduction *	(208,165)	(0.24553)	(31,230)	(0.03579)	85.42%	176,935	85.00%
Subtotal	\$ 3,756,754	\$ 4.43100	\$ 4,104,698	\$ 4.70408	6.16%	\$ 347,944	9.26%
Debt Service	2,453,089	2.69458	2,372,694	2.53669	(5.86%)	(80,395)	(3.28%)
Levee Improvements	57,229	0.06750	-	-	(100.00%)	(57,229)	(100.00%)
Total	\$ 13,455,868	\$ 15.67209	\$ 13,834,414	\$ 15.67209	(0.00%)	\$ 378,546	2.81%
Agricultural Land	3,339	3.00375	3,543	3.00375	0.00%	204	6.11%
Grand Total	\$ 13,459,207	\$ 15.67209	\$ 13,837,957	\$ 15.67209	(0.00%)	\$ 378,750	2.81%
		\$ 3.00375		\$ 3.00375			

* The Employee Benefits Levies for both 2017/2018 and 2018/2019 have been reduced from the amount necessary to fund 100% of General Fund employee benefits costs by the amounts shown in order to keep the City's total tax rate the same as the prior year. This resulted in \$208,165 of General Fund balance being used for employee benefits in 2017/2018 and \$31,230 being used in the 2018/2019 budget.

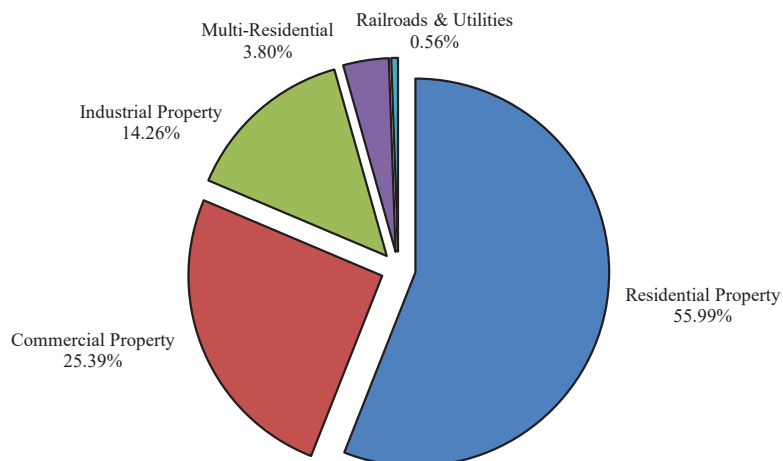
**City Tax Levy Rates By Type
Budget 2018/2019
\$15.67209
per \$1,000 Valuation**



City of Muscatine
Taxable Property Valuation Comparison
(Excludes Tax Increment Values)

	<u>January 1, 2016</u>	<u>January 1, 2017</u>	<u>Valuation Increase (Decrease)</u>	<u>Percent Increase (Decrease) in Taxable Value</u>	<u>MEMO ONLY Percent Increase (Decrease) in Actual Value</u>
Residential Property (1)	\$ 491,066,816	\$ 489,430,931	\$ (1,635,885)	-0.33%	2.08%
Commercial Property (2)	209,041,414	221,925,876	12,884,462	6.16%	6.00%
Industrial Property (3)	111,796,825	124,695,505	12,898,680	11.54%	11.47%
Multi-Residential (4)	32,996,982	33,261,173	264,191	0.80%	5.64%
Railroads (5)	713,620	806,188	92,568	12.97%	12.97%
Utilities (6)	3,899,544	4,080,084	180,540	4.63%	4.63%
Total Valuations	\$ 849,515,201	\$ 874,199,757	\$ 24,684,556	2.91%	3.86%
Less Military Exemptions	1,680,836	1,617,336	(63,500)	-3.78%	
Total Net Valuation	<u>\$ 847,834,365</u>	<u>\$ 872,582,421</u>	<u>\$ 24,748,056</u>	2.92%	
MEMO ONLY					
Total if Gas and Electric Utilities were Included	<u>\$ 851,032,054</u>	<u>\$ 875,583,081</u>	<u>\$ 24,551,027</u>	2.90%	

1. Residential taxable valuations realized a decrease in the rollback factor from 56.9391% to 55.6209% for January 1, 2017 (a decrease of 2.32% in taxable valuations).
2. Commercial valuations for January 1, 2013 were rolled back from 100% to 95%. For January 1, 2014 they were rolled back to 90%. These valuations were 90% for January 1, 2015, but they no longer include multi-residential properties which are now reported in a separate class. The commercial rollback remained at 90% for the January 1, 2016 and January 1, 2017 valuations.
3. Industrial property values for January 1, 2013 were rolled back from 100% to 95%. For January 1, 2014 they were rolled back to 90%. These valuations remained at 90% for January 1, 2015, January 1, 2016, and January 1, 2017.
4. Multi-residential properties were included with commercial properties until January 1, 2015. These properties include mobile home parks, manufactured home communities, land-leased communities, assisted living facilities, and properties with three or more separate living quarters. These properties were rolled back from 90% to 86.25% for January 1, 2015 and will continue to be rolled back over the next five years until the rollback is equal to the rollback for residential properties. The rollback for January 1, 2017 valuations is 78.75%.
5. Railroad property values for January 1, 2013 were rolled back from 100% to 95%. For January 1, 2014 they were rolled back to 90%. These valuations remained at 90% for January 1, 2015 and continued at 90% for January 1, 2016 and January 1, 2017.
6. Beginning with January 1, 1999 valuations, gas and electric utility values have been excluded from the actual values shown. The taxation of these utilities is no longer based on assessed values. These utilities pay an excise tax based on the amount of energy delivered in a one year period. The amount of the City's utility tax revenue depends upon the amount of energy produced and used statewide and each city's proportional share.

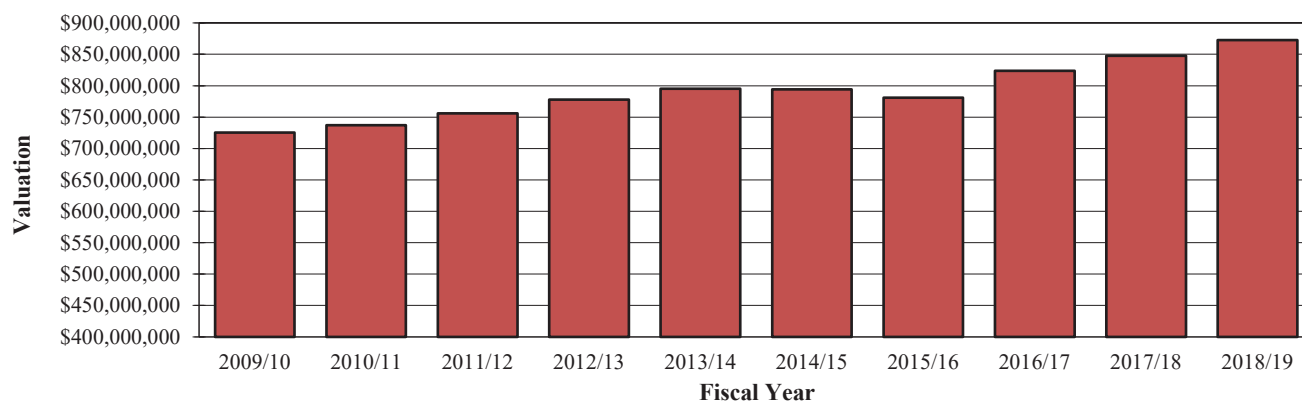


2017 Taxable Valuations by Type
(Valuations Used for 2018/2019 Tax Levy)

City of Muscatine
Taxable Property Valuation History
(Excludes Tax Increment Values)

Fiscal Year	Real Property	Public Utilities	Military Exemption	Total	Agricultural Land
2009/10	\$ 720,403,370	\$ 7,312,791	\$ 2,215,335	\$ 725,500,826	\$ 984,243
2010/11	731,822,753	7,233,428	2,126,455	736,929,726	828,855
2011/12	750,941,861	7,339,282	2,070,643	756,210,500	906,007
2012/13	772,604,519	7,085,446	2,001,533	777,688,432	878,503
2013/14	790,521,876	6,629,974	1,946,036	795,205,814	908,805
2014/15	790,306,586	5,786,469	1,871,992	794,221,063	1,085,900
2015/16	777,854,524	5,032,917	1,812,242	781,075,199	979,288
2016/17	820,617,559	4,669,990	1,721,595	823,565,954	1,126,416
2017/18	844,902,037	4,613,164	1,680,836	847,834,365	1,111,462
2018/19	869,313,485	4,886,272	1,617,336	872,582,421	1,179,436

Taxable Property Valuation
Ten Year History

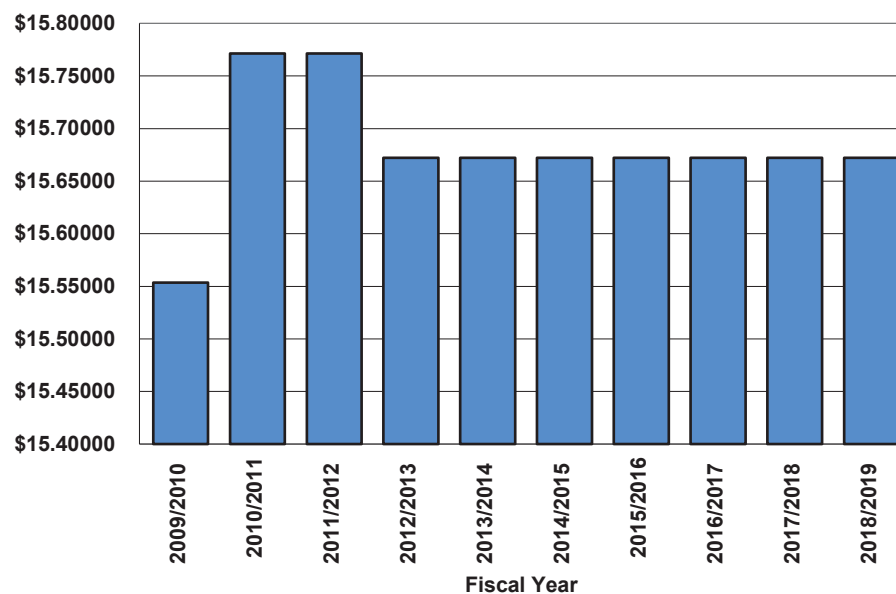


City of Muscatine
City Tax Rate History
Fiscal Years 2009/2010 through 2018/2019

<u>Fiscal Year</u>	<u>Tax Rate (Per \$1,000 Valuation)</u>	<u>Percent Change</u>
2009/2010	\$ 15.55353	-3.70%
2010/2011	15.77146	1.40%
2011/2012	15.77146	0.00%
2012/2013	15.67209	-0.63%
2013/2014	15.67209	0.00%
2014/2015	15.67209	0.00%
2015/2016	15.67209	0.00%
2016/2017	15.67209	0.00%
2017/2018	15.67209	0.00%
2018/2019	15.67209	0.00%

**Tax Rate
(Per \$1,000
Valuation)**

Tax Rate Ten Year History



Tax Levies by Entity

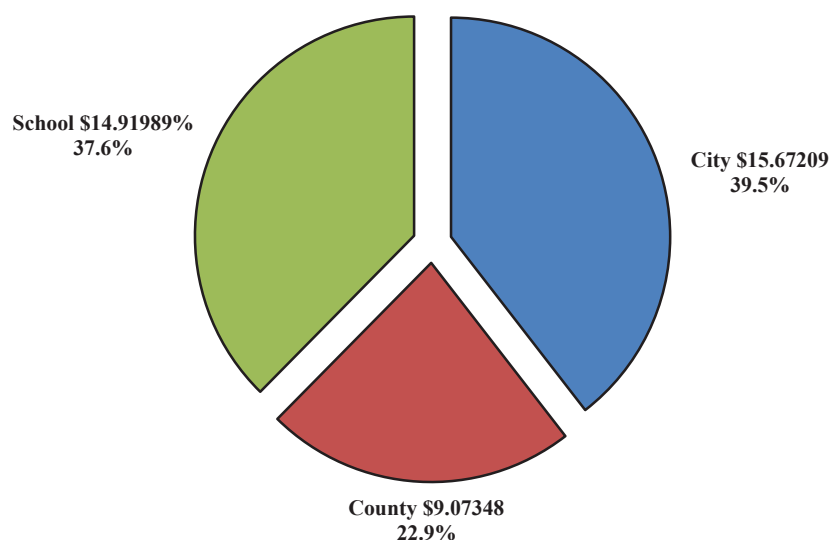
Historical Comparison

Certified Levies Per \$1,000 of Valuation

	<u>City</u>	<u>County</u>	<u>School</u>	<u>Total</u>
2009/2010	\$ 15.55353	\$ 9.18309	\$ 14.90569	\$ 39.64231
2010/2011	15.77146	9.60976	14.90920	40.29042
2011/2012	15.77146	9.51343	15.36192	40.64681
2012/2013	15.67209	9.12600	15.35345	40.15154
2013/2014	15.67209	9.09395	15.27597	40.04201
2014/2015	15.67209	9.09808	15.42605	40.19622
2015/2016	15.67209	9.36435	15.80950	40.84594
2016/2017	15.67209	9.44359	15.53914	40.65482
2017/2018	15.67209	9.07348	14.91989	39.66546
Percent of 2017/2018 Total Levy	39.5%	22.9%	37.6%	100.0%
2018/2019 *	15.67209	N/A	N/A	N/A

* Tax levy rates for 2018/2019 for Muscatine County and the Muscatine Community School district are not yet available.

Tax Levy Rates By Entity Fiscal Year 2017/2018 \$39.66546 per \$1,000 Valuation



MAJOR REVENUE SOURCES SCHEDULES

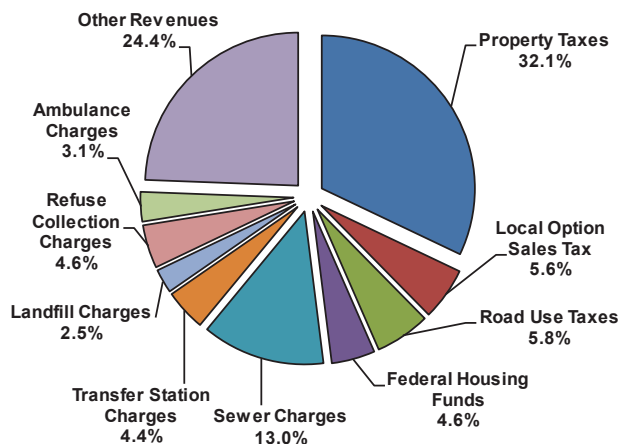
City of Muscatine
Major Revenue Sources
Fiscal Year 2018/2019 Budget

General Information

The City of Muscatine budgeted operating revenues of \$49,673,227 for 2018/2019 include all budgeted revenues of the City with the exception of revenues funding the City's capital projects. Capital project revenues include bond proceeds, state and federal grants, and transfers from other funds. As capital project revenues and expenditures vary significantly from year to year, these amounts have been excluded from the summary schedules in this section of the budget to more accurately compare revenue and expenditure trends over the last several years. Of the total 2018/2019 budgeted operating revenues, 75.6% is estimated to be received from nine major revenue sources. This section of the budget includes the basis for the budget estimates for each of these nine categories as well as relevant trends in these revenue sources.

	2018/2019 Budget	Percent of Total
Property Taxes	\$ 15,928,957	32.1%
Local Option Sales Tax	2,764,800	5.6%
Road Use Taxes	2,882,100	5.8%
Federal Housing Funds	2,278,430	4.6%
Sewer Charges	6,440,000	13.0%
Transfer Station Charges	2,174,400	4.4%
Landfill Charges	1,259,000	2.5%
Refuse Collection Charges	2,275,000	4.6%
Ambulance Charges	1,550,000	3.1%
Other Revenues	12,120,540	24.4%
Total Operating Revenues	<u>\$ 49,673,227</u>	<u>100.0%</u>

**Operating Revenues
Budget 2018/2019**



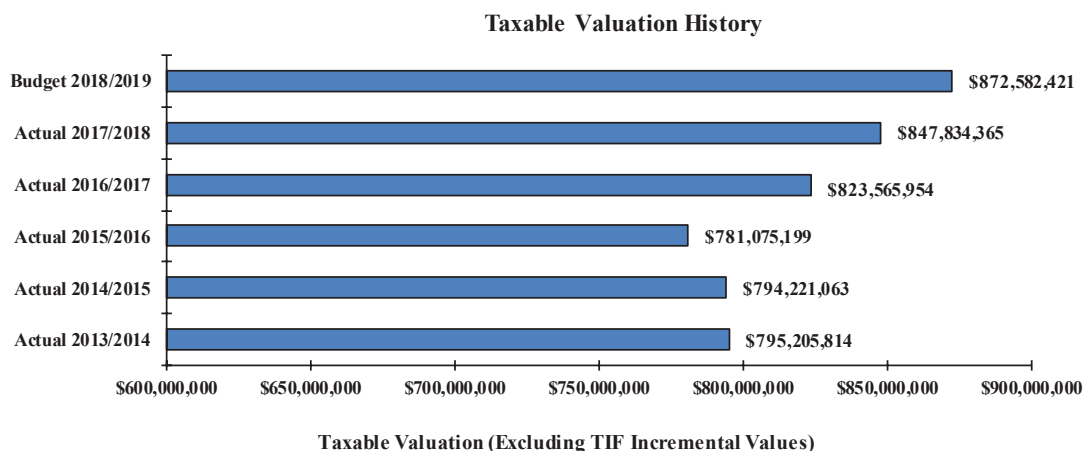
Property Taxes FY 2018/2019 Budget \$15,928,957

General Information

Property taxes comprise 32.1% of the City's operating revenues. The taxes in this category include both regular property taxes and property taxes from tax increment financing (TIF) districts. The City has a strong tax collection rate with the rate of collection of current year taxes generally over 99%.

Budgeted property tax revenue is determined based on taxable valuation of property and tax rates for various categories of taxes as provided for by the State of Iowa. Following are charts of taxable property valuations, tax rates, and property taxes for the last four years, the estimated amounts for the current year, and budgeted amounts for 2018/2019. Relevant assumptions and comments are included for each of the charts. Additional detailed schedules of taxable valuations and tax rates are also included in the "Property Tax Schedules" section, which immediately precedes this section.

Taxable Valuations

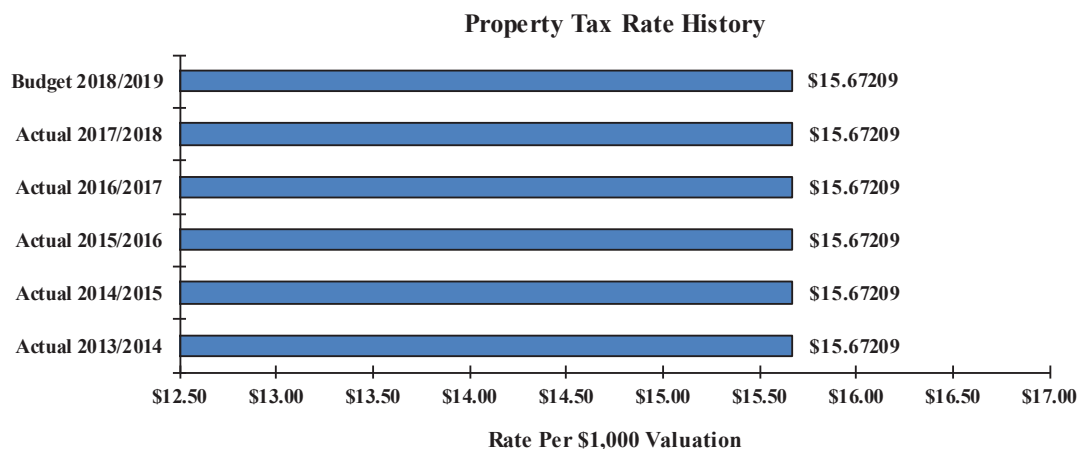


Taxable valuations are received from the County Auditor each year. Changes in taxable valuation occur due to new growth or improvements to existing properties, changes in property values by the County Assessor, changes in the State "rollback" factors for the different categories of property, and other State-mandated valuation requirements.

The taxable property valuation for fiscal year 2018/2019 is \$872,582,421, which is \$24,748,056 (2.92%) more than the fiscal year 2017/2018 valuation of \$847,834,365. The increase is due to re-valuations by the County Assessor, new growth, and changes in taxable valuations due to changes in the rollback factors for residential and multi-residential properties. Growth in Tax Increment Financing (TIF) districts is not included in these taxable valuation amounts. The rollback of commercial and industrial valuations remained at 90% for 2018/2019. Multi-residential properties (those with 3 or more living quarters, assisted living facilities, land-leased communities, etc.), however, which had been included in the commercial property category, became a separate property class in 2016/2017. Those valuations were rolled back from 90% to 86.25% in 2016/2017, rolled back to 82.50% in 2017/2018, rolled back to 78.75% in 2018/2019, and will continue to be rolled back over the next five years until the rollback is equal to the rollback on residential properties. The taxable value for multi-residential properties for 2018/2019 is \$33,261,173 which reflects the 78.75% rollback. Industrial property valuations increased by 11.54%, commercial values increased by 6.16%, and residential

property values decreased by .33% for 2018/2019. Actual valuations for residential property increased by 2.08% and there was a 2.32% decrease in the residential rollback (from 56.9391% to 55.6209%). The other smaller categories of properties are railroads, which increased in valuation by 12.97%, and utilities, which increased by 4.63%. Overall, these factors combined to result in the 2.92% overall increase in taxable valuations.

Property Tax Rates



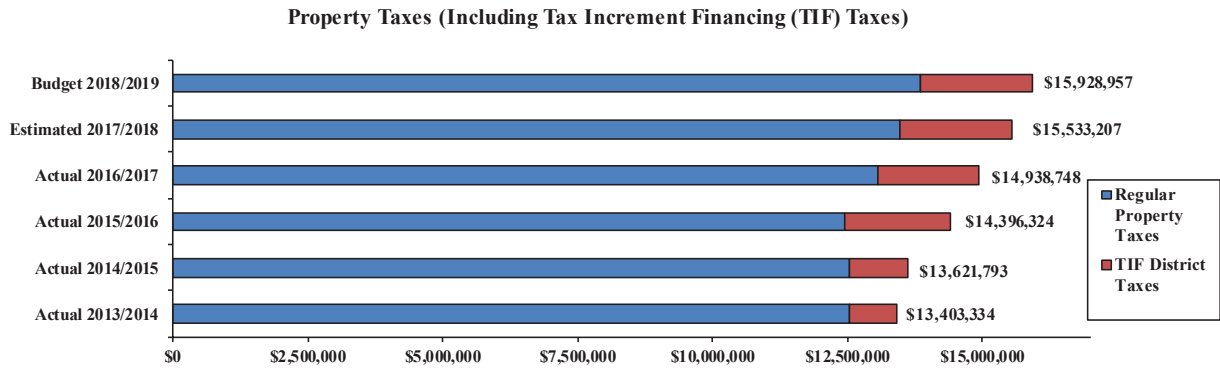
The City's tax rate for 2018/2019 is comprised of five different categories as provided for by the State of Iowa. These include the General Fund, Transit, Tort Liability, Employee Benefits, and Debt Service.

Two of the tax categories are limited by State law to maximum rates per \$1,000 of valuation. These maximums are \$8.10 per \$1,000 of valuation for the General Fund and \$.95 for Transit. The City is at the maximum rate for the General Fund, but is less than the maximum for the Transit levy.

The other tax categories do not have limits per \$1,000 of valuation. The Debt Service levy is the amount required for principal and interest on general obligation debt, the Employee Benefits levy is based on budgeted employee benefits in the General Fund, and the Tort Liability levy is based on estimated insurance costs.

The City's tax rate for 2018/2019 was maintained at the same rate as the previous five years. The increases in the employee benefits and tort liability rates were offset by decreases in the transit, levee improvements, and debt service tax levy rates. The overall tax rate was maintained at the prior year level due to the employee benefits levy funding \$31,230 less than the full amount of General fund employee benefits eligible to be funded from that levy. In effect, that amount of employee benefits will be funded from the General fund in 2018/2019.

Property Tax Revenue



Property taxes estimated for 2018/2019 total \$15,928,957, including \$13,837,957 from regular property tax and \$2,091,000 from tax increment financing (TIF) taxes. This is a 2.81% increase in regular property taxes and a 2.55% increase in total taxes including TIF taxes.

Local Option Sales Tax
FY 2018/2019 Budget \$2,764,800

General Information

Voters in the City of Muscatine first approved the 1% local option sales tax in 1994 for a five year period from July 1, 1994 through June 30, 1999. Proceeds from this tax were required by the referendum to be used for storm and sanitary sewer projects in the City. In 1998 voters approved the extension of this tax for another five year period through June 30, 2004 to continue the sewer improvement program. In January 2003 voters approved allocating up to 10% of the local option tax to the “Pearl of the Mississippi Project”. This project included a new aquatic center, skatepark, trail extension, marina improvements, boat launch ramp relocation, Riverview Center renovation, and community art. In January 2004 voters approved an additional five year extension to this tax through June 30, 2009 with 90% of the tax to be used for sewer projects and up to 10% to be used for the “Pearl of the Mississippi Project”. In 2008 voters approved extension of this tax for a 10-year period through June 30, 2019 with 80% of the tax proceeds to be used for storm and sanitary sewer projects and 20% for the City’s pavement management program.

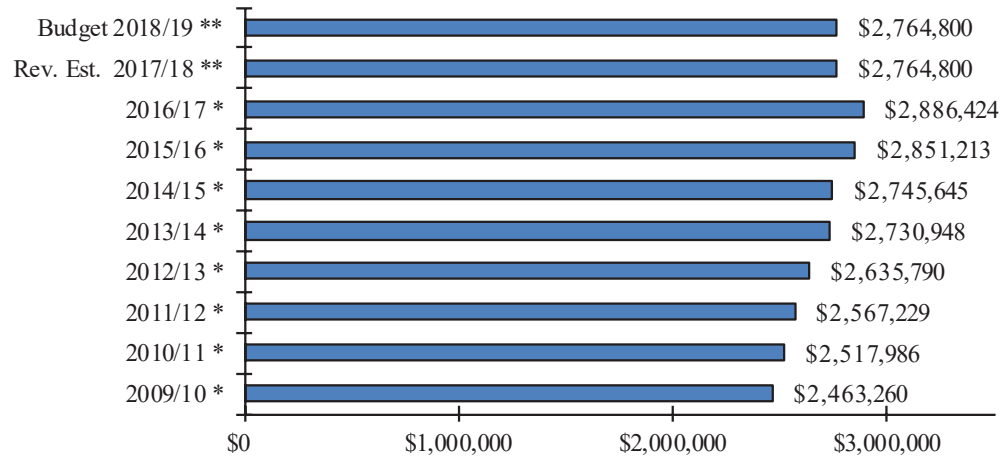
The current 10-year local option sales tax period was scheduled to end on June 30, 2019 and in November of 2017 the referendum date was set on the proposal to extend this tax for an additional 15 years to fund future sewer (80%) and street (20%) improvement projects. The referendum was held on March 6, 2018 and the extension of this tax was again approved by voters with 88% voting in favor of the extension.

Basis of Local Option Tax Estimate

Each fiscal year the Iowa Department of Revenue and Finance makes estimated local option sales tax payments to the City. The following fiscal year, the City receives an additional payment which reconciles actual local option sales tax amounts to the estimates previously remitted to the City. The following chart shows the local option sales taxes earned by the City each fiscal year. These amounts include the reconciliation amounts received the following year. Local option taxes have been conservatively estimated for both 2017/2018 and 2018/2019 at the State’s most recent projection without a reconciliation amount.

Local Option Tax Revenue Trends

Local Option Sales Tax Revenue by Fiscal Year (* Includes Reconciling Amounts Received in Succeeding Fiscal Year)



** Both the 2017/18 and 2018/19 amounts have been conservatively estimated at the State's preliminary allocation level without an estimated reconciling amount.

Road Use Tax

FY 2018/2019 Budget \$2,882,100

General Information

The State of Iowa collects taxes on gasoline sales, vehicle license fees, and weight taxes. A portion of the funds collected are distributed to cities as Road Use Taxes on a per capita formula basis.

Basis of Road Use Tax Estimate

The estimated per capita rate of distribution of the Road Use Tax is provided by the Iowa Department of Transportation based on current laws regarding specific revenue to and disbursement from the State's Road Use Tax Fund.

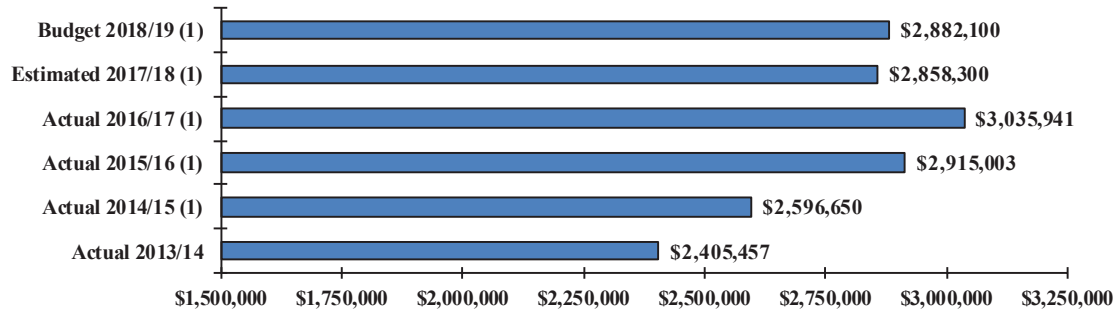
Road Use Tax Revenue Trends

The first chart below shows actual Road Use Tax revenues for the previous four fiscal years and the estimated amounts for the current year and 2018/2019. The second chart shows the actual and estimated per capita tax distribution rates for the same years. The per capita estimate is based on the current law regarding revenue to and disbursements from the State's Road Use Tax fund. Any changes in the law could change the per capita amount to be distributed to cities.

There has been increases in Road Use Tax revenues since 2012/2013 in part due to population increases from two voluntary annexations in 2012 and 2013. The population for the first seven months of 2012/2013 was 22,954 (2010 census of 22,886 plus 68 with the annexation of the Heatherlynn and Irish Ivy areas). The population for the last five months of the year increased by 865 to 23,819 due to the annexation of the Ripley's area. Fiscal year 2013/2014 was the first full year with Road Use Tax revenue from the increased population from the annexations. After the 2015/2016 budget was adopted, the State legislature approved a \$.10 per gallon increase in the gas tax effective March 1, 2015. This is expected to generate an additional \$416,700 in Road Use Tax revenue each year. Road use tax revenues are estimated at \$2,858,300 in 2017/2018. This is based on the Iowa Department of Transportation (IDOT) estimate of \$120.50 per capita, which has been reduced by \$.50 to \$120.00 for a conservative budget estimate.

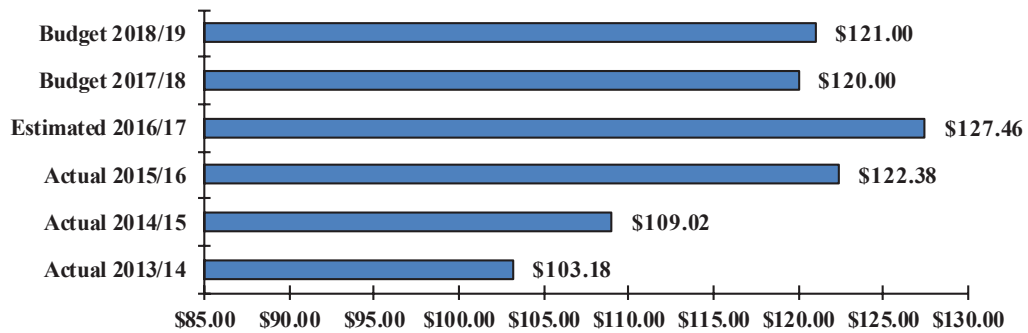
The road use tax distribution for 2018/2019 was estimated by the IDOT at \$121.50 per capita. Cities, however, have been cautioned that actual revenues may not reach the IDOT projected level. The 2018/2019 budget includes a more conservative estimate of \$120.00 per capita which would generate \$2,882,100.

Road Use Tax Revenue



1. Increased Road Use Tax revenues in 2014/2015 through 2018/2019 are due to the \$.10 increase in the gas tax effective March 1, 2015.

Road Use Taxes (Per Capita Basis)



Federal Housing Funds FY 2018/2019 Budget \$2,278,430

General Information

Federal Housing funds are received from the Department of Housing and Urban Development (HUD) for the City's Section 8 Housing Choice Voucher Program and the City's Public Housing Program.

HUD funds for the Section 8 Housing Choice Voucher Program provide housing assistance payments to qualifying individuals and families living in privately owned rental housing units as well as funds for the City to administer this program.

The City operates two public housing facilities - the 100-unit Clark House elderly/handicapped building and the 50-unit Sunset Park family apartment complex. Tenants pay monthly rent to the City based on their income. These rents are used to fund operating expenditures of the two facilities. The City also receives assistance through the HUD Operating Subsidy program to assist in funding operational costs. The amount of funding is based on a formula which takes into account the rents, occupancy rates, allowable expense levels, and utility costs. HUD also allocates capital funds to public housing agencies for improvements to the housing facilities and/or operating costs.

Basis of Federal Housing Fund Estimates

Section 8 Housing Voucher Program. The maximum number of units eligible for Section 8 funding has been 376 since 2001. In 2004 HUD changed the allocation basis for Section 8 funds which resulted in a decrease in the number of individuals and families that can be assisted through this program. Under this funding structure the HUD funding allocations for housing assistance payments are set at fixed amounts which are determined annually. Housing assistance payments (HAPS) to tenants vary based on incomes and increases in the average housing assistance payment result in a reduction in the number of individuals and families that can be assisted. Prior to this change HUD funds varied based on actual tenant assistance payments (which are based on tenant income) and occupancy levels.

For calendar year 2012 HUD made additional changes in how the Section 8 Voucher program funds are distributed to housing agencies. As part of the HUD funding for 2012, housing agencies were required to use previous year unspent HAP funds to fund a portion of the current year's HAP payments. This resulted in lower HAPS reserves at the end of 2011/2012 and 2012/2013, and the reserve was depleted in 2013/2014. HUD now holds each housing authority's HAPS reserve. According to information from HUD, this was not intended to reduce the number of families and individuals receiving rent subsidies under the Section 8 Voucher program, but only to lower the reserves held by housing agencies. Based on the current average rent subsidy and the estimated calendar year 2018 funding, the City has not been provided sufficient HUD funds to provide housing assistance to the maximum number of individuals or families possible (376). The goal of the Housing staff is to maximize usage of the allowed HUD funds and to strive to obtain increased funding for housing assistance payments each year.

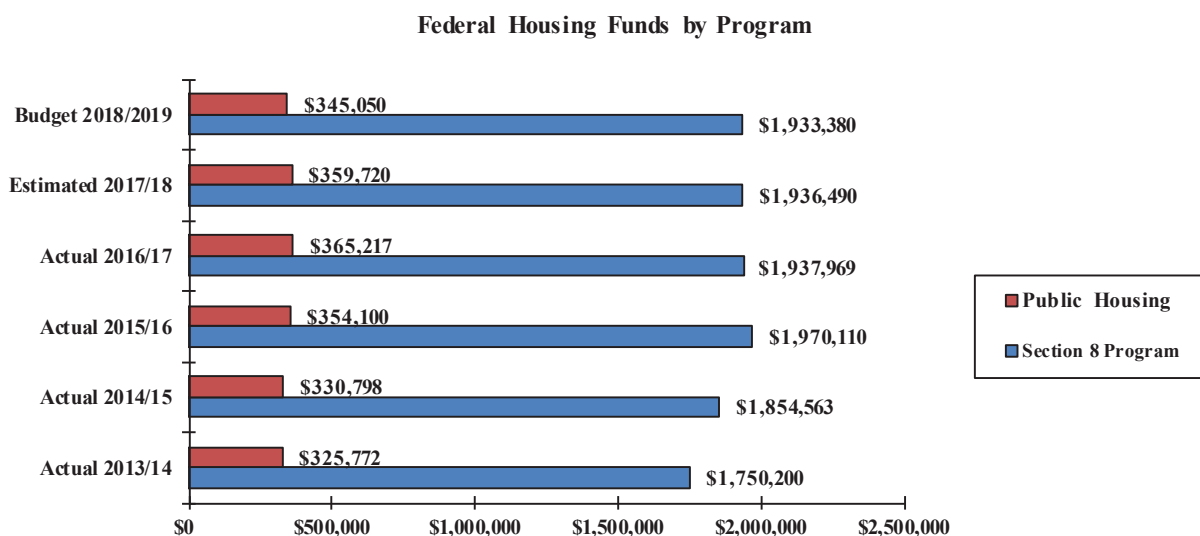
Public Housing. In most recent years the City has been eligible to receive operating assistance for the City's public housing program through the HUD Operating Subsidy program. Eligibility for receipt of these funds is normally computed based on rent revenue of the housing program, allowable expense levels, utility expenses, and other factors. In calendar year 2012, HUD changed how Operating Subsidy funds were allocated taking into consideration the operating reserve for each housing agency. This resulted in the City's Public Housing Program receiving no Operating Subsidy during calendar year

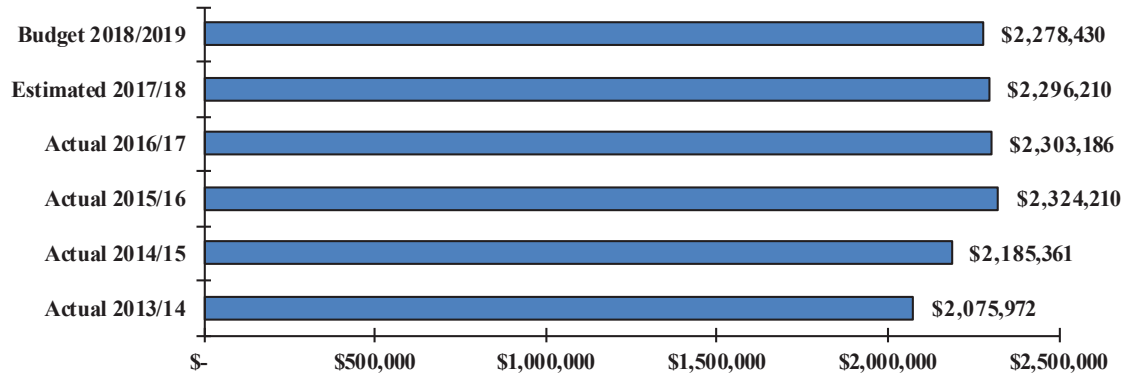
2012. Since the calendar year encompasses two City fiscal years, the Operating Subsidy for the first six months of the 2011/2012 fiscal year was \$83,133 and no funding was received in the last six months of the year. In 2012/2013 \$92,006 in Operating Subsidy was received for the last six months of the fiscal year (January-June, 2013). A full fiscal year of Operating Subsidy was received in fiscal year 2013/2014 in the amount of \$173,897, in 2014/2015 \$180,628 was received, in 2015/2016 \$188,985 was received, and in 2016/2017 the amount was \$201,974. The subsidies have been estimated at \$187,600 for both 2017/2018 and 2018/2019.

Since 2000/2001 HUD has been allocating funds to Public Housing programs under the Capital Funds program. Through 2010 the City (with HUD approval) had been drawing down the HUD Capital Funds as operating funds and then including those funds in the overall operating and capital budgets for both the Clark House and Sunset Park. Since having those funds in the Operating Reserve negatively impacted the Public Housing program when the Operating Subsidy was calculated, the 2011 and 2012 funds were not drawn down for operations in 2011/2012. The City drew down the 2011 allocation of \$171,006 in 2012/2013 and the 2012 allocation of \$151,875 in 2013/2014. The City drew down the 2013 allocation of \$150,170 in 2014/2015, the 2014 allocation of \$160,589 in 2015/2016, and the 2015 allocation of \$163,243 in 2016/2017. Housing agencies are given two years to obligate each year's capital funding allocation. The 2017/2018 revised estimate reflects drawing down the 2016 grant which totals \$157,120 and \$15,000 of the 2017 grant. The 2018/2019 budget reflects drawing down the 2017 allocation of approximately \$147,450 and \$10,000 of the 2018 grant allocation.

Federal Housing Funds Revenue Trends

The first chart below shows the revenue trends by housing program for the last four fiscal years, the estimated amounts for 2017/2018 and the budgeted amounts for 2018/2019. The second chart shows the total HUD funds received and estimated to be received for the housing programs for the same years.



Federal Housing Funds - All Programs

Sewer Charges for Services FY 2018/2019 Budget \$6,440,000

General Information

Sewer service charges of the City are accounted for in the Water Pollution Control and Collection and Drainage enterprise funds. These charges include residential and commercial charges, industrial charges, collection and drainage charges, sewer connection fees, and industrial sampling charges. The City contracts for in depth rate studies to assist the City in setting sewer rates for the various types of sewer users. The usage and revenue estimates in the model are updated annually during the budget review process.

In 2002 the City contracted for consultant services to assist in developing a new sewer rate structure. One component of the new structure was to provide a multi-year contract with the City's major industrial sewer customer (Heinz USA) to provide a guaranteed minimum of industrial sewer revenues. Another component provided for a separate "collection and drainage" charge as part of all residential and commercial customer sewer bills. The new structure went into effect July 1, 2003 and included provisions for additional increases in sewer rates effective July 1, 2004 and July 1, 2005. The next rate study was completed in the spring of 2006 setting rates for a one-year period for regular sewer fees and a three-year period for collection and drainage fees. In the spring of 2007, sewer rates were set for both 2007/2008 and 2008/2009. In the spring of 2009, rates were set for a four-year period from 2009/2010 through 2012/2013 for both sewer services and collection and drainage. In 2013 the City contracted for another rate study and the resolution adopting the recommended rates was approved by City Council in August of 2013. This resolution set both sewer and collection drainage rates for a 5-year period through June 30, 2018. The sewer rates reflected annual 3% increases with the first year rates effective September 1, 2013 and thereafter 3% annual rate increases effective July 1, 2014 through July 1, 2017. The 2017/2018 budget included \$15,000 for a new rate study with those rates to be effective July 1, 2018 and annually thereafter for the next three to five years. The rate study is in progress and the new rates will be determined from the study. The budget reflects an estimated 3% increase in both sewer and collection and drainage rates to be effective July 1, 2018.

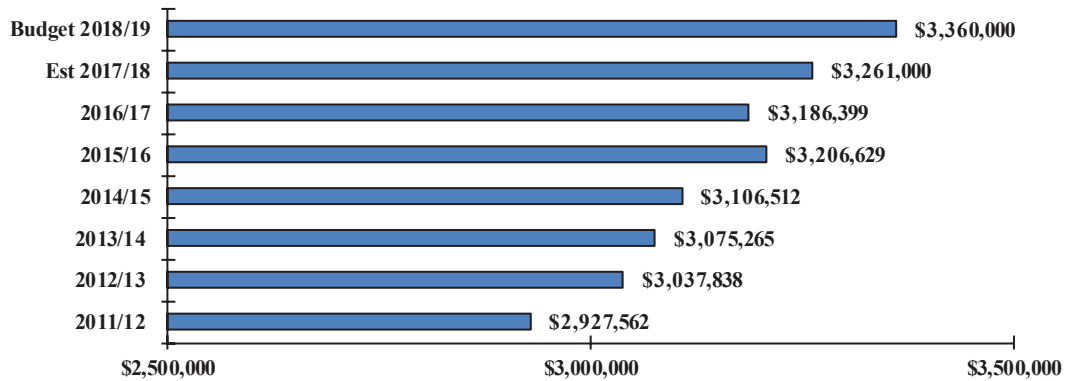
Basis of Revenue Estimates

Staff at the Water Pollution Control department reviews historical residential and commercial customer usage to estimate the expected volumes to be received from these classes of customers for the upcoming year. For industrial customers, historical usage is reviewed and staff also contacts the City's major industrial customers for any usage changes which they may be projecting.

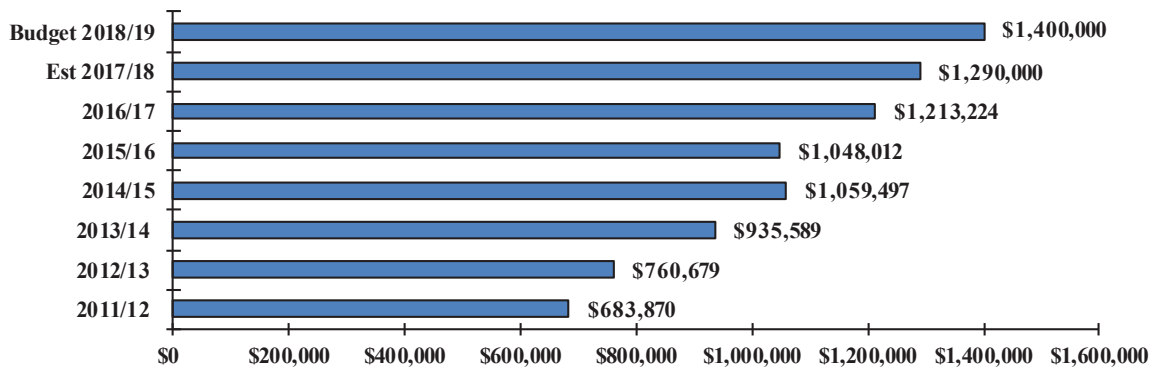
Residential and commercial sewer usage remains fairly constant each year. Industrial usage, however, has varied significantly over the last several years. Industrial sewer revenue and usage decreased in prior years primarily due to reduced volumes from the City's major industrial customer, Heinz USA. As noted above, under the current rate structure the City contracts with Heinz USA for a guaranteed minimum of sewer revenue. This began in 2003/2004 and will continue through June 30, 2018 per the most recent contract extension with Heinz. The charts below reflect the sewer service charges for the last six fiscal years, the estimated amounts for 2017/2018 and the projections for 2018/2019.

Sewer Revenue Trends

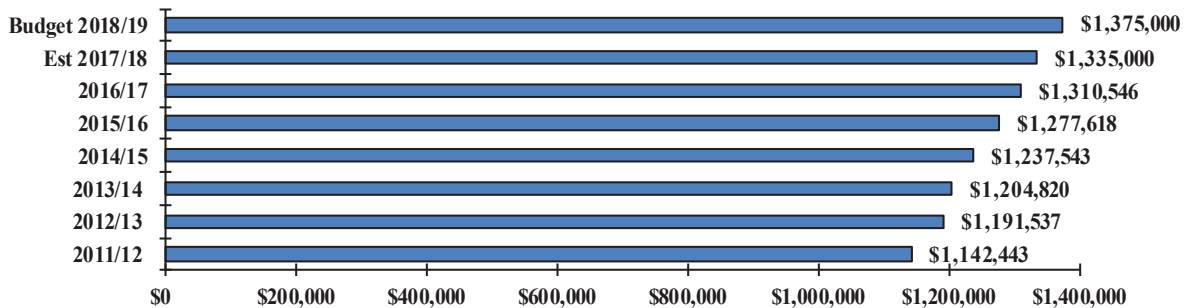
Residential and Muscatine Power and Water Billed Commercial Sewer Revenue



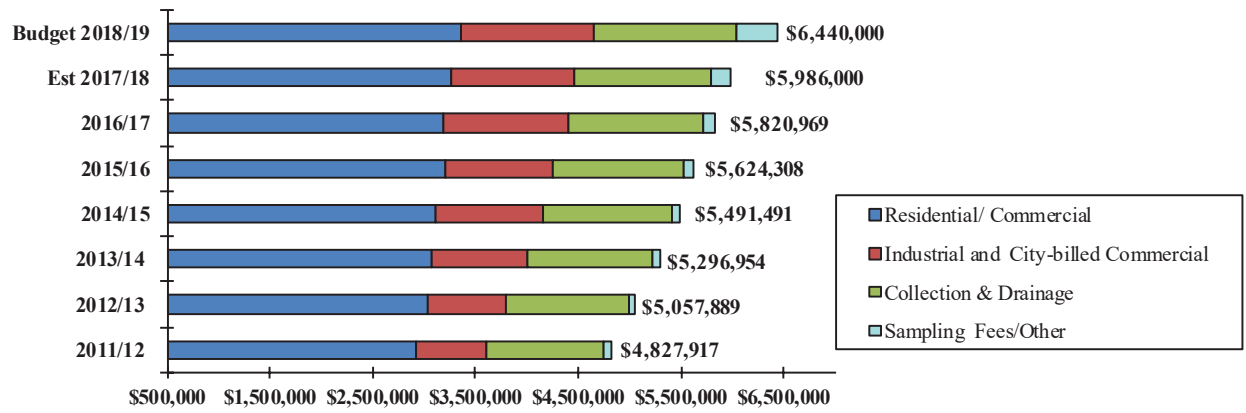
Industrial and City-Billed Commercial Sewer Revenue



Collection and Drainage Revenues



Sewer Revenues - All Types



Transfer Station Charges for Services FY 2018/2019 Budget \$2,174,400

General Information

The City's Transfer Station opened in August of 1995. Refuse is delivered to this facility by public and private refuse collection services, businesses, and individuals. The refuse is compacted and transported by semi-trailers to the landfill.

Basis of Estimate

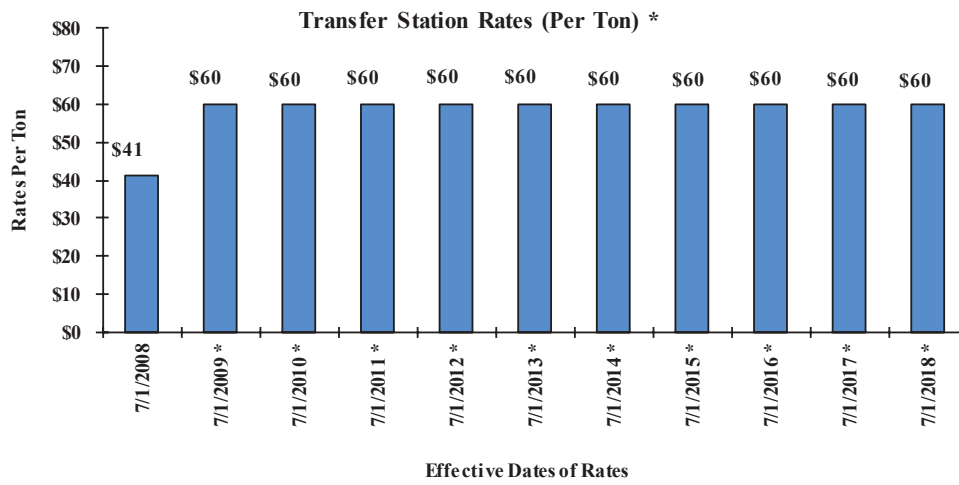
The City sets a "per ton" fee for the disposal of refuse at the Transfer Station. This fee is reviewed annually as part of the budget process. Analysis of the fees required is based on estimated volumes of refuse, estimated operating and capital expenditure needs, and in previous years the annual debt service payments for the construction of this facility. Consideration is also given when setting rates, to the potential loss of customers to Illinois landfills if the rates are increased significantly from their current levels.

The transfer station rate was \$41.00 per ton for 2002/2003 through 2007/2008. The Transfer Station rate increased to \$60.00 per ton effective July 1, 2009 and that rate will continue through 2018/2019. The Landfill fund had a deficit balance of over \$2.5 million at the end of 2009/2010 primarily due to the significant costs of developing new cells at the Landfill. The rate increase was part of the plan to reduce this deficit. In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualified for a discounted industrial rate of \$50/ton of which \$30 of this rate was paid to the Landfill. This was implemented to retain waste volume at the Transfer Station that might otherwise have gone to Illinois landfills. Additional negotiated industrial waste disposal contracts were implemented midway through the 2010/2011 year to increase the waste volume coming to this facility. These negotiated industrial contracts as well as the original industrial contracts were all extended through June 30, 2015 and further extended through June 30, 2020. Under the new contracts the original industrial waste contracts were reduced by \$5/ton from \$50/ton to \$45/ton, with \$25 of the \$45 rate paid to the Landfill. The negotiated contracts were each reduced by \$2.50/ton.

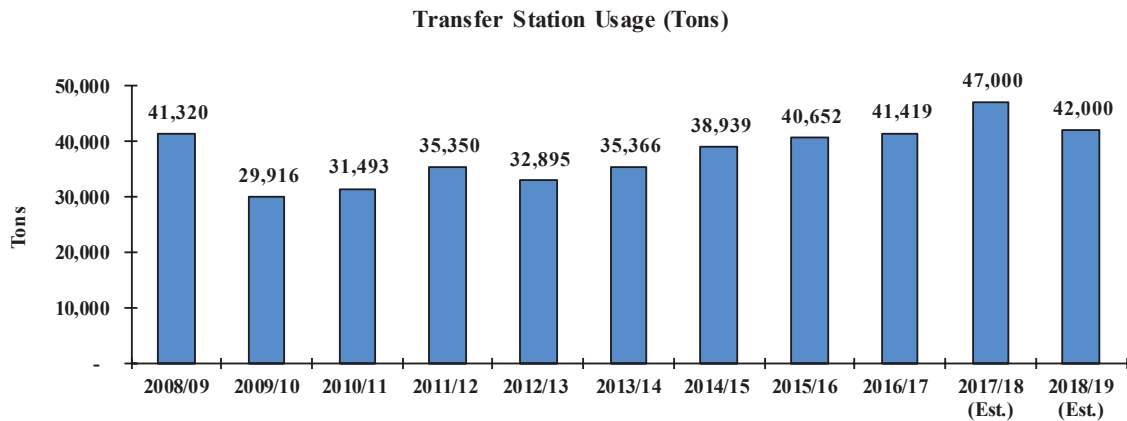
The actual Transfer Station waste volume was 41,320 in 2008/2009, 29,916 in 2009/2010, 31,493 in 2010/2011, 35,350 in 2011/2012, 32,895 in 2012/2013, 35,366 in 2013/2014, 38,939 in 2014/2015, 40,652 in 2015/2016, and 41,419 in 2016/2017. The 2017/2018 revised estimate is 47,000 tons of waste instead of the 42,000 tons in the original budget due to the debris from the 2017 tornado, wind storm, and hail storm. The 2018/2019 budget is based on a projected 42,000 tons of waste.

Transfer Station Revenue Trends

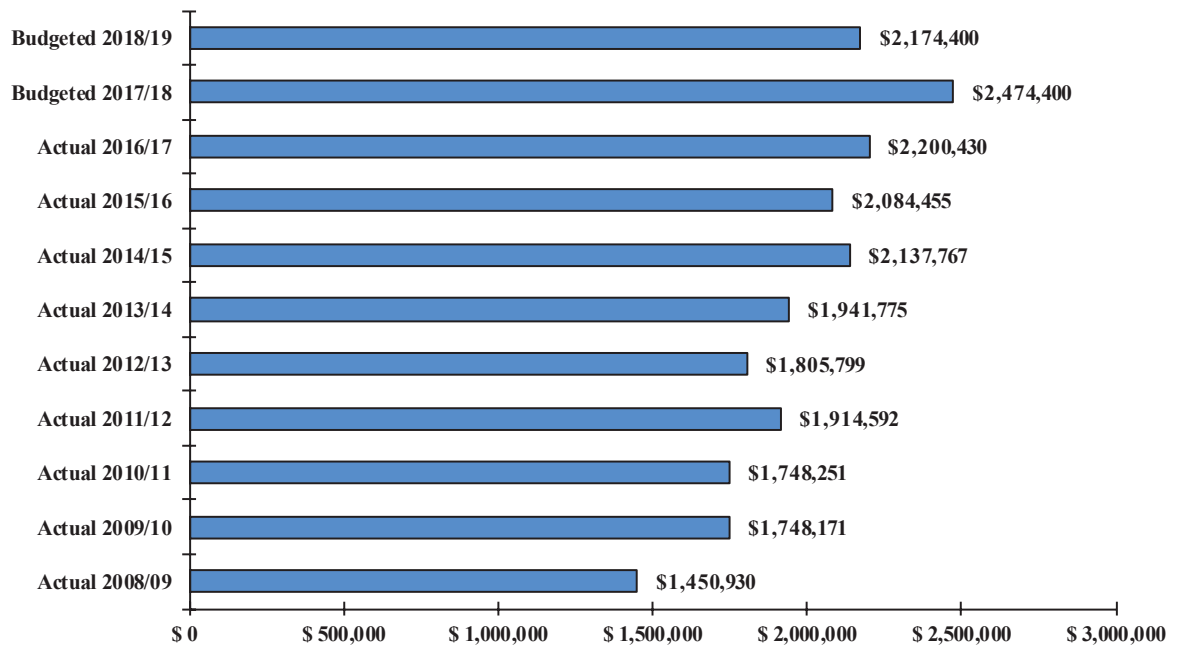
The following charts show Transfer Station rates, usage, and revenues since 2008/2009:



*In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station, be directly billed for the disposal fees, and receive discounted rates.



Transfer Station Revenues



Landfill Fees FY 2018/2019 Budget \$1,259,000

General Information

The City's Transfer Station fees include funding for the Landfill. The Transfer Station pays the Landfill on a per-ton basis for waste disposed of at the Landfill. This rate has varied in recent years due to operational and capital requirements at both the Landfill and Transfer Station.

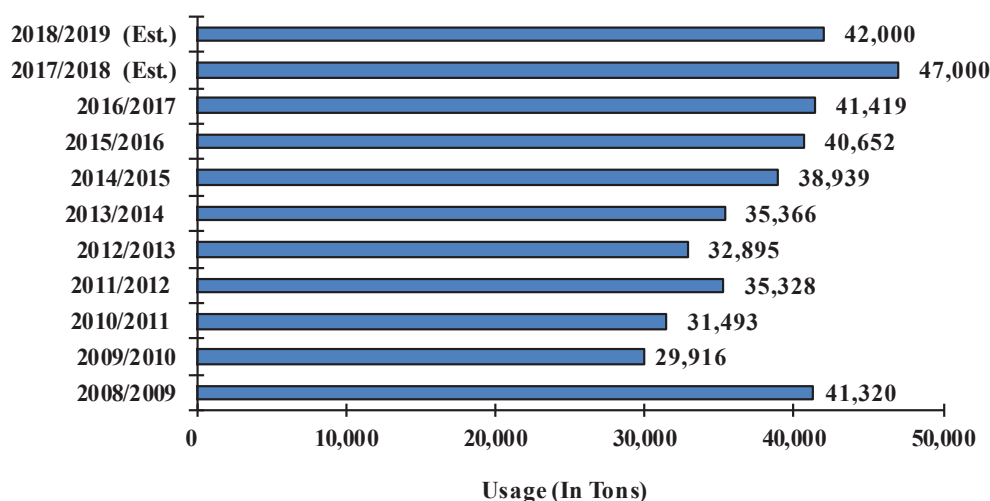
Basis of Revenue Estimate

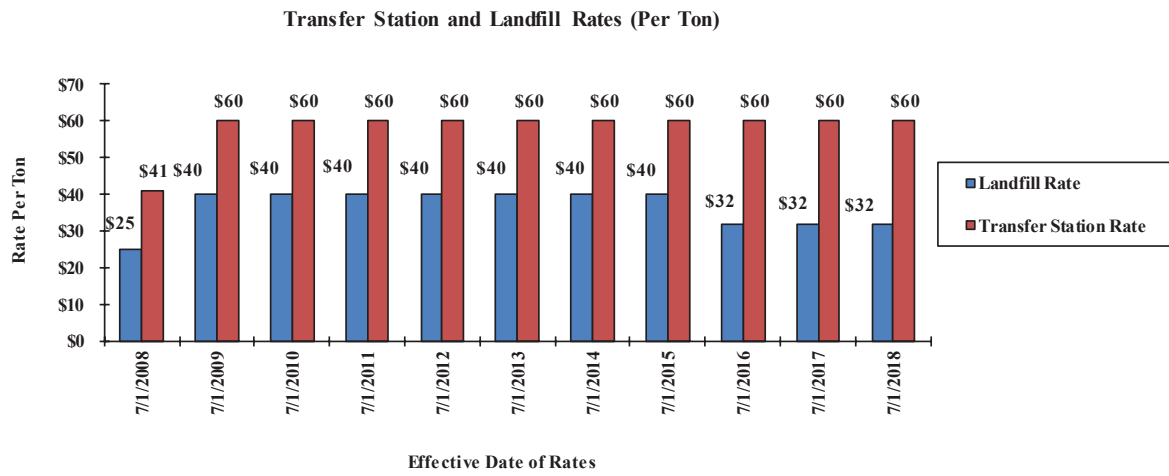
The landfill waste volume was 41,320 in 2008/2009, 29,916 in 2009/2010, 31,493 in 2010/2011, 35,350 in 2011/2012, 32,895 in 2012/2013, 35,366 in 2013/2014, 38,939 in 2014/2015, 40,652 in 2015/2016, and 41,419 in 2016/2017. The 2017/2018 revised estimate is based on 47,000 of waste instead of the 42,000 tons in the original budget due to the debris from the 2017 tornado, wind storm, and hail storm. The 2018/2019 budget is based on a projected 42,000 tons of waste. The rate per ton paid to the Landfill was \$25 (of the \$41 Transfer Station rate) for 2008/2009. The Transfer Station rate increased to \$60 per ton effective July 1, 2009 with \$40 of this rate paid to the Landfill fund. This rate increase was needed due to the significant cost of developing new cells at the landfill. For 2016/2017, 2017/2018, and 2018/2019 \$32.00 of the \$60.00 Transfer Station rate will be paid to the Landfill. This change was possible since the Landfill deficit has been eliminated and sufficient funds have been accumulated for the next landfill cell. The City negotiated several new industrial contracts in 2011 with revenues from these new contracts directed to the Landfill fund deficit. The industrial contracts have all been extended through June 30, 2020. Under the new contracts the original industrial waste contracts were reduced by \$5/ton from \$50/ton to \$45/ton, with \$25 of the \$45 rate paid to the Landfill. The negotiated contracts were each reduced by \$2.50/ton.

Landfill Revenue Trends

The following two charts show the tons of waste disposed of at the Landfill and the rates charged. As noted previously, the rates customers pay at the Transfer Station also fund Landfill costs. Both the Transfer Station rate and the rate the Transfer Station pays the Landfill are reflected in the second chart.

Landfill Usage History





Refuse Collection Charges for Services FY 2018/2019 Budget \$2,275,000

General Information

The Refuse Collection activity involves the pickup of solid waste by refuse trucks in the City of Muscatine. Refuse at residential dwellings is collected once each week. The department also collects refuse from some apartment complexes, commercial businesses, and industrial customers. Non-residential refuse collection is made only upon request, as many businesses contract with private haulers for this service.

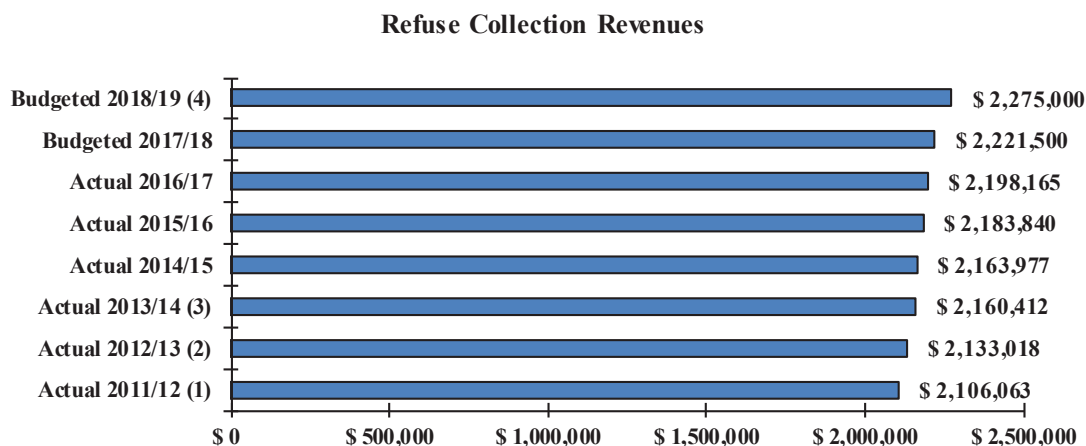
Basis of Revenue Estimate

The residential refuse collection rates were last increased on April 1, 2011 when the contracted single sort curbside recycling program was implemented. The rates were set at \$20.00 for regular residential and \$15.00 for senior citizens. Commercial account charges are based on the frequency of pickups and the amount of refuse collected. The rates for both regular residential customers and the senior rates are budgeted to increase by \$.50 per month effective July 1, 2018. The rate increase is needed in order to generate funds to replace one of the regular refuse collection vehicles in 2019/2020. The rate increase is also necessary since the monthly rate for the curbside recycling program increases each year, which impacts the funds available for the regular refuse collection service. This division began providing refuse collection and curbside recycling services to the annexed Ripley's Mobile Home Court on April 1, 2013. This service brought in an additional \$17,062 of revenue in 2012/2013 and approximately \$73,000 annually beginning in 2013/2014.

Revenue estimates are developed by a review of the average number of senior and regular residential customers, as well as commercial customers, multiplied by the respective rates. Revenues from commercial customers, however, can vary from the estimates since those customers have the option of using private refuse haulers.

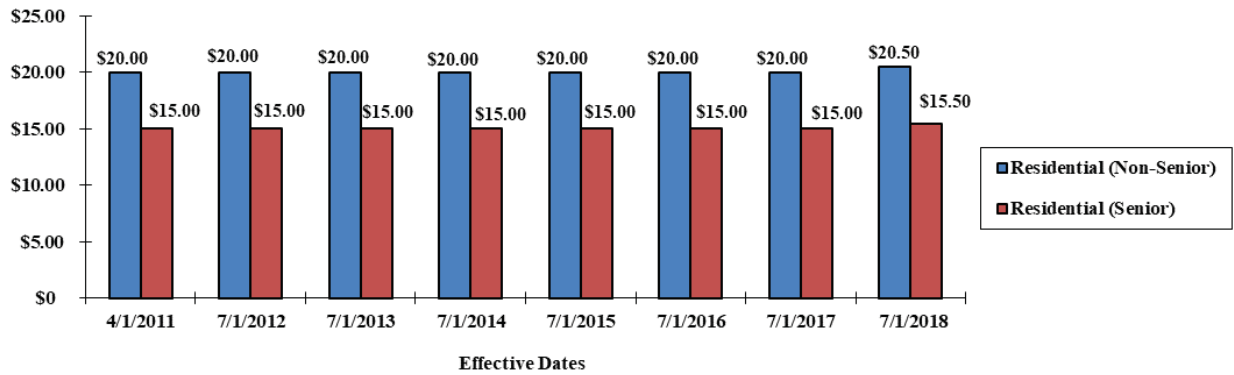
Refuse Collection Revenue Trends

Refuse Collection revenues for the last six years, the estimated revenue for 2017/2018 and the budgeted revenue for 2018/2019 are shown in the following chart. The second chart shows the refuse collection rates since 2011/2012.



1. Rates were increased by \$1.75 for regular and senior citizens effective April 1, 2011 when the single sort curbside recycling program was implemented. These rates were maintained for 2013/2014, 2014/2015, 2015/2016, 2016/2017, and 2017/2018.
2. Includes \$17,062 from Ripley's Mobile Home Court for April - June 2013 based on starting refuse collection services to this recently annexed area in April 2013.
3. Includes the first full year of refuse collection services for Ripley's Mobile Home Court for 2013/2014 totaling \$73,028.
4. Includes a rate increase of \$.50 per month for regular and senior citizens effective July 1, 2018.

Refuse Collection Rate History (Rates Per Month)



Ambulance Charges for Services FY 2018/2019 Budget \$1,550,000

General Information

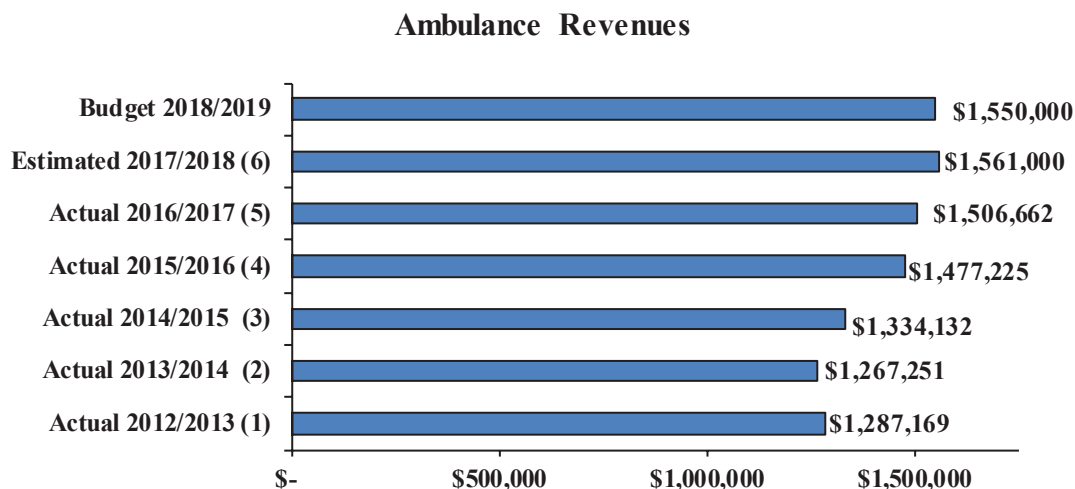
Through June 30, 2000, ambulance service for the City of Muscatine and surrounding townships was provided by a private ambulance service under contracts between the City and each respective township, and the ambulance service. The agreement with the previous ambulance provider expired on June 30, 2000.

In August of 1998 the City contracted with an outside consultant to provide a thorough analysis of the City's system of pre-hospital care involving the Muscatine Fire Department and Muscatine Ambulance, Inc. The consultant's report was used as a basis for development of specifications and a request for proposals (RFP) for potential providers of ambulance services upon the expiration of the ambulance contract on June 30, 2000. Two proposals to provide ambulance service were received and evaluated by the Emergency Medical Services (EMS) Review Team. After review and analysis of the proposals received and interviews with each potential provider, the EMS Review Team recommended the Muscatine Fire Department be awarded the contract to provide ambulance services beginning July 1, 2000.

Basis of Revenue Estimate

Ambulance fees frequently take several months or longer to collect. Based on actual revenue results from past years, collection rates have been in the range of 50-55% of total billed charges and 80-85% of collectible charges. Collectible charges are the charges remaining after the mandated reductions for Medicare patients. At the end of each fiscal year, staff estimates the amount expected to be collected on the current year charges and accrues this amount to the year in which the service was provided. Conservative estimates are used which generally result in collections on prior year accounts over the amounts accrued. These additional amounts or any reductions to the accrued amounts are reflected in the revenue amount the following year. These are detailed in the footnotes to the chart below. The City also has made incremental changes in the ambulance fee schedule based on surveys from other regional providers as well as amounts allowed by medical insurance providers.

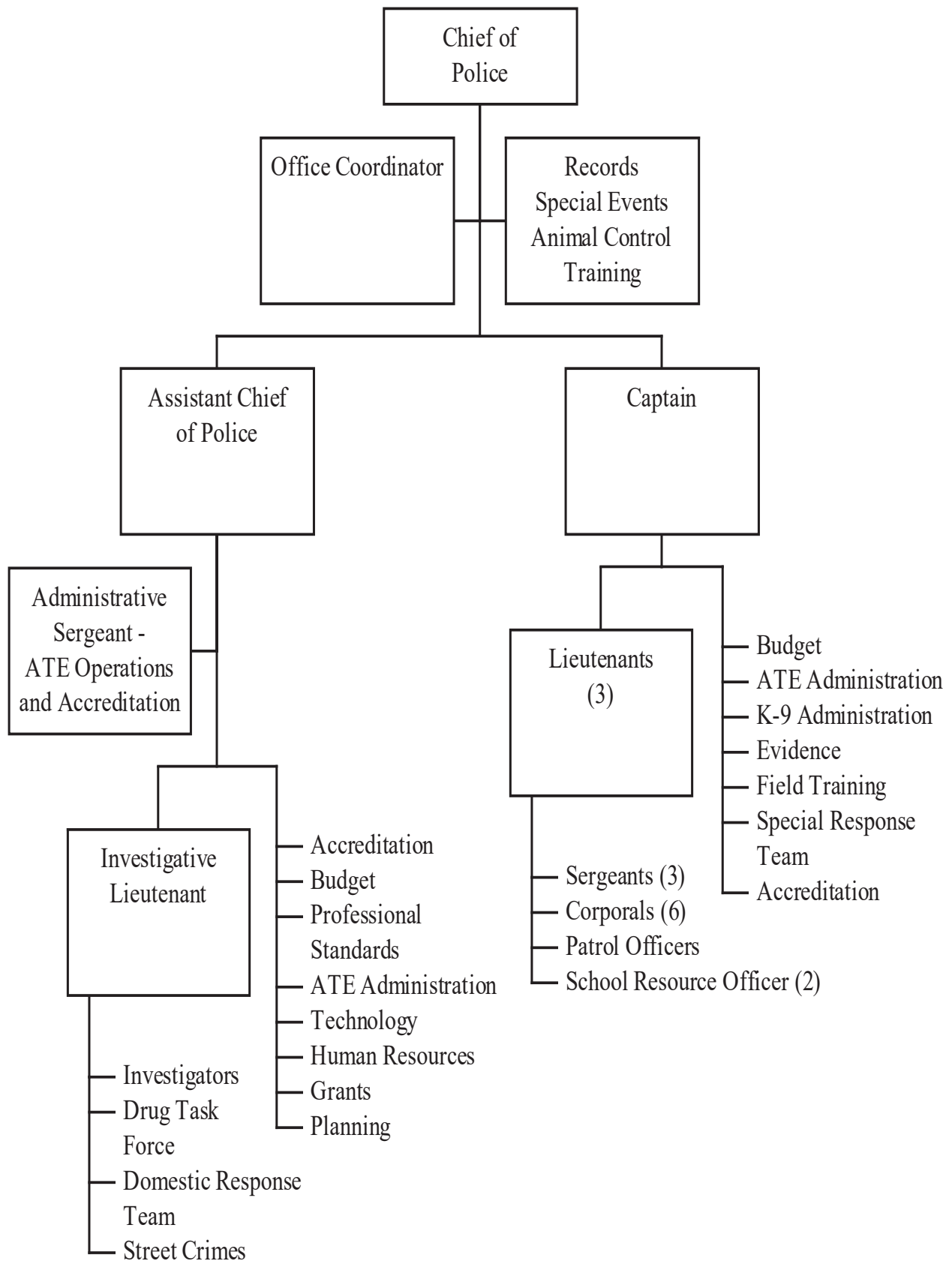
Ambulance Revenue Trends



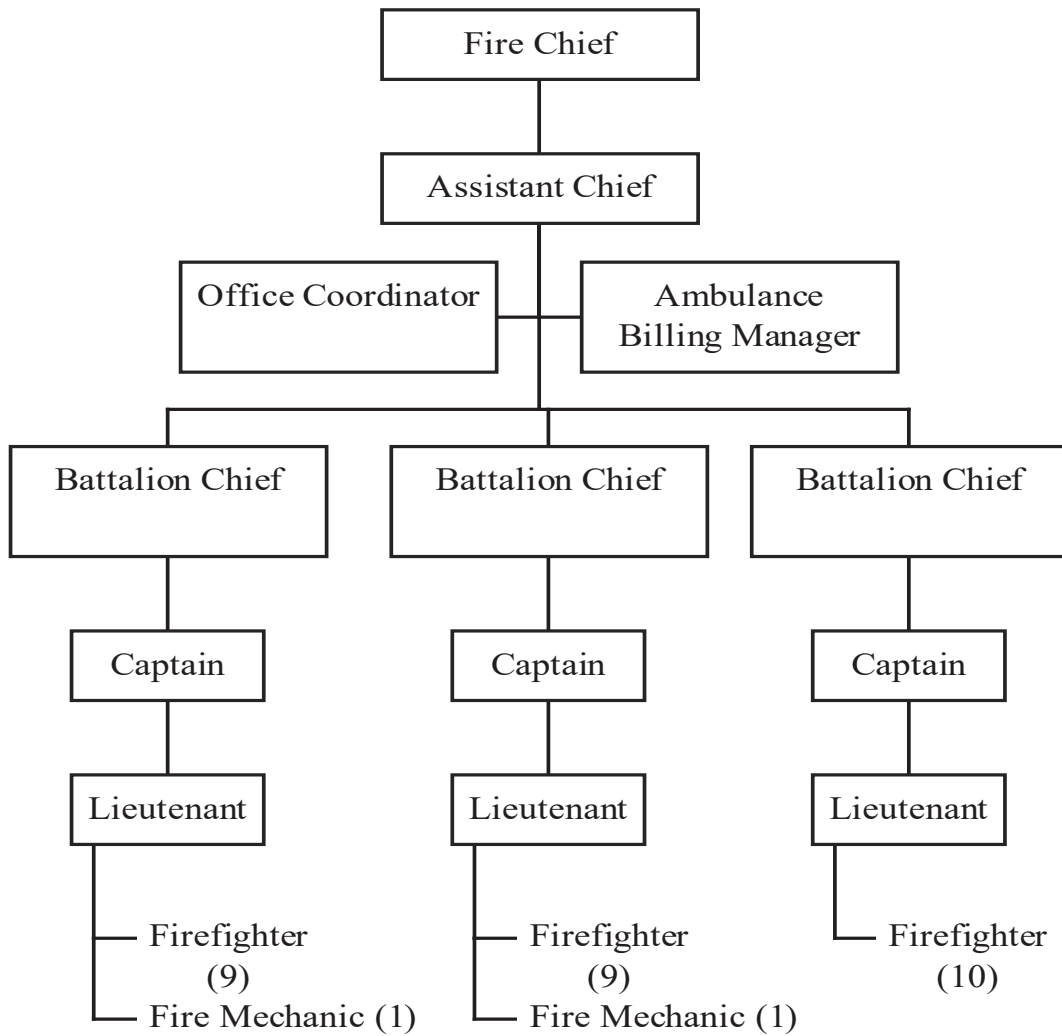
1. The 2012/2013 revenues include a \$7,133 adjustment to increase the amount accrued on prior year accounts. The Ambulance mileage rate and "ALS Services with no Transport" rates changed in 2012/2013.. Other rates continued at the 2011/2012 levels.
2. The 2013/2014 revenues include a \$6,603 adjustment to increase the amount accrued on prior year accounts. There were no rate changes in 2013/2014.
3. Effective July 1, 2014 the BLS rate was increased to \$565, the ALS1 rate to \$672, the ALS2 to \$972 and the Skilled Care Transport to \$1,149. The mileage rate was also increased to \$14 per loaded mile.
4. The 2015/2016 revenues include a \$60,400 adjustment to increase the amount accrued on prior year accounts. Effective July 1, 2015 the BLS rate was increased to \$576, the ALS1 rate to \$684, the ALS2 to \$990, and the Skilled Care Transport to \$1,169. The mileage rate remained at \$14 per loaded mile.
5. Effective July 1, 2016 the BLS rate was increased to \$582, the ALS1 rate to \$691 the ALS2 to \$1,001, and the Skilled Care Transport to \$1,182. The mileage rate remained at \$14 per loaded mile.
6. Effective July 1, 2017 the BLS rate was increased to \$588, the ALS1 rate to \$698 the ALS2 to \$1,011, and the Skilled Care Transport to \$1,194. The mileage rate increased to \$15 per loaded mile.

DEPARTMENT ORGANIZATIONAL CHARTS

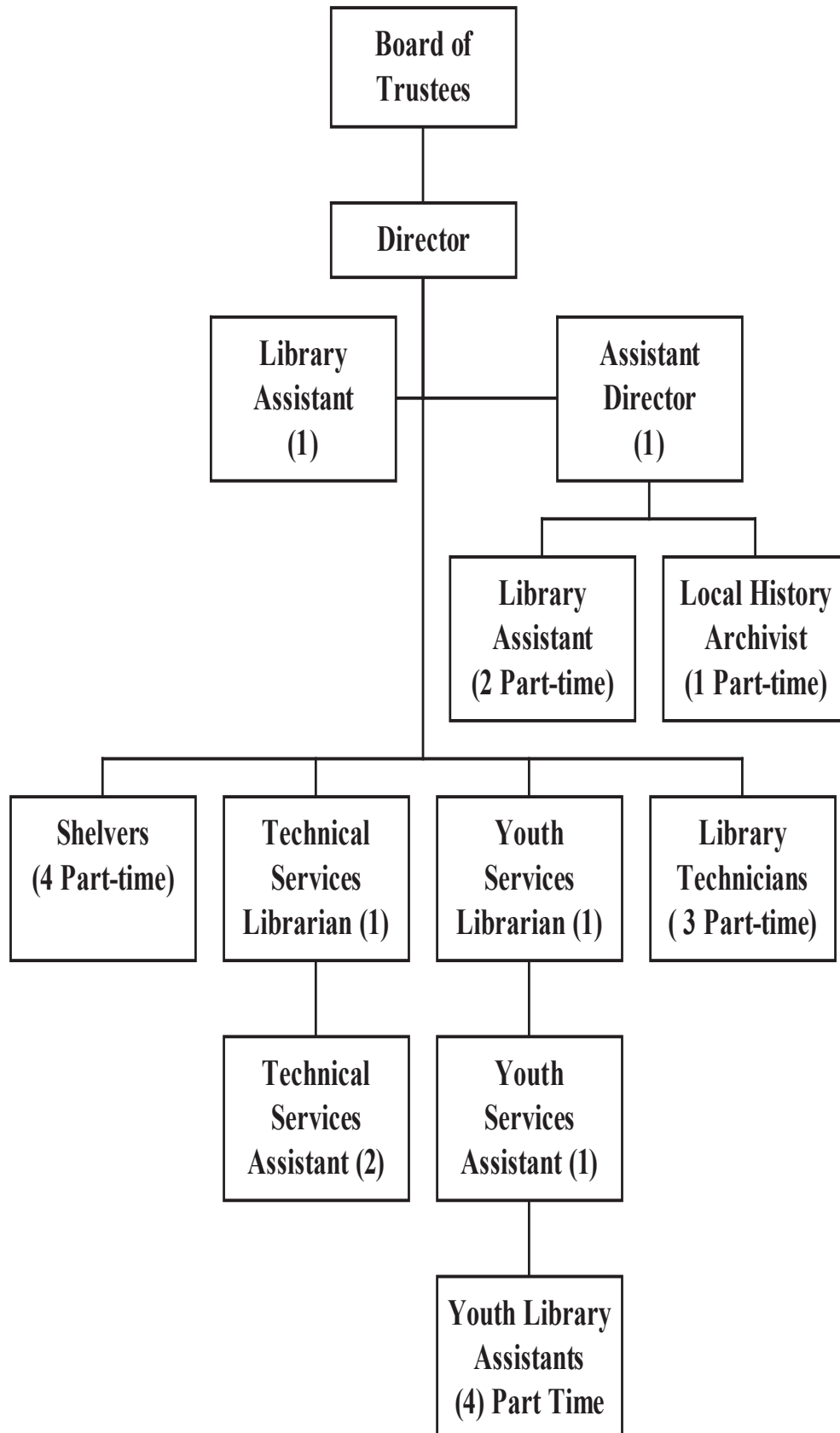
CITY OF MUSCATINE POLICE DEPARTMENT



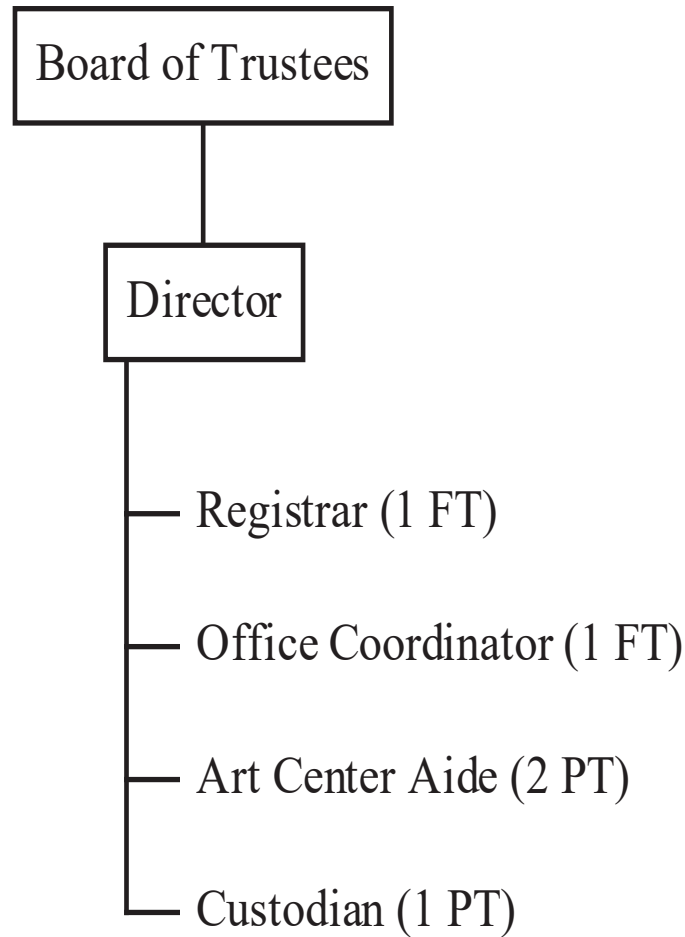
CITY OF MUSCATINE FIRE DEPARTMENT



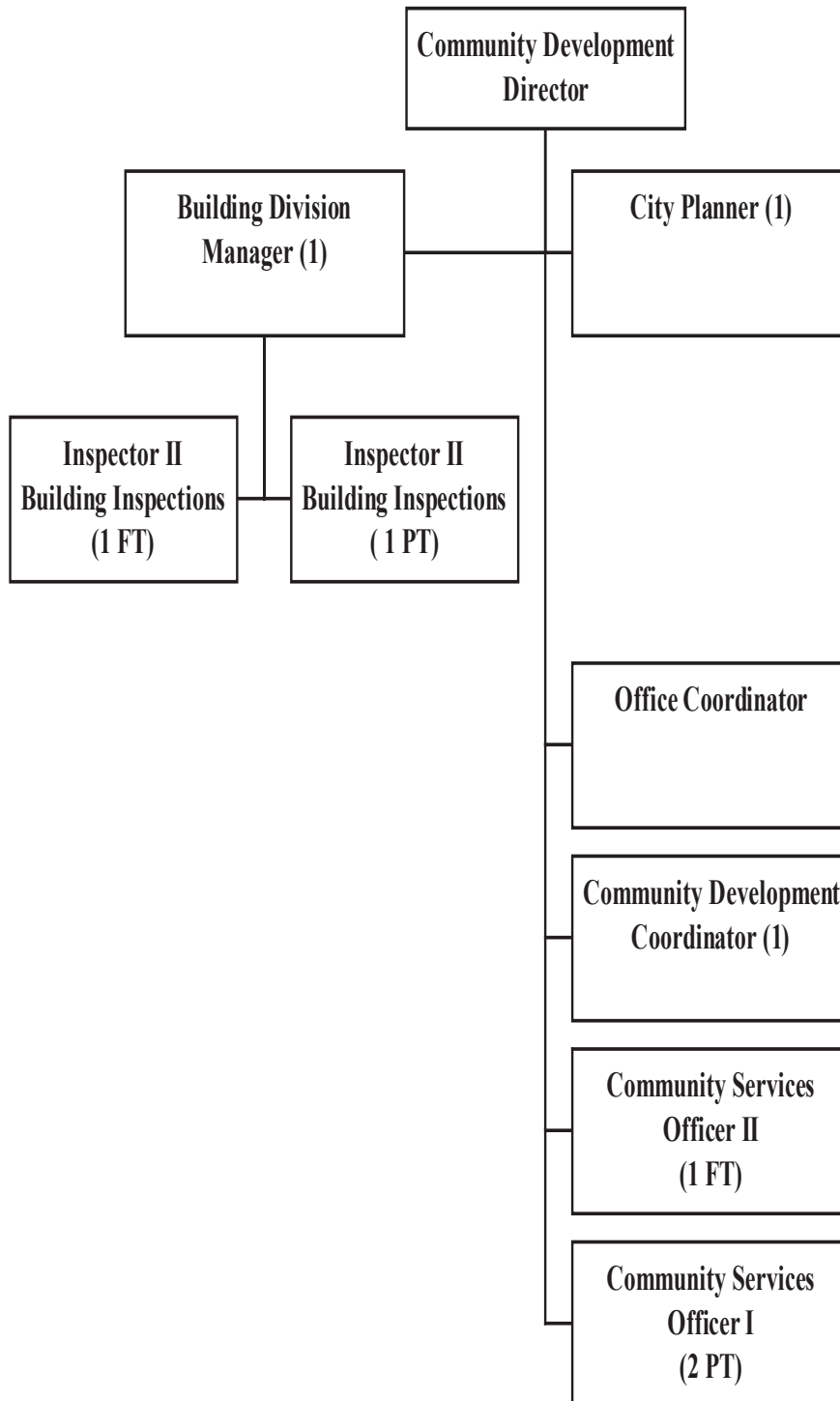
CITY OF MUSCATINE LIBRARY



CITY OF MUSCATINE ART CENTER

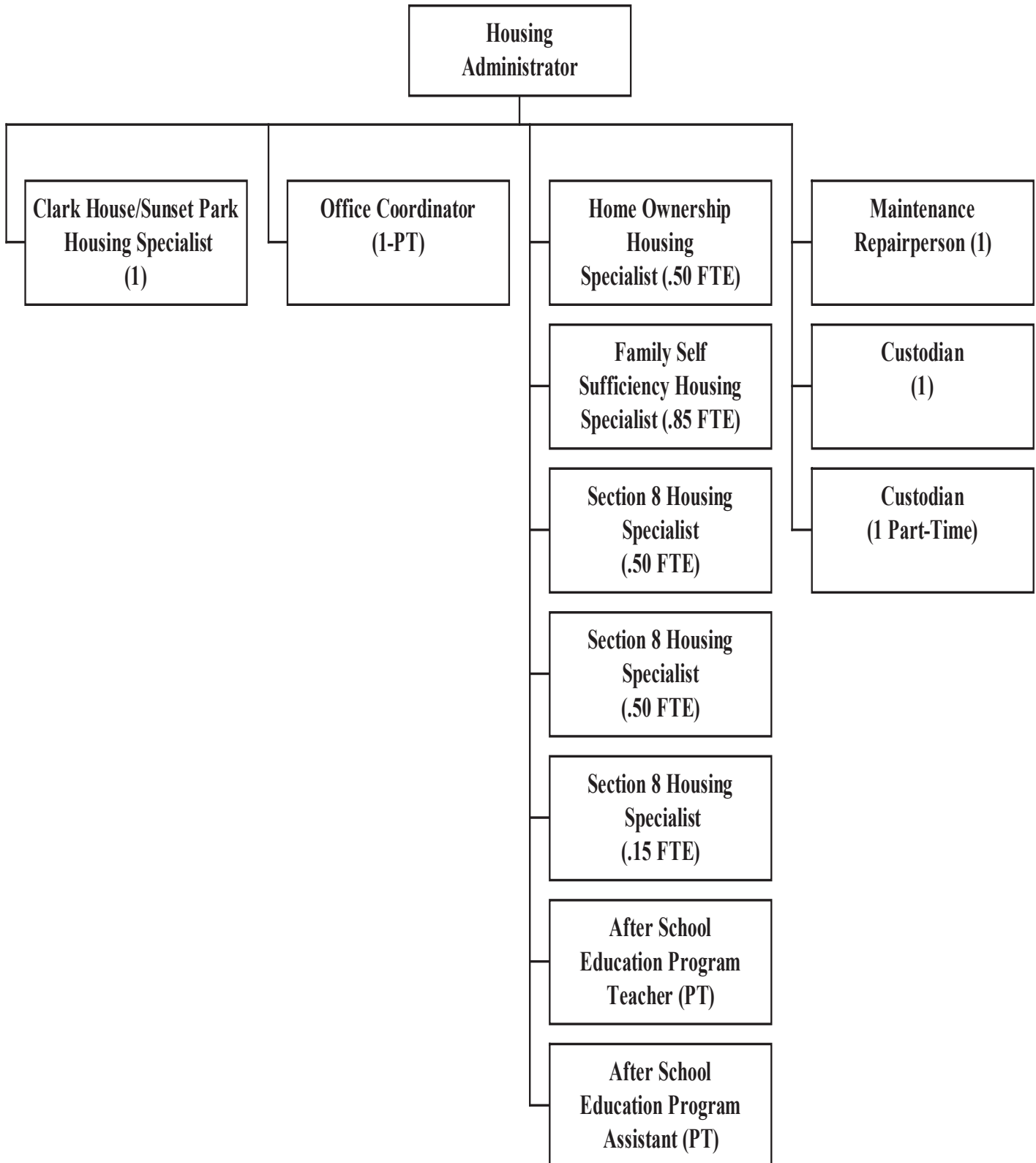


CITY OF MUSCATINE COMMUNITY DEVELOPMENT DEPARTMENT



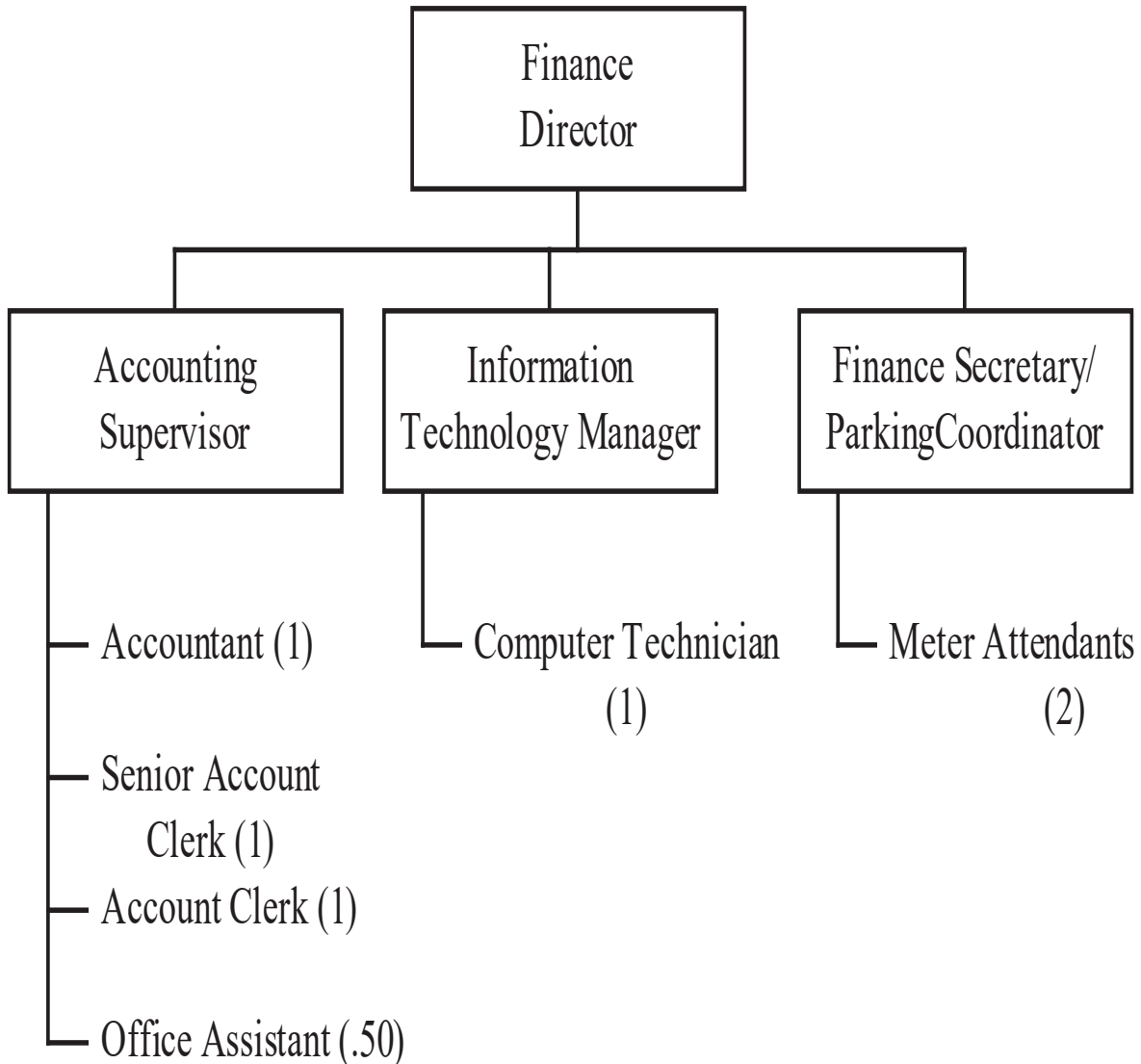
CITY OF MUSCATINE

HOUSING DEPARTMENT



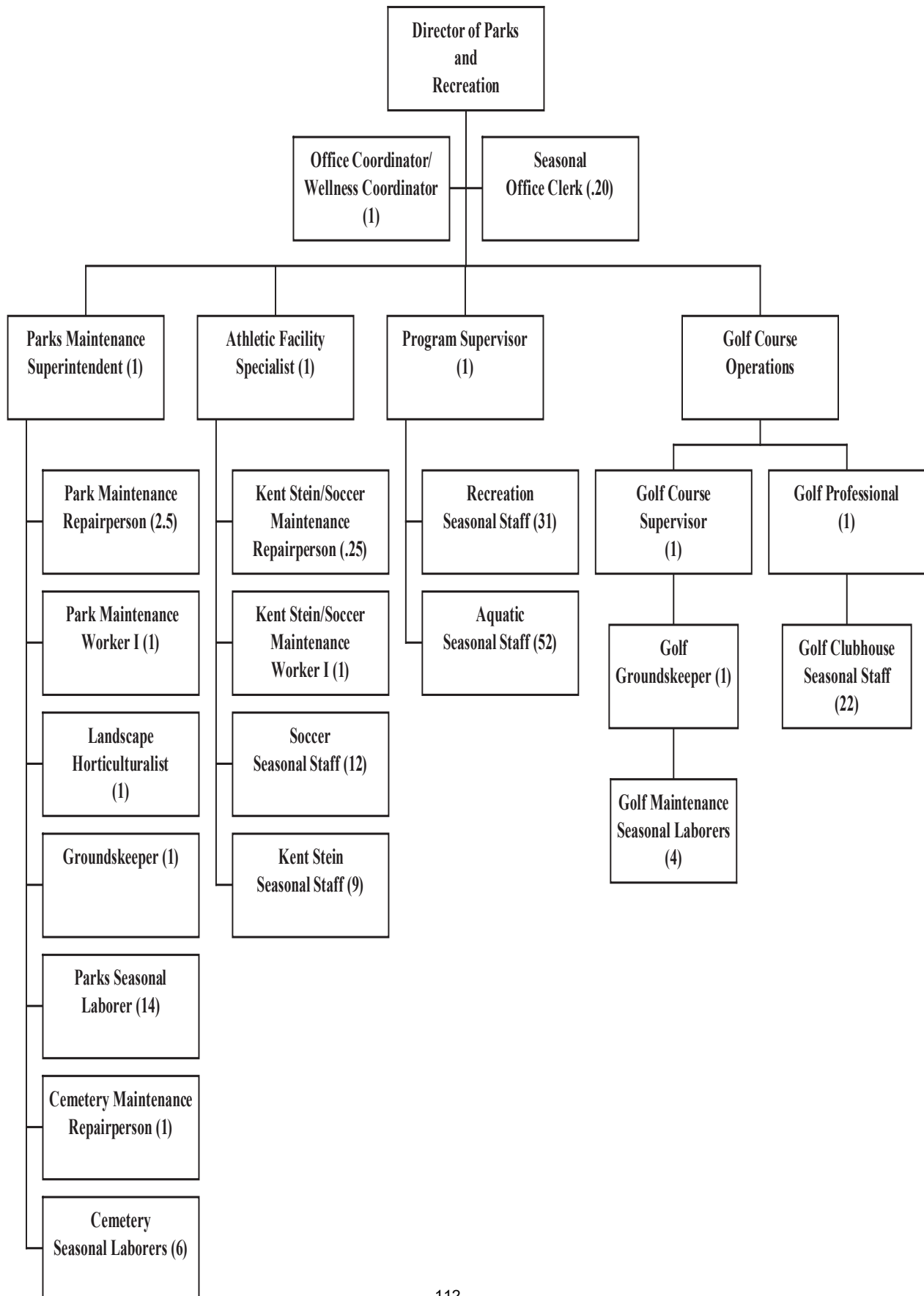
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FINANCE DEPARTMENT

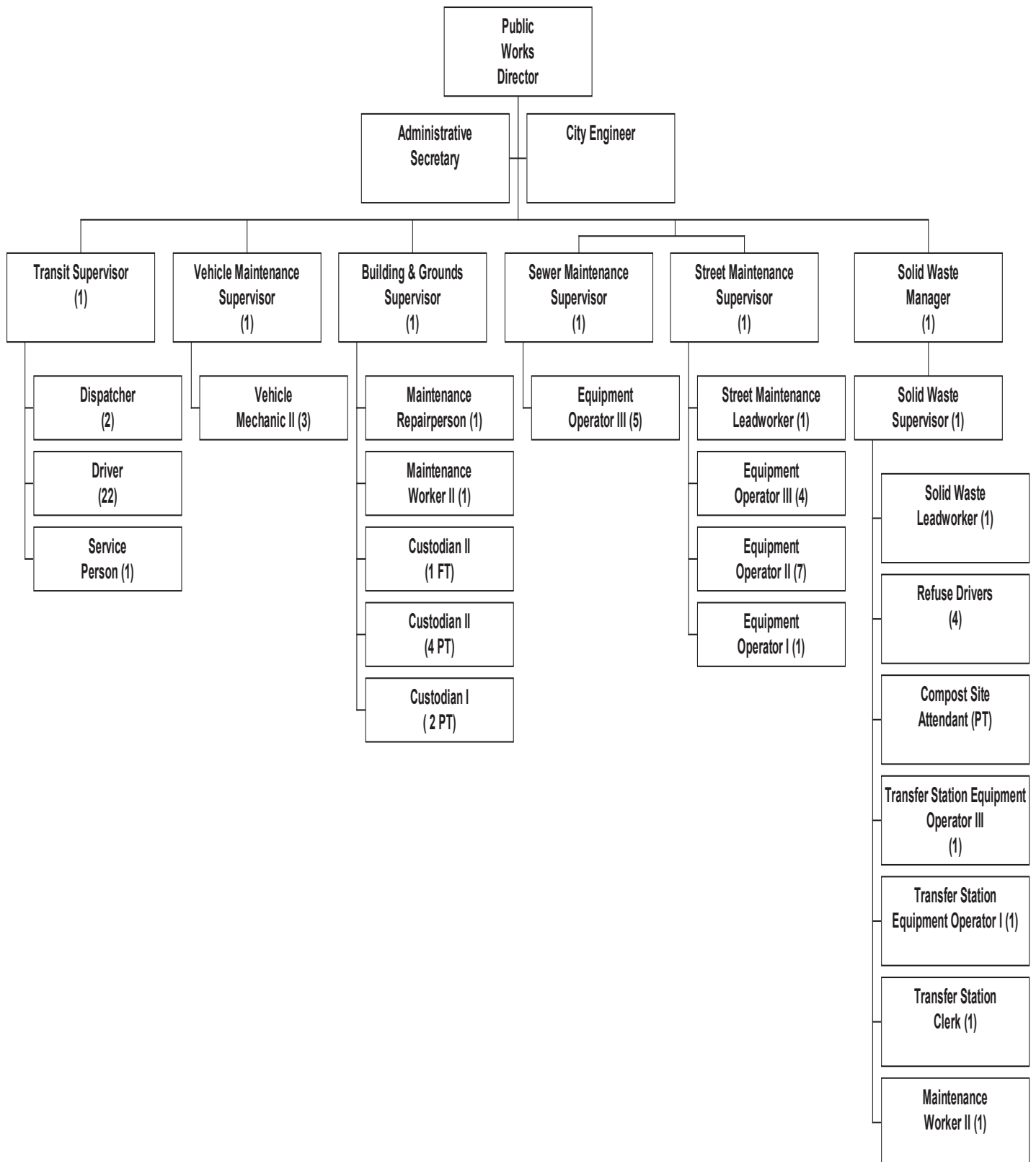


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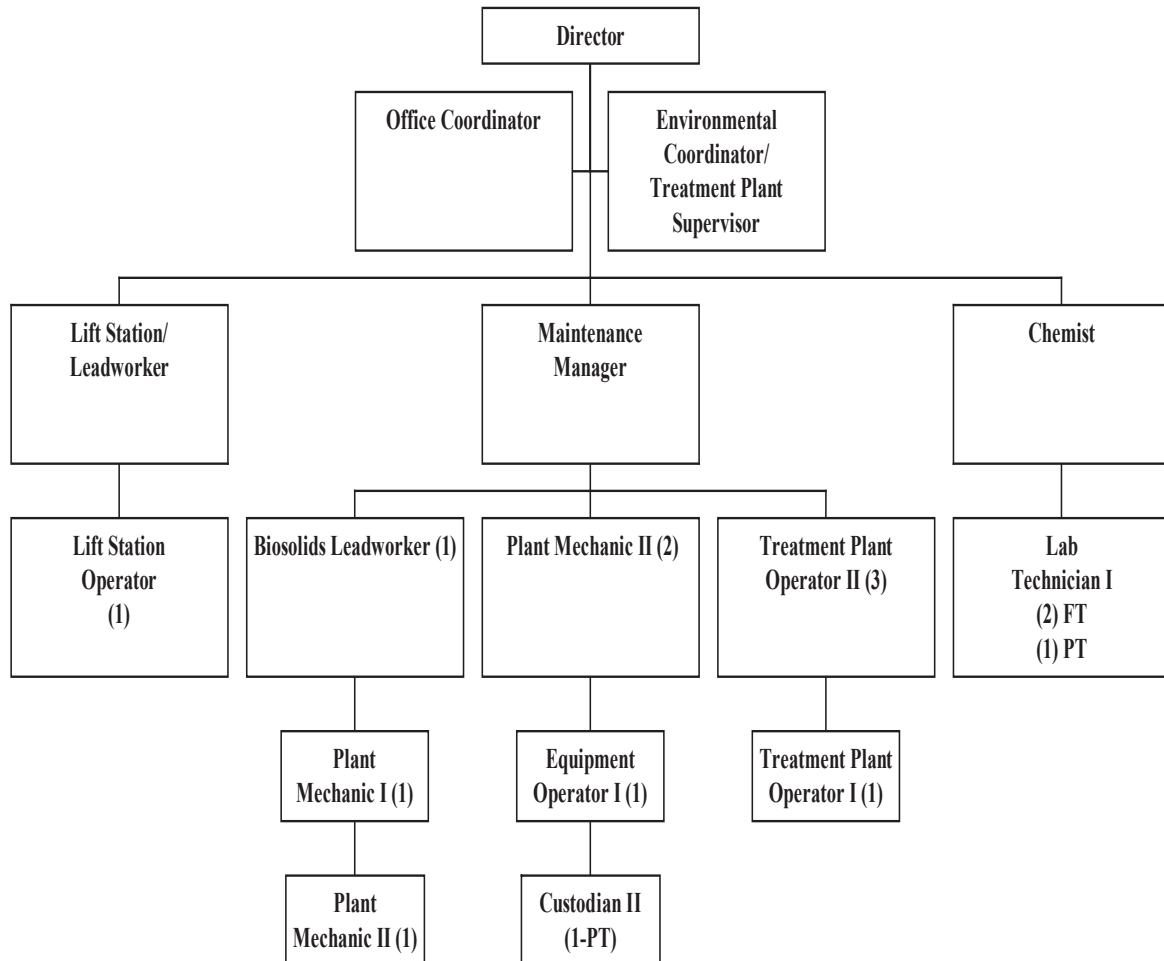
PARKS AND RECREATION DEPARTMENT



CITY OF MUSCATINE PUBLIC WORKS DEPARTMENT



CITY OF MUSCATINE WATER POLLUTION CONTROL DEPARTMENT



GENERAL FUND

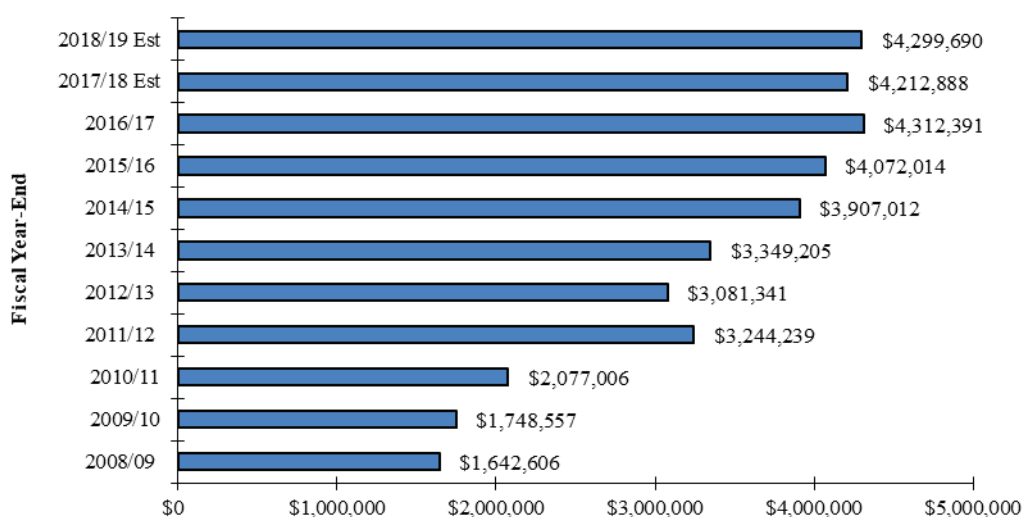
GENERAL FUND

The General Fund for the City of Muscatine accounts for all transactions of the City which pertain to the general administration and services traditionally provided to citizens, except those specifically accounted for elsewhere. Services within the General Fund include police and fire protection, street maintenance, cemetery operations, library and art center, parks and recreation, engineering, building and grounds maintenance, and general administration. The General Fund is the primary source of appropriations to fund costs of providing these services. Consequently, considerable importance is placed upon the fund's financial condition. The City Council and staff's objective is to maintain an acceptable level of services for its citizens within the limitations of revenue sources available to support these activities.

General Fund Balance

To attain the objective of maintaining the General Fund as a self-funding entity, revenues and/or available balances must be provided to support expenditures during the entire fiscal year. Additionally, the City's budget policies in prior years required the ending balance for the year to be at least 10% of the budgeted expenditures in the General Fund. The City Council in recent budgets has made efforts to increase the General Fund balance over the previous minimum of 10% level and in November 2013 City Council formally adopted a new General Fund Balance Policy which provides for the ending General Fund balance to be at least two months of General Fund expenditures or 16.7%. The effort to increase the fund balance was in part due to comments in the 2008 Moody's bond rating report which stated that Moody's considers the 10% fund balance requirement to be "relatively narrow" and that higher reserve levels may be appropriate for challenges to the city's financial operations. The ending balance for 2018/2019 is budgeted at \$4,299,690 which is 21.3% of budgeted General Fund expenditures. The new policy and the recent year budgets demonstrate City Council's commitment towards the goal of increasing and maintaining the General Fund balance. Additionally, General Fund revenues are budgeted conservatively and department expenditures are generally less than their approved budgets and it is expected that the actual ending balance should exceed the amount budgeted. The following is a history of the General Fund balances:

General Fund Fund Balance History



The ending balance for 2011/2012 increased significantly to 20.4% of that year's expenditures. This increase was primarily due to increased revenue from fines from automatic traffic enforcement (ATE) cameras that were installed in five locations in the spring of 2011; increased parks and recreation revenues; increased building and zoning fees; increased hotel/motel taxes; and expenditures for most departments coming in at less than the amounts budgeted. The 2012/2013 ending fund balance of \$3,081,341 was 17.9% of expenditures; the 2013/2014 ending balance of \$3,349,205 was 19.2% of expenditures; the 2014/2015 ending balance of \$3,907,012 was 22.6% of expenditures, the 2015/2016 ending balance of \$4,072,014 was 23.1% of expenditures and the 2016/2017 ending balance of \$4,312,391 was 22.8% of General Fund expenditures.

The new General Fund Balance Policy provides that City Council, as part of the budget process, can choose to use fund balances above the minimum level for one-time capital purchases to reduce the amount of debt and resulting interest costs to be incurred by the City. This provision of the policy was used to purchase a new fire engine (\$497,000) and new financial software (\$160,000) in 2012/2013. In the 2015/2016 budget \$148,500 of the General Fund balance above the policy minimum was budgeted to be used to purchase a new ambulance.

The estimated ending General Fund balance of \$4,329,708 when the 2017/2018 budget was developed was 22.3% of budgeted General Fund expenditures which met the 16.7% minimum amount in the new policy. The 2017/2018 revised estimate ending fund balance of \$4,212,888 is 21.6% of expenditures. The decrease in the revised estimate is primarily due to the loss of approximately \$350,000 in revenue from the automated traffic enforcement (ATE) camera at Highway 61 and University Avenue beginning in April of 2017. This ATE camera location was ordered to be discontinued by the Iowa Department of Transportation and no tickets have been issued at that location since April of 2017.

The ending balance for 2018/2019 of \$4,299,690 is 21.3% of General Fund expenditures which again meets the minimum fund balance provision in the updated General Fund Balance Policy. The 2018/2019 budget includes an increase in the utility franchise fee from the current 1% to 5% effective July 1, 2018. This increase is expected to generate \$325,600 in additional revenues, which is the approximate loss in revenue from the ATE camera at University Avenue and Highway 61. There are no one-time uses of fund balance in excess of the minimum amount in the 2018/2019 budget. The 2018/2019 budget is "balanced" with budgeted revenues \$86,802 higher than budgeted expenditures. This demonstrates that the operating budget is sustainable and that fund balance does not need to be used to fund current operating expenditures. As noted in the General Fund Balance Policy, increasing the fund balance to up to 25% of General Fund expenditures would further add to the financial stability of the City.

The City first used the "assigned" funding classification in the 2012/2013 General Fund budget. The 2015/2016 budget included an assigned funding allocation of \$12,300 to allow for merit increases of up to 1% for non-union employees and that same amount was included as assigned funding for merit increases in the 2016/2017 budget. The 2017/2018 budget included \$50,000 of assigned funding which allowed for merit increases up to 3% as well as funds to allow for several positions to be placed on different grades in the pay plan based on market surveys. The 2018/2019 budget again includes \$50,000 in assigned funding for merit increases.

Recent Structural and Efficiency Changes in General Fund Departments

There have been numerous structural, operational, and other changes over the last eight budget years which have placed the City's General Fund in a more stable and sustainable financial condition going forward. Several of these were (1) funding economic development administrative costs and the Chamber economic development allocation with TIF funds (a total of over \$150,000 annually), (2) transferring the dredge operation to the Water Pollution Control Fund (\$42,000 in annual General Fund savings), (3) changing from the previous insurance carrier to the Iowa Community Assurance Pool (ICAP) on July 1, 2014 resulted in

annual savings of \$128,600 in General Fund insurance costs and a City-wide savings of \$173,900, (4) two voluntary annexations in 2012-2013 added 528 acres, 933 residents, \$88,000 in annual property taxes, and \$47,000 in annual Road Use Taxes, and (5) transitioning away from City participation in the Carver Swim Center generated an annual saving of \$28,100 beginning in 2015/2016 when the 3-year phase-out period was completed. Departments have also made numerous operational changes which resulted in cost savings and improved efficiency.

Department reorganizations in the 2017/2018 General Fund budget include (1) adding three 25-hour per week custodians for City Hall and the new HNI Community Center and Musser Public Library which will replace the contracted cleaning services at City Hall and the current library, and (2) a Library staff reorganization in conjunction with the move to the new building and technology enhancements.

The General Fund budget for 2018/2019 includes an increase of 2.21 in fulltime equivalent positions. The budget includes a new Assistant City Engineer position with 75% of the costs of this position expected to be charged out to capital projects, with the balance funded from Road Use Tax. The budget also includes a 20 hour per week (.50 FTE) Custodian I position for the Public Safety Building with that position to replace the currently contracted cleaning service. There is also a .71 FTE increase in the Library budget due to part-time staffing changes related to the library's move to the new Musser Public Library and HNI Community Center building in the spring of 2018.

There is also an increased budget allocation for seasonal staffing in the Park and Recreation department budgets beginning in April of 2018. The budget includes two new Seasonal Groundskeeper positions at 1,120 hours each at Grade 5 in the Seasonal Pay Plan (starting at \$12.00 per hour). This increase in seasonal staffing is due to additional facilities and responsibilities including maintenance of the new Kent Stein Park to Deep Lakes Park Trail, maintenance of the median areas of Mississippi Drive currently being reconstructed, and various other areas. Also, to assist in finding quality seasonal staff, the budget includes moving the Seasonal Equipment Operator positions from Grade 2 to Grade 3 and the Seasonal Lead Groundskeeper positions from Grade 4 to Grade 5 in the Seasonal Pay Plan. These changes are budgeted to be effective in April of 2018.

Departments will continue to look for efficiencies and cost savings in their operations in 2018/2019 and future years. One of the City's goals for the upcoming year is to continue to develop a formal Continuous Service Improvement program which will assist departments in identifying and implementing efficiencies and cost savings in their department operations. With limited financial resources expected to be available in future years and a growing demand for municipal services, the City must continue to take significant steps to enhance revenue streams as well as reduce expenditures where appropriate to meet these challenges. The recommendations included in the 2018/2019 budget are aimed at positioning the city to continue to address economic challenges, continue to provide existing services to the community, and position the city to meet new challenges and ever growing demands.

Revenue Trends

Budgeted revenues for 2018/2019 in the General Fund total \$20,252,302, which is a 4.5% increase from the 2017/2018 budget of \$19,385,894. General property taxes comprise 35.0% of total revenue sources for 2018/2019 compared to 35.5% for 2017/2018. The General Fund tax levy rate remained unchanged at \$8.10 per \$1,000 of valuation which is the General Fund levy limit. When the General Fund levy of a city reaches this legal limit of \$8.10 per \$1,000 of valuation, the employer's share of Social Security and IPERS may be levied from a Special Revenue Fund levy. The City of Muscatine has been at the \$8.10 limit since 1991/92 and consequently, FICA and IPERS costs in the General Fund have been funded from this Special Revenue Fund levy since that time. For the 2012/2013 year the City Council chose to fund \$100,426 less than the total of eligible General Fund employee benefits from the Special Revenue Levy. The City Council chose to fund

\$527,005 less than the eligible amount in 2013/2014, \$355,005 less in 2014/2015, \$192,959 less in 2015/2016, \$192,637 less in 2016/2017, \$230,218 less in 2017/2018, and \$31,230 less in 2018/2019. This resulted in that amount of employee benefit costs being funded directly from the General Fund each year instead of the tax levy. With this funding change, the City has been able to maintain the City's total property tax rate at \$15.67209/\$1,000 of taxable property valuation since 2012/2013. Increases in other General Fund revenues and decreases in other tax levies allowed for this funding change to be implemented while still maintaining a strong ending fund balance.

In 2018/2019 taxable property valuations increased by 2.92% due to re-valuations by the County Assessor, new growth, and changes in taxable valuations due to changes in the rollback factors for residential and multi-residential properties. Growth in Tax Increment Financing (TIF) districts is not included in these taxable valuation amounts. The rollback of regular commercial and industrial valuations remained at 90% for 2018/2019. These valuations were rolled back from 100% to 95% in 2014/2015 and to 90% in 2015/2016 as a result of property tax legislation approved in 2013. Multi-residential properties (those with 3 or more living quarters, assisted living facilities, land-leased communities, etc.), however, which had been included in the commercial property category, became a separate property class. Those valuations were rolled back from 90% to 86.25% in 2016/2017, to 82.50% in 2017/2018, and to 78.75% for 2018/2019, and will continue to be rolled back over the next five years until the rollback is equal to the rollback on residential properties. The taxable value for multi-residential properties for 2018/2019 is \$33,261,173 which reflects the 78.75% rollback. Industrial property valuations increased by 11.54% for 2018/2019 and commercial values increased by 6.16%. Residential property values decreased by .33% due to the decrease in the residential rollback. Actual valuations for residential property increased by 2.08% and there was a 2.32% decrease in the residential rollback (from 56.9391% to 55.6209%). The other smaller categories of properties are railroads, which increased in valuation by 12.97%, and utilities, which increased by 4.63%. Overall, these factors combined to result in the 2.92% overall increase in taxable valuations. It should be noted, however, that while the taxable valuations increased this year by 2.92%, this increase is the fourth highest in the last 10 years and increases of this magnitude are not expected to continue in upcoming years.

As noted above, property tax legislation approved in 2013 rolled back commercial and industrial taxable property valuations from 100% to 95% in 2014/2015 and to 90% in 2015/2016. This legislation included a provision for the State to provide a reimbursement to cities which is expected to offset a portion of the property taxes which would have been received if not for the commercial and industrial rollback. For 2018/2019 the State reimbursement to the General Fund is estimated at \$328,067 based on the regular \$8.10 General Fund levy. Additional State reimbursement funds of \$2,313 for the Transit levy, \$11,106 for the Tort Liability levy, \$190,525 for the Employee Benefits levy, and \$102,741 for the Debt Service levy, total to an estimated total reimbursement of \$634,752 for 2018/2019. The State's allocation for reimbursements has been frozen at the 2016/2017 funding level. There is no reimbursement for the rollback on multi-residential properties. The 2018/2019 budget is based on the City continuing to receive the State reimbursement for the commercial and industrial rollback; however, there is discussion in the State legislature for phasing out this reimbursement.

A key budget issue for 2010/2011 was the consideration of and ultimate adoption of a Utility Franchise Fee on Alliant Energy, the provider of natural gas to the community. The ordinance change adopting this fee provides that the fee may be up to 5% on natural gas sales by Alliant in the community. The initial rate was set at 2% which was effective July 1, 2010. Implementation of this fee allowed for a reduction in the City's overall property tax rate for 2010/2011, specifically the Emergency Tax Levy rate which was reduced from \$.27/\$1,000 in 2009/2010 to \$.08/\$1,000 in the 2010/2011 budget. The Emergency tax levy was eliminated in the 2011/2012 budget and the budgets for 2012/2013, 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, and 2018/2019 also have not included this levy. As part of the 2012/2013 budget, City Council chose to reduce the Utility Franchise Fee to 1% of natural gas sales from the previous 2%. The 1% fee was maintained for 2013/2014, 2014/2015, 2015/2016, 2016/2017, and 2017/2018. The Utility Franchise Fee can

be increased (up to 5%) with 90 days' notice to the utility company. The 2018/2019 budget includes an increase in the utility franchise fee from the current 1% to 5% effective July 1, 2018. As noted previously, this increase is expected to generate \$325,600 in additional revenues, which is the approximate loss in revenue from the ATE (automated traffic enforcement) camera at University Avenue and Highway 61.

The City's hotel/motel tax rate has been at 7% since April 1, 1992. The 2017/2018 revised estimate includes an estimated \$480,000 in hotel/motel taxes and \$440,000 is estimated for 2018/2019. The higher amount in the 2017/2018 revised estimate is due to the receipt of late payments of prior year hotel/motel taxes. In fiscal years through 2012/2013, hotel/motel tax funds were distributed 25% to the Library and 25% to the Art Center. Of the remaining 50%, annual allocation have been made to fund the Convention and Visitors Bureau (CVB). The subsidy for the CVB was increased from \$55,000 in 2012/2013 to 25% of the actual prior year hotel/motel tax revenue beginning in 2013/2014. The CVB funding amount is estimated at \$110,300 for 2017/2018 and \$120,000 is the estimated allocation for 2018/2019. The actual allocation for 2018/2019 will be 25% of actual hotel/motel taxes received in 2017/2018. The increased subsidy to the CVB is to support the new CVB Board's expanded efforts to promote tourism in the City of Muscatine and surrounding area. If the tourism program is successful, additional hotel/motel taxes should be generated. The remaining hotel/motel taxes are considered general revenues of the City.

As in prior years, Road Use Taxes from the State will be utilized to fund street maintenance expenses. For the 2018/2019 fiscal year, the amount transferred to the General Fund to support street-related maintenance activities (including capital purchases), is budgeted at \$2,694,400, an increase of \$84,200 (3.2%) from the 2017/2018 budget of \$2,610,200.

Revenue sources identified in the General Fund for 2018/2019 also include charges for services, licenses and permits, and other fees. Construction permits for 2018/2019 are estimated at \$300,000 and rental housing registration and inspection fees are estimated at \$90,000.

A fee for administrative services performed by activities within the General Fund continues to be charged to enterprise funds. The budgeted amount of \$389,400 for 2018/2019 represents charges to the Water Pollution Control, Refuse Collection, Landfill Operations, Golf Course, Parking System, Transit System, Airport Operations, Ambulance, Collection and Drainage, and Boat Harbor funds for general City administration. A fee for Park administration totaling \$28,900 has been charged to the Golf Course and Boat Harbor Operations budgets for 2018/2019. Administrative costs for Public Works Administration have been allocated to the Refuse Collection, Landfill Operations, Transit, Collection and Drainage, and Equipment Services budgets in the amount of \$68,300 for 2018/2019. In 2018/2019 the Ambulance enterprise fund will transfer \$1,047,200 to the General Fund for a prorated portion (24.5%) of the cost of fire department personnel used for the ambulance operation.

Expenditure Trends

The projected level of expenditures for the General Fund of \$20,165,500 for 2018/2019 is 3.9% (\$752,649) above the 2017/2018 budget of \$19,412,851. Of the total expenditures, \$15,653,000 (77.7%) is for employee wage and benefit costs since a substantial portion of services provided are by employees in this fund including police, fire, streets, parks and recreation, planning and zoning, library, art center and general administration. The 2018/2019 budget for the General Fund provides an expenditure level to fund most core services at essentially the same level as in previous years for most departments. The budget, however, continues to provide reduced services in several areas, primarily due to the reduction in General Fund revenues in recent years. There were 170 full-time equivalent (FTE) positions in the City's General Fund in 2001/2002 and this was reduced to 154 for 2015/2016. In 2016/2017 four new firefighter positions were added due to the increased number of ambulance transport calls bringing the total to 158 fulltime equivalent positions in 2016/2017. For 2017/2018 fulltime equivalent employees increased to approximately 160

primarily due to changing from contracted cleaning services for City Hall and the current Library to hiring three part-time employees to clean and maintain City Hall and the new Musser Public Library and HNI Community Center. For 2018/2019 fulltime equivalent employees are budgeted to increase to approximately 162. This increase includes the addition of a fulltime Assistant City Engineer position; the addition of a half-time custodian position at the Public Safety Building replacing the previous contracted cleaning service; and the first full fiscal year of library staffing changes implemented as part of the move to the new Musser Public Library and HNI Community Center building.

Changes in General Fund authorized positions for 2018/2019, 2017/2018, 2016/2017, 2015/2016, and 2014/2015, are as follows:

2018/2019

- The 2018/2019 budget includes a new fulltime Assistant City Engineer position with 75% of this position expected to be funded from hours charged out to capital projects.
- The Building and Grounds budget includes a new half-time Custodian I position for the Public Safety Building. This position will replace the currently contracted cleaning service for that building.
- Library staffing will increase by .71 fulltime equivalent positions. This increase is in part-time hours implemented as part of the move to the new Musser Public Library and HNI Community Center.
- Adding these positions resulted in an increase of 2.21 FTE positions.

2017/2018 (Including Changes in the 2017/2018 Revised Estimate)

- The 2017/2018 budget includes two new 25-hour per week Custodian II positions and one new 25-hour per week Custodian I position. Two of the custodian positions replaced the previously contracted cleaning services at City Hall and the current Library. The other custodian position is needed to maintain the expanded space at the new Musser Public Library and HNI Community Center. Adding these positions resulted in an increase of 1.88 FTE positions.
- Library staff reorganizations resulted in a net .14 FTE reduction in Library staffing compared to the original 2016/2017 budget. Part of the 2017/2018 reorganization is due to moving to the new library.

2016/2017 (Including Changes in the 2015/2016 Revised Estimate)

- The 2016/2017 budget included four new firefighter positions. These positions were added due to the increased number of ambulance transport calls.
- A Library staff reorganization resulted in a .54 FTE reduction in Library part-time staffing.
- Community Development part-time staff was reduced by .23 FTE due to a staff reorganization. Effective October 1, 2015, this department no longer has the responsibility for food/grocery permits and inspections, which allowed for this overall reduction.

2015/2016 (Including Changes in the 2014/2015 Revised Estimate)

- In the 2014/2015 revised estimate there was a reduction of one police officer position due to grant funding being discontinued for the officer 100% funded from the U.S. Department of Homeland Security grant for the Joint Terrorism Task Force.

- A new Communications Manager position was added in the 2015/2016 budget. This position is responsible for managing the city website, branding and marketing efforts, news releases, and social media. While accounted for in the General Fund, the cost of this position is being evenly allocated to six funding sources.
- An additional 29 hour/week Community Services Officer position was added to the Community Development department. The primary responsibility of this position is to oversee the new rental housing registration and inspection program. Fees for rental housing registrations are expected to fund the cost of this position.
- The Art Center Aide position was budgeted to increase from 20 hours/week to 29 hours/week for 2015/2016.
- There were changes in part-time staffing in the Library (.18 FTE reduction) and grant-funded Art Center part-time staffing (.22 increase).

2014/2015

- There was a slight reduction in part-time staffing at the Library (.13 FTE).

The 2018/2019 budget continues funding for the two police officer positions assigned to the Drug Task Force. One of these positions is partially funded from a HIDTA (High Intensity Drug Trafficking Area) grant and the other receives partial funding from the Governor's Office on Drug Control Policy.

For fiscal year 2018/2019 the city will continue to provide support for several non-profit service organizations within the community. Despite limited revenue growth, the City Council has remained committed to assisting these groups as best they can. These agencies provide valuable services to the entire community. For 2018/2019 the City Council chose to continue financial contributions to the Greater Muscatine Chamber of Commerce and Industry (Chamber), the Muscatine Humane Society, and Senior Resources. The contribution to the Chamber will remain at their current level of \$38,000. The subsidy to the Muscatine Humane Society will increase from their current \$60,000 to \$65,000. The 2017/2018 budget included a one-time increase in the subsidy to Senior Resources from \$20,000 to \$30,000 due to their loss of funding from other sources. The subsidy to Senior Resources was set at \$25,000 for 2018/2019.

The 2015/2016 budget for the first time included an allocation of \$25,000 to the Muscatine Center for Social Action (MCSA) for their Homeless Prevention Program. This \$25,000 funding allocation was continued in 2016/2017, 2017/2018, and 2018/2019.

The 2018/2019 budget includes funding transfers to both the Equipment Replacement and Computer Replacement Funds in the amounts of \$250,000 and \$40,000, respectively.

The General Fund annually makes subsidy payments to the Airport Operations fund. These subsidies have ranged from approximately \$20,000 to \$90,000 during the past ten years. The revised estimate subsidy for 2017/2018 is \$47,700 with the subsidy for 2018/2019 budgeted at \$33,900. The Airport subsidy fluctuates primarily due to the amount of capital outlay purchases and maintenance costs each year. It is anticipated that Airport Operations enterprise fund revenues will continue to be insufficient to fund expenditures and accordingly, general property taxes will continue to be required to subsidize the Airport Operation in future years.

The Mayor and City Council activity budget in years prior to 1989/90 included a contingency allocation for emergency or non-budgeted items. The City Council eliminated this allocation beginning in 1989/90 and again has not made a budget allocation for contingencies in 2018/2019. Accordingly, funding for any emergency or non-budgeted items will require City Council to follow established budget amendment procedures. For 2018/2019, however, City Council chose to continue to maintain the 2009/2010 allocation of \$80,000 in the Emergency Tax Levy Fund in the event of revenue shortfalls due to economic conditions or unforeseen emergencies.

Departments in the General Fund continue to strive to improve the efficiency of their operations to negate the necessity for any additional service level reductions. Programs of the General Fund and changes associated with them are outlined in the respective departmental activity budgets which follow.

General Fund

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 3,907,012	\$ 4,072,014	\$ 4,356,665	\$ 4,312,391	\$ 4,212,888
Revenues	17,813,345	19,121,436	19,385,894	19,409,048	20,252,302
Encumbrance Variance	<u>6,397</u>	<u>55</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	\$ 21,726,754	\$ 23,193,505	\$ 23,742,559	\$ 23,721,439	\$ 24,465,190
Expenditures	<u>17,654,740</u>	<u>18,881,114</u>	<u>19,412,851</u>	<u>19,508,551</u>	<u>20,165,500</u>
Ending Balance, June 30	<u><u>\$ 4,072,014</u></u>	<u><u>\$ 4,312,391</u></u>	<u><u>\$ 4,329,708</u></u>	<u><u>\$ 4,212,888</u></u>	<u><u>\$ 4,299,690</u></u>

Increase (Decrease) in Fund Balance	\$ 165,002	\$ 240,377	\$ (26,957)	\$ (99,503)	\$ 86,802

**Minimum Fund Balance
per policy adopted in November,
2013 (16.7% of General Fund
Expenditures)**

<u>\$ 2,948,000</u>	<u>\$ 3,153,000</u>	<u>\$ 3,242,000</u>	<u>\$ 3,258,000</u>	<u>\$ 3,368,000</u>

**Amount Over (Under) Fund Balance
Policy Minimum of 16.7%**

<u>\$ 1,124,014</u>	<u>\$ 1,159,391</u>	<u>\$ 1,087,708</u>	<u>\$ 954,888</u>	<u>\$ 931,690</u>

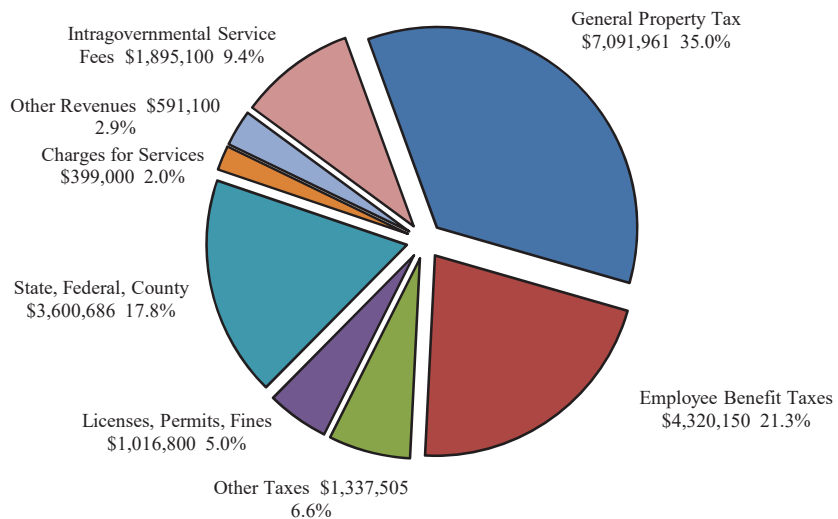
**Ending Balance as a Percent
of General Fund Expenditures**

<u>23.1%</u>	<u>22.8%</u>	<u>22.3%</u>	<u>21.6%</u>	<u>21.3%</u>

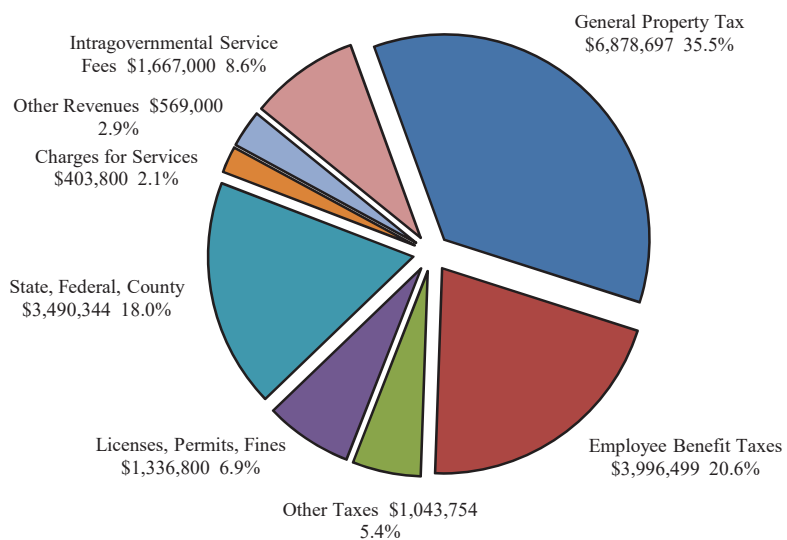
Explanation of Increases or Decreases in Fund Balances:

In prior years the City's financial policies provided that the fund balance of the General Fund be at least 10% of expenditures. The Moody's bond rating report in 2008 stated "Moody's considers the 10% level to be relatively narrow, and higher reserve levels may mitigate any unforeseen one-time expenses that may challenge financial operations". With that in mind, City Council has been budgeting for incremental increases in the General Fund balance as part of the budget process in recent years. In November of 2013 the City Council adopted a new General Fund balance policy providing that the minimum fund balance be at least two months of expenditures which is equivalent to 16.7%. The budget meets this new minimum fund balance target amount. The policy also provides that funds in excess of the policy minimum can be designated by City Council for one-time purchases. There are no one-time expenditures budgeted to be funded from the General Fund balance in 2016/2017, 2017/2018, or 2018/2019.

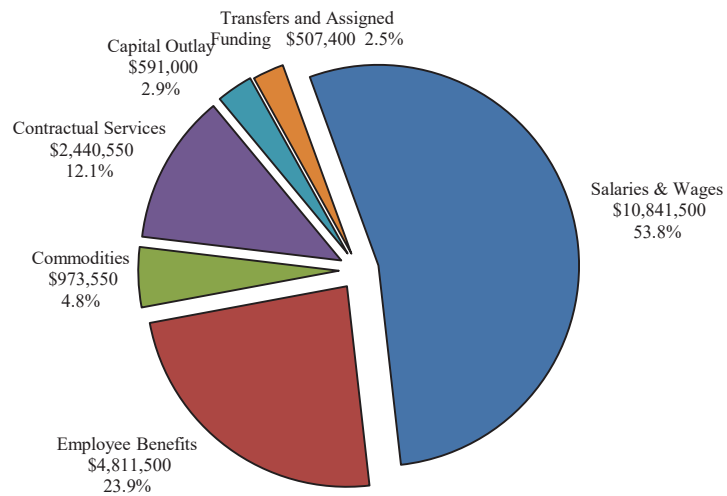
**General Fund Revenues By Source
Budget 2018/2019
\$20,252,302**



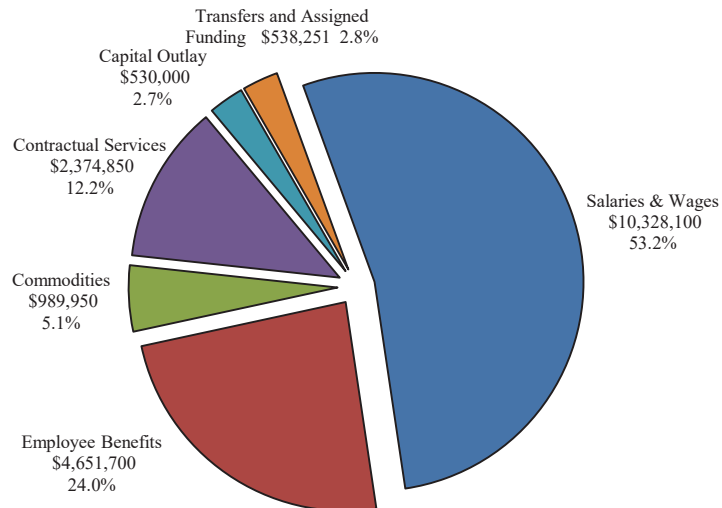
**General Fund Revenues By Source
Budget 2017/2018
\$19,385,894**



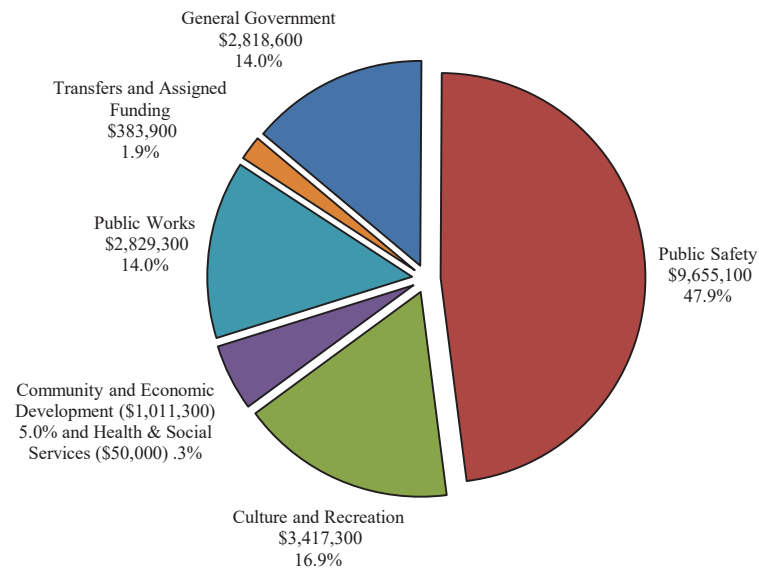
**General Fund Expenditures By Type
Budget 2018/2019
\$20,165,500**



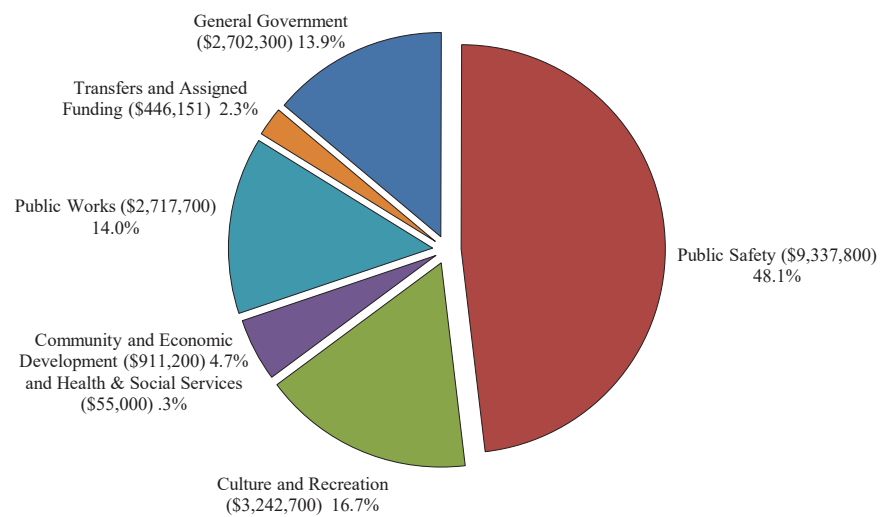
**General Fund Expenditures By Type
Budget 2017/2018
\$19,412,851**



**General Fund Expenditures By Function
Budget 2018/2019
\$20,165,500**



**General Fund Expenditures By Function
Budget 2017/2018
\$19,412,851**



General Fund
Revenues by Type

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change from 2017/2018 Budget
Taxes	\$ 7,536,399	\$ 7,857,846	\$ 7,922,451	\$ 8,022,451	\$ 8,429,466	6.4%
Licenses and Permits	389,596	426,838	397,900	518,300	446,800	12.3%
Fines and Forfeitures	995,268	857,617	914,500	603,500	553,300	-39.5%
Intergovernmental Revenue	741,647	810,592	803,044	810,744	827,586	3.1%
Charges for Services	664,350	701,767	713,700	698,900	777,700	9.0%
Use of Money and Property	160,060	185,845	162,600	186,200	186,700	14.8%
Miscellaneous Revenues	803,894	689,126	677,300	783,700	693,400	2.4%
Transfers In	6,522,131	7,591,804	7,794,399	7,785,253	8,337,350	7.0%
Total	<u>\$ 17,813,345</u>	<u>\$ 19,121,435</u>	<u>\$ 19,385,894</u>	<u>\$ 19,409,048</u>	<u>\$ 20,252,302</u>	4.5%

**General Fund
Revenue Summary**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change From 2017/2018 Budget
Direct and Indirect						
Property Tax Revenues						
General Property Taxes	\$ 6,342,998	\$ 6,683,668	\$ 6,867,458	\$ 6,867,458	\$ 7,067,918	2.9%
Ag Land Tax	2,942	3,368	3,339	3,339	3,543	6.1%
Transit System Levy	237,760	190,279	95,297	95,297	49,824	-47.7%
Tort Liability Levy	226,824	231,186	226,041	226,041	239,280	5.9%
Levee Tax Levy	52,998	15,860	57,229	57,229	0	-100.0%
Mobile Home Tax	19,639	20,488	19,600	20,500	20,500	4.6%
Taxes Rebated on Voluntary Annexation	(11,706)	(11,654)	(11,700)	(11,100)	0	-100.0%
Special Revenue:						
Police Retirement	676,825	654,399	689,345	676,297	698,767	1.4%
Fire Retirement	625,105	659,819	663,520	662,977	703,801	6.1%
Police and Fire Medical Insurance	54,000	54,000	54,000	54,000	58,400	8.1%
Police and Fire Retiree Medical Costs	36,855	47,609	36,000	80,000	45,000	25.0%
Long-term Disability Insurance	12,326	11,766	12,256	12,275	12,727	3.8%
Workers Compensation Insurance	36,185	54,321	54,223	46,906	50,591	-6.7%
Unemployment Insurance	19,907	14,730	19,180	23,618	24,238	26.4%
Health Insurance	1,429,821	1,719,925	1,945,383	1,898,434	1,953,740	0.4%
Life Insurance	15,932	13,950	14,398	14,311	14,784	2.7%
Dental Insurance	43,818	46,239	50,334	48,346	51,434	2.2%
Deferred Compensation	1,200	1,200	1,200	1,200	1,200	0.0%
Post Employment Health Plan	52,161	43,462	16,730	39,613	16,657	-0.4%
FICA/IPERS	613,576	631,439	670,148	660,694	720,041	7.4%
Employee Benefit Levy Reduction (1)	(192,959)	(192,637)	(230,218)	(230,218)	(31,230)	
Subtotal	<u>\$ 10,296,207</u>	<u>\$ 10,893,417</u>	<u>\$ 11,253,763</u>	<u>\$ 11,247,217</u>	<u>\$ 11,701,215</u>	4.0%
Non-Property Tax Revenues/Reimbursements						
Hotel/Motel Taxes	\$ 361,803	\$ 441,079	\$ 365,000	\$ 480,000	\$ 440,000	20.5%
Cable Franchise Tax	189,044	176,095	189,000	176,100	176,100	-6.8%
Utility Franchise Fees	81,308	81,399	85,000	81,400	407,000	378.8%
Utility Tax Replacement Excise Tax:						
General	30,321	24,476	24,817	24,817	24,305	-2.1%
Tort Liability	1,081	847	819	819	820	0.1%
Transit	1,134	697	344	344	176	-48.8%
Levee	253	58	207	207	0	-100.0%
Commercial/Industrial State Reimbursement:						
General	314,529	323,752	314,128	314,128	328,067	4.4%
Tort Liability	11,218	11,204	10,340	10,340	11,106	7.4%
Transit	11,758	9,221	4,359	4,359	2,313	-46.9%
Levee	2,621	769	2,617	2,617	0	-100.0%
Subtotal	<u>\$ 1,005,070</u>	<u>\$ 1,069,597</u>	<u>\$ 996,631</u>	<u>\$ 1,095,131</u>	<u>\$ 1,389,887</u>	39.5%

**General Fund
Revenue Summary**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change From 2017/2018 Budget
Intergovernmental Revenues						
Road Use Tax	\$ 2,029,975	\$ 2,646,464	\$ 2,610,200	\$ 2,584,400	\$ 2,694,400	3.2%
Subtotal	\$ 2,029,975	\$ 2,646,464	\$ 2,610,200	\$ 2,584,400	\$ 2,694,400	3.2%
Licenses and Permits						
Beer, Liquor and Cigarettes	\$ 33,962	\$ 34,943	\$ 34,000	\$ 35,000	\$ 35,000	2.9%
Animal	1,754	1,942	2,000	2,000	2,000	0.0%
Miscellaneous	6,850	6,935	6,500	7,000	7,000	7.7%
Subtotal	\$ 42,566	\$ 43,820	\$ 42,500	\$ 44,000	\$ 44,000	3.5%
Cemetery Fees						
Lot and Niche Sales	\$ 42,656	\$ 15,094	\$ 20,000	\$ 17,000	\$ 17,000	-15.0%
Lease of Property-Cell Towers	17,255	23,786	18,900	19,000	19,000	0.5%
Burial Fees	47,900	42,710	45,000	45,000	45,000	0.0%
Miscellaneous Charges	7,360	9,558	9,000	9,000	9,000	0.0%
Commissions	14,591	13,189	15,000	13,500	13,500	-10.0%
Perpetual Care Interest	14,322	14,357	14,300	13,800	14,500	1.4%
Grant - Trees for Kids	4,675	0	0	0	0	
Other	8	0	0	0	0	
Subtotal	\$ 148,767	\$ 118,694	\$ 122,200	\$ 117,300	\$ 118,000	-3.4%
Community Development Fees						
Rental Housing Inspection Fees/Registrations	\$ 109,935	\$ 68,902	\$ 90,000	\$ 60,000	\$ 90,000	0.0%
Section 8 Housing Inspection Fees	0	4,600	9,000	9,000	9,000	0.0%
Construction Permits	222,762	306,841	260,000	400,000	300,000	15.4%
Health Licenses	11,358	275	2,500	3,500	2,000	-20.0%
Health Class Fees	34	0	0	0	0	
Zoning Fees	3,675	3,525	3,000	2,500	2,500	-16.7%
Board of Adjustment Fees	2,450	1,450	2,000	1,000	1,000	-50.0%
Site Plan Review Fees	1,400	1,200	1,500	1,500	1,500	0.0%
Sale of Code Books	0	150	200	400	200	0.0%
Municipal Infractions Penalties	0	525	1,000	500	500	-50.0%
Nuisance Reimbursements/Administrative Fees	87,868	97,737	100,000	90,000	90,000	-10.0%
Miscellaneous	1,248	659	1,200	1,500	1,000	-16.7%
Transfer In:						
Staff Services Airport/CDBG	0	9,592	2,500	25,300	0	-100.0%
Subtotal	\$ 440,730	\$ 495,456	\$ 472,900	\$ 595,200	\$ 497,700	5.2%

**General Fund
Revenue Summary**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change From 2017/2018 Budget
Parks and Recreation Revenues						
Parks - General						
Shelters	\$ 10,544	\$ 9,940	\$ 11,000	\$ 10,500	\$ 10,500	-4.5%
Pearl City Station Rentals	10,980	12,025	10,800	11,500	11,500	6.5%
Riverview Center Rentals	22,050	26,020	20,000	25,000	25,000	25.0%
Maintenance Fees	500	1,040	700	700	700	0.0%
Equipment/Miscellaneous Sales	632	0	500	200	200	-60.0%
Concession Commission	851	913	800	900	900	12.5%
Reimbursement of Damages	0	10,752	0	3,200	0	
Donations	890	0	0	1,300	0	
Iowa DNR Tree Grant	0	0	0	8,500	0	
Other	230	139	0	0	0	
Transfers In						
Administration Fees	26,500	27,300	28,100	28,100	28,900	2.8%
Subtotal	<u>\$ 73,177</u>	<u>\$ 88,129</u>	<u>\$ 71,900</u>	<u>\$ 89,900</u>	<u>\$ 77,700</u>	8.1%
Kent Stein Park						
Maintenance Fees (Inc. Bruner Field)	\$ 27,872	\$ 26,260	\$ 24,700	\$ 28,000	\$ 28,000	13.4%
Commission on Concessions	9,829	9,523	10,000	10,000	10,000	0.0%
Mowing Reimbursement - Housing	7,850	7,000	7,500	7,500	7,500	0.0%
Storage Building Rental	1,200	1,200	1,200	1,200	1,200	0.0%
Insurance Reimbursements	0	1,895	0	6,100	0	
Other	50	0	0	500	0	
Subtotal	<u>\$ 46,801</u>	<u>\$ 45,878</u>	<u>\$ 43,400</u>	<u>\$ 53,300</u>	<u>\$ 46,700</u>	7.6%
Soccer Complex Operations						
Maintenance Fees	\$ 37,735	\$ 34,623	\$ 37,000	\$ 35,000	\$ 35,000	-5.4%
Commission on Concessions	6,375	7,088	7,500	7,500	7,500	0.0%
Insurance Reimbursements	0	1,500	0	10,000	0	
Other	0	64	0	0	0	
Subtotal	<u>\$ 44,110</u>	<u>\$ 43,275</u>	<u>\$ 44,500</u>	<u>\$ 52,500</u>	<u>\$ 42,500</u>	-4.5%
Recreation						
Entry Fees/Admissions	\$ 1,143	\$ 1,358	\$ 1,500	\$ 1,400	\$ 1,400	-6.7%
Lessons	32,502	34,829	41,000	36,000	36,000	-12.2%
League and Tournament Fees	6,047	7,273	6,500	7,300	7,300	12.3%
Sales Tax	423	507	500	500	500	0.0%
Donations	1,060	920	1,000	1,300	1,300	30.0%
Adventureland Ticket Commissions	0	306	0	0	0	
Other	955	1,284	300	300	300	0.0%
Subtotal	<u>\$ 42,130</u>	<u>\$ 46,477</u>	<u>\$ 50,800</u>	<u>\$ 46,800</u>	<u>\$ 46,800</u>	-7.9%

**General Fund
Revenue Summary**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change From 2017/2018 Budget
Swimming Pools						
Admissions	\$ 102,675	\$ 88,405	\$ 95,000	\$ 90,000	\$ 90,000	-5.3%
Season Passes	12,065	14,249	12,500	14,000	14,000	12.0%
Lessons	8,357	9,201	8,500	9,000	9,000	5.9%
Group Sales	18,793	16,703	18,500	18,000	18,000	-2.7%
Room Rental	430	600	500	500	500	0.0%
Locker Rental	889	457	800	800	800	0.0%
Commission on Concessions	7,796	6,624	7,800	7,800	7,800	0.0%
Miscellaneous Sales	635	324	500	500	500	0.0%
Other	660	551	500	500	500	0.0%
Subtotal	<u>\$ 152,300</u>	<u>\$ 137,114</u>	<u>\$ 144,600</u>	<u>\$ 141,100</u>	<u>\$ 141,100</u>	-2.4%
Subtotal - Parks and Recreation	<u>\$ 358,518</u>	<u>\$ 360,873</u>	<u>\$ 355,200</u>	<u>\$ 383,600</u>	<u>\$ 354,800</u>	-0.1%
Library Revenues						
Fines and Charges	\$ 14,576	\$ 13,334	\$ 15,000	\$ 14,000	\$ 14,000	-6.7%
County Contributions	115,136	118,014	121,400	118,100	121,600	0.2%
Illinois Contracts	10,044	10,295	10,600	10,600	10,900	2.8%
Printing Charges	5,889	4,582	4,000	4,000	4,000	0.0%
Other	46	126	0	0	0	
Subtotal	<u>\$ 145,691</u>	<u>\$ 146,351</u>	<u>\$ 151,000</u>	<u>\$ 146,700</u>	<u>\$ 150,500</u>	-0.3%
Art Center Revenues						
Building Rentals	\$ 958	\$ 360	\$ 1,000	\$ 500	\$ 1,000	0.0%
Class Fees	3,918	4,477	4,700	2,100	2,500	-46.8%
State Grant	10,000	10,000	10,000	10,000	10,000	0.0%
Support Foundation Contributions	18,945	20,436	22,100	22,100	22,700	2.7%
Friends of the Art Center Contributions	18,945	21,502	22,700	22,700	24,100	6.2%
Other Contributions	0	0	0	6,500	1,700	
Other	210	574	400	300	300	-25.0%
Subtotal	<u>\$ 52,976</u>	<u>\$ 57,349</u>	<u>\$ 60,900</u>	<u>\$ 64,200</u>	<u>\$ 62,300</u>	2.3%
Public Works Services						
Repair and Maintenance Services	\$ 16,758	\$ 16,558	\$ 20,000	\$ 17,000	\$ 17,000	-15.0%
Rental of Equipment	150	14	300	200	200	-33.3%
Sale of Equipment	57	429	5,000	1,000	1,000	-80.0%
Miscellaneous Sales	1,587	101	2,500	2,500	2,500	0.0%
Reimbursement for Salt	3,817	3,939	5,000	4,000	4,000	-20.0%
Reimbursement of Damages	0	0	0	8,600	0	
Other	9,969	1,400	500	500	500	0.0%
Transfers In:						
Engineering Services	30,286	36,635	30,000	40,000	114,700	282.3%
Administrative Fees	62,600	64,400	66,300	66,300	68,300	3.0%
Subtotal	<u>\$ 125,224</u>	<u>\$ 123,476</u>	<u>\$ 129,600</u>	<u>\$ 140,100</u>	<u>\$ 208,200</u>	60.6%

**General Fund
Revenue Summary**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change From 2017/2018 Budget
Police Operations						
Police Grants	\$ 229,431	\$ 296,371	\$ 298,400	\$ 300,900	\$ 311,100	4.3%
Court Fines	167,402	156,658	170,000	160,000	160,000	-5.9%
Automatic Traffic Enforcement Fines	783,470	652,016	700,000	400,000	350,000	-50.0%
Parking Violations	26,220	27,759	26,000	26,000	26,000	0.0%
Tobacco Checks/Violations	2,100	4,200	2,000	2,000	2,000	0.0%
Alarm System Charges		4,050	0	4,400	4,400	
Alarm Permits	1,025	750	1,400	300	300	-78.6%
False Alarm Charges	4,400	3,100	3,000	3,000	3,000	0.0%
Police Services Agreement	47,845	49,707	50,500	50,000	52,100	3.2%
Animal Ordinance Fees and Fines	1,600	1,615	2,500	2,500	2,500	0.0%
Printing Charges	4,014	4,512	4,000	4,500	4,500	12.5%
Contributions - Mentor Program	5,197	5,063	5,000	5,000	5,000	0.0%
Other Contributions	160	4,357	0	0	0	
Lease - Public Safety Cell Tower	26,067	26,946	26,900	26,900	26,900	0.0%
Insurance Reimbursements (Hail Storm)	0	0	0	71,000	0	
Sale of Equipment	0	9,412	0	0	0	
Reimbursements/Miscellaneous Income	26,694	24,604	16,000	20,000	16,000	0.0%
Transfers In:						
Insurance Trust for Range Improvements	14,555	0	0	0	0	
Transfer from COPS Grant Reserve	89,000	41,565	0	0	0	
Subtotal	<u>\$ 1,429,180</u>	<u>\$ 1,312,685</u>	<u>\$ 1,305,700</u>	<u>\$ 1,076,500</u>	<u>\$ 963,800</u>	-26.2%
Fire Operations						
Fire Hazmat Agreements	\$ 7,200	\$ 26,597	\$ 26,600	\$ 26,600	\$ 26,600	0.0%
Fire Open Burn Permits	1,950	1,650	1,500	1,500	1,500	0.0%
Fire Inspection Fees	10,007	12,997	15,000	15,000	15,000	0.0%
Fire Plan Review Fees	0	6,802	0	4,000	4,000	
Fire Assessment Fees	120	360	100	100	100	0.0%
Confined Space Fees	39,275	39,275	36,000	36,000	36,000	0.0%
Fireworks Fees	0	2,400	0	1,200	1,200	
Fire Protection Contracts	16,718	19,330	19,300	19,300	19,300	0.0%
Donations	5,483	0	0	0	0	
Fire Reports	513	578	600	600	600	0.0%
Fire Citations	1,500	3,125	500	1,000	800	60.0%
False Alarm Charges	1,600	1,700	1,800	1,200	1,200	-33.3%
Reimbursement - State	17,987	0	0	0	0	
Insurance Reimbursement	0	0	0	4,900	0	
Reimbursement of Expenses/Other	14,644	9,865	3,800	2,500	2,500	-34.2%
Subtotal	<u>\$ 116,997</u>	<u>\$ 124,679</u>	<u>\$ 105,200</u>	<u>\$ 113,900</u>	<u>\$ 108,800</u>	3.4%

**General Fund
Revenue Summary**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change From 2017/2018 Budget
Other General Revenues						
Interest Income	\$ 4,966	\$ 21,955	\$ 5,000	\$ 25,000	\$ 25,000	400.0%
Payment in Lieu of Taxes	36,902	30,966	31,200	31,200	32,500	4.2%
Housing Accounting Fees	57,400	59,000	60,800	60,800	62,600	3.0%
Housing Management Fee	12,181	11,921	11,000	11,500	11,500	4.5%
Lease - Clark House Cell Towers	25,129	25,205	25,100	25,400	25,400	1.2%
ICAP Grant	0	1,000	0	0	0	
Other Charges	18,539	15,673	16,000	16,000	16,000	0.0%
Transfers In:						
Administrative Fees	356,700	367,350	378,100	378,100	389,400	3.0%
Health Insurance Fund (Wellness)	51,530	53,278	60,500	60,400	61,500	1.7%
Health Insurance Administrative Fee	3,000	3,000	3,000	3,000	3,000	0.0%
Information Technology Administrative Fee	28,500	29,300	30,100	30,100	31,000	3.0%
Communications Admin Fee (Exc. TIF Portion)	39,600	43,600	46,400	46,400	54,000	16.4%
Ambulance Enterprise Fund	833,200	891,000	926,000	926,000	1,047,200	13.1%
Tax Increment/Economic Dev Admin Fees	111,023	132,100	142,100	142,100	150,000	5.6%
Tax Increment Economic Development	38,000	38,000	38,000	38,000	38,000	0.0%
Tax Increment - Legal Services	4,774	5,226	6,800	6,800	11,600	70.6%
Subtotal	<u>\$ 1,621,444</u>	<u>\$ 1,728,574</u>	<u>\$ 1,780,100</u>	<u>\$ 1,800,800</u>	<u>\$ 1,958,700</u>	10.0%
Total	<u>\$ 17,813,345</u>	<u>\$ 19,121,435</u>	<u>\$ 19,385,894</u>	<u>\$ 19,409,048</u>	<u>\$ 20,252,302</u>	4.5%

1. The Employee Benefits levies in recent years have been less than the amount that would have been needed to fund 100% of the cost of General Fund employee benefits. This resulted in the General Fund balance being used for a portion of the cost of employee benefits. This allowed the City to maintain the same overall property tax rate (\$15,67209 per \$1,000 of valuation) in recent years.

General Fund
Expenditures by Type

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change from 2017/2018 Budget
Personal Services	\$ 13,291,411	\$ 14,063,596	\$ 14,979,800	\$ 14,844,600	\$ 15,653,000	4.5%
Commodities	753,865	826,149	989,950	825,150	973,550	-1.7%
Contractual Services	2,224,791	2,476,141	2,374,850	2,739,850	2,440,550	2.8%
Capital Outlay	457,452	878,392	530,000	529,300	591,000	11.5%
Transfers and Assigned Funding	<u>927,221</u>	<u>636,836</u>	<u>538,251</u>	<u>569,651</u>	<u>507,400</u>	-5.7%
Total	<u><u>\$ 17,654,740</u></u>	<u><u>\$ 18,881,114</u></u>	<u><u>\$ 19,412,851</u></u>	<u><u>\$ 19,508,551</u></u>	<u><u>\$ 20,165,500</u></u>	3.9%

General Fund
Summary of Expenditures

Function/Activity	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised 2017/2018	Budget 2018/2019	Percent Change from FY 2018 Budget
General Government						
Mayor and Council	\$ 66,664	\$ 72,249	\$ 76,500	\$ 76,500	\$ 94,800	23.9%
Legal Services	123,009	346,552	150,700	200,000	175,000	16.1%
City Administrator	327,835	341,345	386,300	397,500	403,500	4.5%
Human Resources	153,260	147,567	162,300	159,100	168,500	3.8%
Wellness Program	52,535	54,067	60,500	60,400	61,500	1.7%
Finance and Records	574,521	593,787	648,000	623,400	631,000	-2.6%
Information Technology	274,705	281,085	307,700	305,000	307,800	0.0%
Risk Management	233,460	254,250	289,500	450,900	293,700	1.5%
Building and Grounds	539,404	533,976	620,800	599,100	682,800	10.0%
Subtotal	<u>\$ 2,345,393</u>	<u>\$ 2,624,878</u>	<u>\$ 2,702,300</u>	<u>\$ 2,871,900</u>	<u>\$ 2,818,600</u>	4.3%
Public Safety						
Police Operations	\$ 4,503,183	\$ 4,643,947	\$ 4,852,100	\$ 4,844,000	\$ 4,982,100	2.7%
Animal Control	118,788	124,522	131,300	131,000	137,500	4.7%
Fire Operations	3,893,610	4,245,810	4,354,400	4,420,900	4,535,500	4.2%
Subtotal	<u>\$ 8,515,581</u>	<u>\$ 9,014,279</u>	<u>\$ 9,337,800</u>	<u>\$ 9,395,900</u>	<u>\$ 9,655,100</u>	3.4%
Culture and Recreation						
Library	\$ 1,090,300	\$ 1,116,300	\$ 1,120,700	\$ 1,120,700	\$ 1,160,600	3.6%
Cable Television Operations	16,053	18,380	32,400	34,400	21,300	-34.3%
Art Center	320,851	327,410	342,100	343,900	363,400	6.2%
Park Administration	172,324	181,275	190,700	191,500	197,400	3.5%
Park Maintenance	610,170	673,929	702,000	727,800	804,700	14.6%
Kent Stein Park	186,258	209,014	210,800	217,200	219,000	3.9%
Soccer Complex	205,387	194,205	196,800	215,700	198,800	1.0%
Swimming Pools	157,696	165,227	157,100	157,100	158,000	0.6%
Recreation	96,176	102,747	121,100	110,900	120,600	-0.4%
Cemetery	157,652	162,028	169,000	173,400	173,500	2.7%
Subtotal	<u>\$ 3,012,867</u>	<u>\$ 3,150,515</u>	<u>\$ 3,242,700</u>	<u>\$ 3,292,600</u>	<u>\$ 3,417,300</u>	5.4%

General Fund
Summary of Expenditures

Function/Activity	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised 2017/2018	Budget 2018/2019	Percent Change from FY 2018 Budget
Health and Social Services						
Economic Well-Being	\$ 45,000	\$ 45,000	\$ 55,000	\$ 55,000	\$ 50,000	-9.1%
Subtotal	\$ 45,000	\$ 45,000	\$ 55,000	\$ 55,000	\$ 50,000	-9.1%
Community and Economic Development						
Community Development	\$ 709,050	\$ 716,937	\$ 765,700	\$ 785,500	\$ 818,300	6.9%
Economic Development	131,540	140,443	145,500	163,300	193,000	32.6%
Subtotal	\$ 840,590	\$ 857,380	\$ 911,200	\$ 948,800	\$ 1,011,300	11.0%
Public Works						
Public Works Administration	\$ 197,630	\$ 183,168	\$ 195,400	\$ 195,700	\$ 206,000	5.4%
Roadway Maintenance	1,294,039	1,499,071	1,502,600	1,520,200	1,467,300	-2.3%
Traffic Control	160,512	173,462	175,000	173,900	192,900	10.2%
Snow and Ice Control	239,465	378,832	478,200	257,700	486,200	1.7%
Street Cleaning	201,015	371,855	205,300	202,100	210,100	2.3%
Engineering	132,866	144,924	161,200	187,000	266,800	65.5%
Subtotal	\$ 2,225,527	\$ 2,751,312	\$ 2,717,700	\$ 2,536,600	\$ 2,829,300	4.1%
Transfers and Assigned Funding						
Transit System Subsidy	\$ 250,653	\$ 200,745	\$ 100,000	\$ 100,000	\$ 50,000	-50.0%
Airport Subsidy	26,757	20,272	36,100	47,700	33,900	-6.1%
Levee Project Subsidy	55,872	16,732	60,051	60,051	0	-100.0%
Equipment Replacement Allocation	188,000	200,000	200,000	200,000	250,000	25.0%
Equipment Replacement - Ambulance Allocation	148,500	0	0	0	0	
Assigned Funding Non-Union Merit Pay	0	0	50,000	0	50,000	0.0%
Subtotal	\$ 669,782	\$ 437,749	\$ 446,151	\$ 407,751	\$ 383,900	-14.0%
Total	\$ 17,654,740	\$ 18,881,113	\$ 19,412,851	\$ 19,508,551	\$ 20,165,500	3.9%

Function:
General Government

Department:
Legislative and Council

Activity:
Mayor and Council

GENERAL INFORMATION

The City Council is the legislative branch of the Muscatine City government. All policy-making decisions affecting City government are determined by the City Council and are adopted by formal ordinance, resolution, or motion. The presiding officer of the City Council is the Mayor. The City Council is responsible for appointing the Boards and Advisory Commissions of the City. There are ten (10) different Boards and Advisory Commissions who assist the City Council in formulating the programs and services provided to the citizens of Muscatine. The City Council hires the City Administrator to carry out the day-to-day administration of the City and to administer and implement the policy directions as adopted by the City Council.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is the same as the original budget. The 2018/2019 budget is \$18,300 (23.9%) more than the 2017/2018 budget. Of this increase, \$17,200 is in capital outlay which includes \$11,200 for developing a City App, \$3,000 for Council Chamber security improvements, and \$3,000 for an alarm button system to enhance security in City Hall. Audit costs allocated to this budget are budgeted to be \$1,000 more than the 2017/2018 budget and there was a \$100 increase in pension and retirement costs due to the increase in the IPERS contribution rate.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Regular Council Meetings	24	24	24	24	24
In-Depth Meetings	9	11	11	10	11
Budget Meetings	8	9	9	9	9
Other Meetings	0	1	2	1	1
Joint Meetings:					
County Board of Supervisors	0	1	0	1	1

***CITY OF MUSCATINE CORE VALUES,
VISION, AND MISSION***

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- Integrity
- Respect
- Innovation
- Excellence
- Professionalism
- Customer Service
- Fiscal Responsibility

Vision

Muscatine is a vibrant river community where a rich tradition of community pride and entrepreneurial spirit has created an outstanding environment to live and work. Muscatine values its history, has a strong sense of community, is rich in cultural and economic diversity, and has strong global connections. Muscatine residents, businesses, and its local government are engaged and achieve goals through valued partnerships.

Mission

Provide effective municipal services, excellent customer service, and sound fiscal management that improves quality of life and ensures a sustainable economy.

***OBJECTIVES TO BE ACCOMPLISHED IN
2018/2019 AND FUTURE YEARS***

Ongoing Opportunities

- Attract employees that work in Muscatine, but do not live in Muscatine. Focus on new employees entering the Muscatine workforce
- Partner with local organizations and governments to combine services or cooperate where feasible and appropriate
- Position the City to address potential shortfalls in revenue due to state and federal mandates, work to leverage local funding with grants, and increase the City's General Fund balance
- Work to retain Tax Increment Financing (TIF) as a municipal economic development tool
- Increase community awareness and engagement (Tell Muscatine's story)

Council and Management Agenda 2018-2019

Community and Economic Development

- Evaluate areas, programs and opportunities for economic development
 - Update the City's Urban Renewal and Revitalization Areas (TIF and Tax Abatement)
 - Industrial Park (South End) – Create new TIF District
 - Highway 38-61 Industrial Park/Mixed Use Development
 - Create new TIF and tax abatement districts
 - Create a downtown façade program

- Market economic development programs
 - Budget for and create/review website and signage opportunities
 - Work with local banks, real estate companies and others to promote plans and incentives
- Develop Port based upon feasibility study results:
 - Research and prepare grants (USEDA, TIGER, USDOT, FEMA, etc.) (2017)
 - Permitting and environmental review (2018)
 - Engineering/design for related infrastructure (2018-2019)
 - Construction to follow permitting and environmental clearance
- Develop vision and prepare Request for Proposals (RFP) for the redevelopment of the “Carver Corner” area
- Adopt policies or guidelines on public art and communications on city-owned land and rights-of-way (Community Improvement Action Team (CIAT) or Council subcommittee)
- Develop a comprehensive plan or vision for the downtown
 - Design and construct 2nd Street “Streetscape” project addressing storm water at the same time

Housing

- Promote infill opportunities and evaluate opportunities to improve current housing stock (voluntary and involuntary opportunities), including the adoption of a property maintenance code and non-residential design guidelines
- Review and sell, redevelop, repurpose, or demolish nuisance and city-owned properties (create assets versus liabilities)
- Implement and market the Housing Demand Study (Downtown, Single Family, Multi-Family, Pocket Neighborhoods, etc.)
 - Conduct community presentations that communicate the need
 - Add web and social media content
 - Assemble developable sites
 - Identify public, private, and partnership opportunities
 - Identify infrastructure needs and code changes to implement study

Programs and Services

- Complete the rewrite of the 1974 Zoning Ordinance
 - Sign regulations, property maintenance codes, home-based businesses, and form based zoning
 - Develop a youth diversion program for at risk youth in cooperation with the Police Department, School District, Juvenile Probation and other parties; educate and train staff

Marketing, Communication, and Engagement

- Develop and implement a marketing plan for the City of Muscatine in cooperation with the Greater Muscatine Chamber of Commerce and Industry (GMCCI), Muscatine School District, Muscatine Community College, Muscatine Power and Water, Unity Point - Trinity Muscatine, and the Convention and Visitors Bureau (CVB)
- Enhance the City’s website, expand the use of social media tools for public communication, and explore opportunities for a city mobile application (app)
- Continue communication efforts with a focus on increasing transparency and ease of use. Investigate and develop dashboards (visual metrics) for public, Council, and staff use (i.e. Opengov or internal program)

Continuous Service Improvement (Processes, Technology and Efficiency)

- Improve organizational effectiveness and efficiency
- Bring technology to the field (drive efficiency)
- Work with GMCCI, downtown businesses and residents to create a clean and inviting environment downtown and other areas in need (i.e. gateways and major corridors)
- Evaluate LEAN in local government and whether to continue the initiative and if so, in what format

Sustainability

- Develop a Sustainable Muscatine program and the associated policies to incorporate community sustainability principles of economic prosperity, environmental integrity and cultural vibrancy into the City Comprehensive Plan. This will integrate public, private, and non-profit groups as well as individuals to build sustainability practices into planning, budgeting, facilities and operations locally and regionally.
 - Establish a broad-based stakeholder group or committee to draft guidance documents or policies
 - Evaluate “green” facility initiatives (solar power, lighting, automated lighting, etc.)

Key Projects, Programs and Placemaking

- Develop a plan for the renewal of the Local Option Sales Tax continuing its focus on sewer separation and streets
- Infrastructure: Maximize current resources, look for operational efficiencies, focus on preventive and deferred maintenance, and look for “green” initiatives that are feasible and demonstrate long-term benefits
- Update and implement Capital Improvement Plan (CIP) with focus on existing infrastructure
- Mississippi Drive (2018-2019)
 - Finalize 2nd and Mulberry, Carver Corner, and Broadway to Carver Corner
- Grandview Avenue (2019-2020)
- Explore Placemaking projects – develop and maintain local amenities for residents that attract and retain a quality workforce (aesthetics, pocket parks, native plantings, low maintenance, appropriate trees)
 - Implement Pearls of Progress Community Attractions and Tourism (CAT) Grant projects
- Combined Sewer Overflow (CSO) (multiple phases through 2028) (Phase 4 2018)
- City Hall HVAC and building envelope plan
- Riverfront Master Plan – develop implementation strategy and work to implement low cost items
- Develop 2nd Street “Streetscape” Plan and scope
- Water Pollution Control Plant (WPCP) Receiving Station and Waste to Energy Projects
- Library transition to the new Musser Public Library and HNI Community Center
- Review opportunities for reuse of the “old” Musser Public Library building or site
- Reforestation (Grants, CSO, Downtown, Riverfront, Grandview, right-of-way, Emerald Ash Borer (EAB))
- Solid Waste operations review/evaluation
- Review and discuss options for city-wide storm water and sewer issues
- Rezone and work to acquire IDOT maintenance facility for public safety and public works needs as well as to implement a regional storm water management area (infiltration and retention)

Pride in Muscatine

- Work to develop a positive reputation for Muscatine in the region
- Work to create strong community and neighborhood events with active participants
- Encourage participation in Muscatine, whether it be in local government or with any of the other numerous opportunities
- Create or improve public gathering places
- Work to create a strong sense of community
- Work to have more people calling Muscatine their “hometown”
- Market the many good things happening in Muscatine
- Strengthen community service partnerships

Function:
General Government

Department:
Legislative and Council

Activity:

Mayor and City Council

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>	<u>Percent Change</u>
Expenditure Summary						
Personal Services	\$ 39,780	\$ 41,374	\$ 41,400	\$ 41,400	\$ 41,500	0.24%
Commodities	912	686	2,050	1,650	1,650	-19.51%
Contractual Services	25,972	30,190	33,050	33,450	34,450	4.24%
Capital Outlay	-	-	-	-	17,200	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 66,664</u>	<u>\$ 72,250</u>	<u>\$ 76,500</u>	<u>\$ 76,500</u>	<u>\$ 94,800</u>	23.92%
Funding Sources						
General Revenues	<u>\$ 66,664</u>	<u>\$ 72,250</u>	<u>\$ 76,500</u>	<u>\$ 76,500</u>	<u>\$ 94,800</u>	23.92%

Personnel Schedule						
	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>	<u>Budget Amount 2018/2019</u>
Part Time Positions:						
Mayor	1	1	1	1	1	
Councilmembers	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	
Total	8	8	8	8	8	\$ 37,800
Employee Benefits						3,700
Total Personal Services						<u>\$ 41,500</u>

Capital Outlay		
Item:	Replacement	Amount
City App	No	\$ 11,200
Council Chambers Security Improvements	No	3,000
City Hall Alarm Button System	No	3,000
		<u>\$ 17,200</u>

Function:
General Government

Department:
Legislative and Council

Activity:
Legal Services

GENERAL INFORMATION

The City Attorney is retained by the City on a part-time basis and paid on an hourly basis. The City's previous long-serving City Attorney retired at the end of October, 2010. After soliciting proposals from interested attorneys, Matt Brick of the Brick Gentry Law Firm was selected to serve as the City Attorney at a rate of \$150 per hour. The part-time City Attorney is available to the City Administrator and City staff on an "as needed" basis for legal assistance.

With the change in City Attorneys, the City's prosecution function was separated from the City Attorney function. The previous City Prosecutor left her position in 2014 and the City entered into an agreement with the County Attorney's office for city prosecutor services effective July 1, 2014 at an annual cost of \$40,000. Having the County Attorney prosecute City cases allowed for a structural change in how these cases are prosecuted and with that change additional court fine revenue is expected.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate for Legal Services of \$200,000 is \$49,300 more than the original budget. Actual legal costs vary from year to year due to projects and issues that arise. During the 2017/2018 year additional legal services were needed for the lawsuit with the Iowa Department of Transportation for ATE (automated traffic enforcement cameras) and other legal services as requested by the City Council and City staff.

The 2018/2019 legal services budget is projected at \$175,000 which is \$24,300 (16.1%) higher than the original 2017/2018 budget, but \$25,000 less than the 2017/2018 revised estimate. Actual legal costs can vary from this estimate since many projects and issues that need legal assistance cannot be anticipated. Legal services costs for capital projects and enterprise funds are charged to those projects or funds.

GOAL STATEMENT

To provide legal services per the City Code to insure that all functions of the City are performed on a legal basis in accordance with the City Code, State Statutes, and Federal laws and regulations; to prosecute City Ordinance violations and defend the City when involved in lawsuits.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
City Attorney (excluding Human Resources legal services) *	1,013	1,367	2,220	1,400	1,400

* City Attorney hours include those charged to capital projects and enterprise funds.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To continue to respond to requests for assistance in legal matters by the Mayor, City Council, and City Administrator (all legal services requests are made through the City Administrator).
- * Working with City staff assist in the completion of the comprehensive update to the City Code including the Zoning Ordinance update for review and adoption by City Council. **(Council and Management Programs and Services Goal)**
- * Work with the City to bring resolution to the automated traffic enforcement (ATE) litigation via the courts or through legislation.

Function:
General Government

Department:
Legislative and Council

Activity:
Legal Services

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	123,099	346,551	150,700	200,000	175,000	16.12%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 123,099</u>	<u>\$ 346,551</u>	<u>\$ 150,700</u>	<u>\$ 200,000</u>	<u>\$ 175,000</u>	16.12%
Funding Sources						
General Revenues	<u>\$ 123,099</u>	<u>\$ 346,551</u>	<u>\$ 150,700</u>	<u>\$ 200,000</u>	<u>\$ 175,000</u>	16.12%

Function:
General Government

Department:
City Administrator

Activity:
City Administrator

GENERAL INFORMATION

The City Administrator is responsible for the overall management and administrative coordination of activities of the City of Muscatine. All departments under the City Council report to and are responsible to the City Administrator. All Council matters from the various departments, boards, and commissions are presented by the City Administrator to the City Council with specific recommendations. Upon approval by the City Council of various programs and policies, it is the responsibility of the City Administrator for their implementation according to Council direction.

The City Administrator is also responsible for the preparation of the annual budget for review and adoption by the City Council. Additionally, the City Administrator interacts with both public and private entities to promote community-based projects.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$11,200 more than the original budget. Personal services costs are \$12,600 more than the original budget primarily due to increased employee insurance costs. Two new employees in this budget opted for family health insurance instead of the single coverage carried by the previous employees. Savings of \$1,400 in capital outlay for the new OpenGov software offset a portion of this increase.

The 2018/2019 budget is \$17,200 (4.5%) higher than the original 2017/2018 budget. Personal services costs are \$21,300 higher than the previous year's budget with most of this increase due to the family health insurance coverage for the two new employees. While the 2017/2018 budget included \$15,000 for the initial payment for the OpenGov software as capital outlay, the first annual ongoing service fee for this software of \$10,900 is included in the contractual services accounts. This cost difference offset a portion of the increased personal services costs.

This budget again includes the Communications Manager, which was a position added for the 2015/2016 budget. While 100% of the cost of this position is accounted for in this budget, this position oversees communications in all City departments and transfers from five other funding sources provide 5/6 of the funding for this position. The other funding sources that share equally in the cost of this position are the Water Pollution Control, Refuse Collection, Collection and Drainage, Public Works Administration (Road Use Tax funded), and Tax Increment fund budgets.

GOAL STATEMENT

To improve the service and program capabilities of the City of Muscatine through the effective and efficient forecasting and planning of financial, manpower, and material needs of the City; to assist the City Council in developing the City needs in services and programs; to implement such services and programs established by the City Council through continual evaluation of the organizational structure of the City.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
City Council Agenda Items Presented	234	336	351	350	350
Staff Meetings Held	23	23	23	23	23
Greater Muscatine Chamber of Commerce and Industry (GMCCI) Board Meetings	5	5	5	5	5
Quad City Area Managers Meetings (Bi-State)	8	6	5	6	6
State Association Meetings (IaCMA)	1	1	1	1	1
International City/County Management Association (ICMA)	1	1	1	1	1
Municipal Management Institute (IMMI)	1	1	1	1	1
Municipal Attorneys Association (IMAA)	1	1	1	1	1
League of Cities (Board, Committees, Mid-Sized Cities, Annual and Special Meetings)	18	12	4	4	4
GMCCI Committee Meetings	18	24	6	6	6

Communications Metrics

	July 1, 2015 – December 31, 2015	January 1 – December 31, 2016	January 1 – December 31, 2017	Estimate 2018
Facebook Page Likes	2,254	3,598	4,695	5,500
Average Weekly Post Reach on Facebook	12,819 (July – December. 27, 2015)	18,345 (Dec. 28, 2015 – December 18, 2016)	27,436 Through 12/30/17	30,000
Twitter Followers	779	977	1,169	1,300
Instagram Followers	104	161	277	350
City of Muscatine eNewsletter Subscribers	191	340	427	500
City of Muscatine eNewsletters Sent	0	12	11	12
Press Releases Sent	26	44	159	250
Blog Posts Published	21	31	16	24
Blog Views	4,328	5,686	4,669	6,000

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Council and Management Agenda 2018-2019

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Key Projects, Programs and Placemaking

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- Explore Placemaking projects – develop and maintain local amenities for residents that attract and retain a quality workforce (aesthetics, pocket parks, native plantings, low maintenance, appropriate trees)
 - Implement Pearls of Progress Community Attractions and Tourism (CAT) Grant projects
- Combined Sewer Overflow (CSO) (multiple phases through 2028) (Phase 4 2018)
- City Hall HVAC and building envelope plan
- Riverfront Master Plan – develop implementation strategy and work to implement low cost items
- Develop 2nd Street “Streetscape” Plan and scope
- Water Pollution Control Plant (WPCP) Receiving Station and Waste to Energy Projects
- Library transition to the new Musser Public Library and HNI Community Center
- Review opportunities for reuse of the “old” Musser Public Library building or site
- Reforestation (Grants, CSO, Downtown, Riverfront, Grandview, right-of-way, Emerald Ash Borer (EAB))
- Solid Waste operations review/evaluation
- Review and discuss options for city-wide storm water and sewer issues
- Rezone and work to acquire IDOT maintenance facility for public safety and public works needs as well as to implement a regional storm water management area (infiltration and retention)

Pride in Muscatine

- Work to develop a positive reputation for Muscatine in the region
- Work to create strong community and neighborhood events with active participants
- Encourage participation in Muscatine, whether it be in local government or with any of the other numerous opportunities
- Create or improve public gathering places
- Work to create a strong sense of community
- Work to have more people calling Muscatine their “hometown”
- Market the many good things happening in Muscatine
- Strengthen community service partnerships

Function:
General Government

Department:
City Administrator

Activity:
City Administrator

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 308,000	\$ 317,550	\$ 343,700	\$ 356,300	\$ 365,000	6.20%
Commodities	2,818	2,346	3,400	3,400	3,400	0.00%
Contractual Services	14,050	18,340	24,200	24,200	35,100	45.04%
Capital Outlay	2,967	3,109	15,000	13,600	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 327,835</u>	<u>\$ 341,345</u>	<u>\$ 386,300</u>	<u>\$ 397,500</u>	<u>\$ 403,500</u>	4.45%
Funding Sources						
Funding Transfers for						
Communications Manager	\$ 49,600	\$ 54,400	\$ 58,000	\$ 58,000	\$ 67,500	16.38%
General Revenues	<u>278,235</u>	<u>286,945</u>	<u>328,300</u>	<u>339,500</u>	<u>336,000</u>	2.35%
Total	<u>\$ 327,835</u>	<u>\$ 341,345</u>	<u>\$ 386,300</u>	<u>\$ 397,500</u>	<u>\$ 403,500</u>	4.45%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
City Administrator	1.00	1.00	1.00	1.00	1.00	
Communications Manager	1.00	1.00	1.00	1.00	1.00	
Administrative Secretary	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total Full Time	3.00	3.00	3.00	3.00	3.00	\$ 260,100
Employee Benefits						<u>104,900</u>
Total Personal Services						<u>\$ 365,000</u>

Function:
General Government

Department:
City Administrator

Activity:
Human Resources

GENERAL INFORMATION

The Human Resources division consists of an allocation of 75% of the Human Resources Manager position and a 50% allocation of the Office Assistant position. The other 25% of the Human Resources Manager position is included in the Risk Management activity budget. The Human Resources division is responsible for the development of a uniform program for all City departments in the areas of hiring, training, risk management, and other personnel related issues. This division also assists departments with the administration of labor contracts and personnel guidelines. The City operates under the Iowa Civil Service Code which encompasses all employees except department heads, supervisors, confidential and library employees, and part-time employees as specified by the State Code.

Continued updating of the City's Equal Employment Opportunity Plan and Employee Personnel Manual, as well as the sponsoring of workshops and training sessions are responsibilities of the Human Resources Manager. The Human Resources Manager also serves as secretary to the Civil Service Commission and assists the Commission with the implementation of the State Code on Civil Service requirements.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is under the budgeted amount by \$3,200 due to decreased personal services costs. The previous Office Assistant allocated 50% to this budget moved to the Administrative Secretary position in the City Administrator's office which resulted in savings since the new employee was hired at a lower rate.

The 2018/2019 budget is \$6,200 (3.8%) more than the original 2017/2018 budget. There was a \$10,000 increase in labor attorney costs to assist in union negotiation since fiscal year 2018/2019 is the fifth year of five-year contracts with each of the City's three bargaining units. This increase was partially offset by a \$3,800 savings in personal services costs with the new Office Assistant at a lower pay rate and having single health insurance. This budget continues to include funds for city-wide supervisory training.

GOAL STATEMENT

To provide centralized human resources services and technical assistance to City departments and staff, Commissions, City employees, and applicants in an efficient and timely manner, and to maintain and process accurate records and information pertaining to employment related activities and commission actions.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Full-time Positions Hired	14	15	18	15	15
Permanent Part-time Positions Hired	5	7	10	8	8
Retirements	5	6	8	5	5
Personnel Actions Processed	408	410	418	410	410
Employment Applications Received	603	252	420	300	300
Civil Service Examinations Administered	12	8	10	10	10
Employee Training Programs	2	3	3	3	3
Civil Service Commission Meetings	9	4	3	5	5

RECENT ACCOMPLISHMENTS

The Human Resources staff has worked closely with the Wellness Coordinator to find program opportunities to tie the benefits of overall health and wellness to safety. Seeking ways to take a holistic approach will, in the long run, improve safety statistics, health insurance costs, and lost work time due to illnesses. Human Resources and Wellness staff have been working together to continuously improve the wellness offerings. The largest lifestyle related claims are reviewed jointly to help target programs that address these issues. This is an ongoing process.

Supervisory training sessions have been held on a quarterly basis and will continue. In October 2017 supervisors had training on dealing with difficult customers. There has also been training for City Hall employees and management staff in other departments on how to react in the event of an active shooter. Human Resources staff has also been working with individual departments to do in-house training related to specific needs.

Streamlined record keeping has continued. All seasonal employee files are now stored electronically. Regular employee files are currently in the process of being stored in an electronic format. Good progress has been made in this area and efforts will continue.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To continue efforts for consistent and meaningful training; ensure opportunities for all employees to receive training and updates at regular intervals. **(Council and Management Continuous Service Improvement Goal)**
- * To continue efforts to embed CSI (Continuous Service Improvement) principles in work processes throughout the City and find ways to measure efficiency improvements. **(Council and Management Continuous Service Improvement Goal)**
- * To begin preparation for union negotiations. This will include ensuring up to date job descriptions, pay plans, and benefits reviews.
- * To create metrics that provide useful and meaningful information to City Council and to the public using the OpenGov software system.

Function:
General Government

Department:
City Administrator

Activity:
Human Resources

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 110,023	\$ 116,036	\$ 121,600	\$ 118,400	\$ 117,800	-3.13%
Commodities	583	463	1,400	1,400	1,400	0.00%
Contractual Services	42,654	31,069	39,300	39,300	49,300	25.45%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 153,260</u>	<u>\$ 147,568</u>	<u>\$ 162,300</u>	<u>\$ 159,100</u>	<u>\$ 168,500</u>	3.82%
Funding Sources						
General Revenues	<u>\$ 153,260</u>	<u>\$ 147,568</u>	<u>\$ 162,300</u>	<u>\$ 159,100</u>	<u>\$ 168,500</u>	3.82%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Position Allocations:						
Human Resources Manager	0.75	0.75	0.75	0.75	0.75	
Office Assistant	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	
Total	1.25	1.25	1.25	1.25	1.25	\$ 84,700
Employee Benefits						<u>33,100</u>
Total Personal Services						<u>\$ 117,800</u>

Function:
General Government

Department:
Parks and Recreation

Activity:
Wellness Program

GENERAL INFORMATION

The City's Employee Wellness Program has been funded annually from the City's Health Insurance Fund. Wellness program activities vary a great deal and have included blood screening, physical fitness evaluations, flu shots, recreational activities, and alcohol and drug awareness programs. All full-time and part-time employees are eligible to participate. Spouses are also encouraged to participate. Other programs initiated by the wellness program include Smoke Stoppers, Weight Watchers, personal safety classes, stress management, and other health-related seminars and clinics. An ongoing emphasis of the wellness program is to promote a healthy lifestyle for employees and their families.

The program also provides ongoing employee blood pressure screenings as well as the Employee Fitness Scholarship program. This particular program offers partial reimbursement to employees who participate in local fitness centers.

CURRENT TRENDS AND ISSUES

Responsibility for the Wellness Program has been assigned to the Parks and Recreation department. The Program Supervisor is currently leading this program with the assistance of other Parks staff. One-half of the Parks Office Coordinator position is charged to this budget which represents time spent on this program by various park staff. The Wellness Program is also coordinated with Human Resources staff in order to develop and implement employee safety programs as well as providing traditional Wellness programs. Participation in the wellness program continues to elicit positive feedback from employees.

The revised estimate for 2017/2018 is \$100 less than the originally budgeted amount. The budget for 2018/2019 is \$1,000 (1.7%) more than the 2017/2018 budget due to increased personal services costs. The budget for 2018/2019 continues the wellness and health screening programs currently offered through the Wellness program and the Wellmark Wellness Incentive Program. This program gives participants the opportunity to track their daily wellness activities and earn points for specific activities. Accumulated points can then be redeemed for incentive prizes.

GOAL STATEMENT

To provide City of Muscatine employees and spouses with the knowledge necessary to help them become the best they can be physically and emotionally as individuals and as employees of the City, as part of the City's continued effort to improve employee efficiency and productivity.

PERFORMANCE MEASURES

	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Employee Wellness Opportunities	10	12	11	12	13
Employee Wellness Participants	300	300	324	335	350
Employee Assistance Program Participation Levels	8.8%	7.2%	6.43%	10%	10%
Condition Support Program (previously called Disease Management Program) Participants	70	70	41	70	80

RECENT ACCOMPLISHMENTS

Employee wellness continues to be important to City employees as demonstrated through their participation and continued interest in the wellness offerings as follows:

	THRIVE	Flu Shots	Wellness Screenings	Weight Loss Programs	Hearing Tests	Walk the Big Muddy	Wellness Scholarships
Participants	39	94	60	54	25	29	23

The City of Muscatine became a designated Blue Zones work site in July 2014. Designated Blue Zones worksites are committed to empowering employees to be happier, healthier, and more productive by creating healthier work environments by offering immunization clinics, providing literature on healthy lifestyles, and encouraging employees to be more active on a daily basis.

“Walk the Big Muddy” is a walking wellness program. Employees self-report either minutes walked or steps walked and earn prizes at check points as they “walk” the length of the Mississippi River. There are currently 29 employees participating.

Trinity/Unity Point continues to provide the employee health screenings. Those who have participated in multiple years are given comparative results from year to year that allows them to track their progress. Continuing these tests is important as typically these tests are not performed by a doctor until there are symptoms present, which in turn can make it more difficult/costly to treat. The health screenings received through the wellness program are a good way for employees who might have a borderline problem to get treatment or make lifestyle changes before a health crisis presents itself.

As an extra incentive to lose weight through diet and exercise, the wellness program again ran a “Biggest Loser” contest this summer. Thirty-four employees lost a combined 466 pounds during the 8-week program. A 6-week maintenance period was added this year. Sixteen employees were able to maintain their weight loss or lose more.

Wellness scholarships continue to be offered to employees. Participants are reimbursed for a portion of their fitness memberships by providing a log of their attendance at a fitness facility. City employees can also take part in Parks and Recreation department programs such as the Turkey Trot for no fee to encourage a healthy lifestyle.

Other programs that were held throughout the year include the Employee Assistance Program (counseling services), Influenza Vaccinations, Hepatitis B Vaccinations, Bloodborne Pathogens training, and Hearing Tests.

The THRIVE program continued. This program utilizes employee self-reporting to Wellmark of healthy lifestyles based on the Blue Zones philosophy of mental, physical, and emotional wellbeing. Points are earned for reported positive wellness activities. Points are then converted into gift card prizes.

The wellness offerings for city employees will continue to be evaluated to serve the needs of the employees. The Wellness Committee met to discuss the future of the Wellness Program and a plan was created to develop a new ongoing incentive based wellness program. The Wellness Committee will continue to discuss current and new programs.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To continue to examine the top four insurance claims and bring in educational speakers or classes to help employees better understand ways to stay healthy and safe.
- * To continue to promote THRIVE, the employee wellness incentive program, by visiting with each department at least once a year and offering one-on-one appointments to help employees sign up and participate.
- * To more actively promote participation in Trinity/Unity Point wellness screenings to increase participation by employees and their spouses.
- * To develop and offer at least one new wellness programs to increase employee participation.
- * To meet with the Wellness Committee quarterly to receive feedback on new programs and modifications to current programs, and brainstorming for new wellness programs.
- * To meet with employees to promote the Employee Assistance Program (EAP), the employee counseling program, by visiting with each department at least once a year to educate and remind employees about the program.
- * To provide more education and correspondence to employees about the Condition Support Program and how to participate in the program.

Function:
General Government

Department:
Parks and Recreation

Activity:
Wellness Program

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>	<u>Percent Change</u>
Expenditure Summary						
Personal Services	\$ 31,870	\$ 33,654	\$ 35,300	\$ 35,200	\$ 36,300	2.83%
Commodities	425	886	2,300	2,300	2,300	0.00%
Contractual Services	20,240	19,528	22,900	22,900	22,900	0.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 52,535</u>	<u>\$ 54,068</u>	<u>\$ 60,500</u>	<u>\$ 60,400</u>	<u>\$ 61,500</u>	1.65%
Funding Sources						
Health Insurance Funds	<u>\$ 52,535</u>	<u>\$ 54,068</u>	<u>\$ 60,500</u>	<u>\$ 60,400</u>	<u>\$ 61,500</u>	1.65%

Personnel Schedule						
	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>	<u>Budget Amount 2018/2019</u>
Full Time Position Allocation:						
Office Coordinator	0.50	0.50	0.50	0.50	0.50	\$ 22,900
Employee Benefits						13,400
Total Personal Services						<u>\$ 36,300</u>

Function:
General Government

Department:
Finance

Activity:
Finance and Records

GENERAL INFORMATION

The Finance department is responsible for managing all financial operations of the City of Muscatine. The primary function of the department is to maintain the City's financial records in accordance with generally accepted governmental accounting principles and to prepare the necessary financial data for the City Council, boards and commissions, the City Administrator, and department heads. The Finance Director oversees all Finance activities as well as the Information Technology and Parking divisions. Separate budgets are prepared for Information Technology and Parking.

CURRENT TRENDS AND ISSUES

The 2017/2018 Revised Estimate for the Finance department is under the original budget by \$24,600. While there are increases and decreases in various budget line items, the overall decrease is primarily due to the \$28,300 decrease in personal services. The personal services decrease includes (1) savings in the Accountant position from the temporary vacancy in this position and the new hire starting at Step 1 in the pay plan, (2) savings in benefit costs since the new Accountant has single health insurance instead of family, and (3) savings in the 25% allocation of the Office Assistant with the new person starting at Step 1 and carrying single health insurance. The personal services decrease was partially offset by a \$4,200 increase in election costs for the regular city election and the local option tax renewal referendum. The revised estimate also includes \$900 in capital outlay for two desktop scanners. The scanners are requested for the Accounting Supervisor (scanning reports to send to departments or others, etc.) and the Payroll Clerk (personnel action forms, other payroll-related documents, etc.).

The 2018/2019 budget is 2.6% (\$17,000) less than the original 2017/2018 budget. This overall decrease is due to (1) a \$2,800 decrease in employee wage and benefit costs which includes the 3.00% wage increase but also reflects the new Accountant and Office Assistant at lower rates than reflected in the original 2017/2018 budget, and these new employees having single rather than family health insurance coverage, (2) a \$6,900 decrease due to no biannual election in 2018/2019, (3) a \$6,900 decrease since no Local Option Tax renewal referendum is scheduled for 2018/2019, and (4) a \$400 net overall decrease in other line items.

GOAL STATEMENT

Finance - To provide a financial information system which provides City Council, commissions, boards, and staff with pertinent and necessary information in order to make informed decisions.

Records - To provide the City with an accurate and complete set of records which includes all proceedings and actions of the City Council, and to provide an orderly retrieval process for requested information.

Purchasing - To provide a purchasing program for all departments in the City in order to effectively search the marketplace for quality purchases at the lowest possible costs; and to assure that such materials and equipment will assist in performing the activities of the City in an efficient manner.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Finance:					
GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes	Submit Application	Submit Application
GFOA Budget Award	Yes	Yes	Yes	Yes	Submit Application
Moody's Investor Services Bond Rating	Aa2	Aa2	Aa2	Aa2	Aa2
City Vendors Checks Issued	5,107	4,984	6,101	5,200	5,200
City Vendor ACH Payments	N/A	164	194	195	195
Housing Programs Checks Issued	2,241	2,224	1,806	1,850	1,850
Housing Vendor ACH Payments	N/A	36	517	600	600
Payroll Checks Issued	2,678	2,293	2,100	2,100	2,100
Payroll Direct Deposit Transactions	6,383	6,813	7,556	7,600	7,600
Accounts Payable Transactions	31,012	28,667	26,935	27,000	27,000
City Receipt Transactions	12,706	12,623	12,703	12,900	12,900
Housing Receipt Transactions	2,501	2,466	2,406	2,500	2,500
Interest Earned	\$159,520	\$167,561	\$209,942	\$325,000	\$325,000
Records:					
Public Documents Recorded	234	324	351	350	350
Council Minutes Prepared	44	44	47	47	47
Notices Published	35	43	37	40	40
Purchasing:					
Purchase Orders Processed	2,155	2,296	2,479	2,500	2,500

RECENT ACCOMPLISHMENTS

Awards. The City received GFOA's Distinguished Budget Presentation Award for the 2017/2018 Budget. This was the 33rd consecutive year the City received this award. The City was awarded its 26th consecutive Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016.

West Hill Sewer Long-Term Financing Plan and Tax Renewal Referendum. City staff requested and received cost projections from Stanley Consultants for all future phases of the West Hill Sewer Separation project. Based on this schedule, the long-term financing plan for the project was updated by finance staff and Public Financial Management, the City's financial consultant. This plan was reviewed with City Council at the September 14, 2017 In Depth meeting. It is estimated that after phase 3 of the project is completed this year, that the overall West Hill Sewer Separation project will be 35% complete. The costs for the remaining phases are estimated at over \$40 million. Local Option Sales taxes (pending approval at the referendum to renew the tax) and the funds being set aside from the Water Pollution Control Plant (WPCP) and Collection & Drainage funds each year since 2011/2012, are expected to fund phases 4 and 5 of the project. A State Revolving Fund (SRF) Loan is projected to be needed by 2023 to fund phase 6 of the project. Based on the current cost estimates, it is projected that an SRF loan in the amount of \$22.8 million will be needed. The loan repayment schedule is currently projected for 10 years through fiscal year 2033/2034. Based on the loan

amount and the 10-year repayment schedule, it was proposed that the local option sales tax be renewed for 15 years after its expiration on June 30, 2019 and that 80% of the proceeds of the tax continue to be allocated to this project as well as to the annual debt service payments on the SRF loan. The date for the referendum for voters to consider this extension was set for March 6, 2018.

OpenGov Implementation. A City Council goal in recent years has been to increase public communication with a focus on increased transparency and ease of use for City Council, City staff, and the public. City Council approved the contract with OpenGov on April 20, 2017 and the project “Kickoff” was May 11, 2017. The financial data from the City’s financial software system can be integrated directly into the OpenGov software. The initial focus of the project was on financial information and Finance staff worked with OpenGov staff to upload the chart of accounts, actual financial information, classify information, and to set up reports. A team consisting of the Finance Director, Accounting Supervisor, Accountant, IT Manager, Communication Manager, and City Administrator worked on this project. An overview of the system was presented to City Council at the July 13, 2017 In Depth meeting and the system went “live” via the City’s website as of that date. The system includes financial information for each fiscal year beginning in 2011/2012. Four types of financial reports are available (1) Annual Financial Reports for Operating Funds (for both revenues and expenditures), (2) Monthly Financial Reports for Operating Funds, (3) Capital Projects Funds, and (4) Open Checkbook – multi-year beginning in FY 2014/2015. With each of these types of reports, users can “drill down” to get more detailed information. Efforts will next focus on adding department performance data to this system.

Muscatine Mall TIF Development Agreement Dissolved. The three parties to the original development agreement with the Muscatine Mall no longer had any ownership interest in the Mall and no ability to make improvements to this property going forward. With the agreement still in place, however, the City was still obligated to make rebate payments to the former owners and the remaining amount of potential TIF rebate obligations (\$5,174,263) was required to be considered as debt of the City and count against the City’s legal debt limit. In July of 2016 the City reached a settlement agreement with the former owners which terminated the agreement resulting in no future rebate obligations and no longer having to consider over \$5 million against the City’s legal debt limit.

Landfill Deficit Reduction/Elimination. Finance staff continues to monitor the long-term plan to eliminate the accumulated deficit in the Landfill fund. In the summer of 2010 the Finance Director participated in and prepared financial information for the Chamber Committee appointed to study and evaluate the landfill deficit of over \$2.5 million as of the end of the 2009/2010 fiscal year. Recommendations of the Committee were implemented in October of 2010 which were projected to assist in substantially reducing or eliminating this deficit over the upcoming years.

In 2010/2011 the Landfill deficit was reduced by \$412,000 to \$2,100,612. The deficit reduction for 2011/2012 was \$582,320 to \$1,518,292; in 2012/2013 the deficit was reduced by \$435,957 to \$1,082,335; in 2013/2014 it was further reduced by \$573,309 to \$509,026; and in 2014/2015 the deficit was eliminated and there was a positive balance of \$100,576 in the Landfill fund. The fund balance increased to \$635,191 at the end of the 2015/2016 fiscal year and further increased to \$993,064 at the end of 2016/2017. This balance is sufficient to fund construction of the next landfill cell which is currently under construction and is scheduled to be completed in December 2017.

Economic Development, TIF, and Tax Abatement. Several potential new multi-residential and commercial developments were considered by the City during the past year. Finance staff assisted in evaluating impacts of establishing these as Urban Renewal Tax Increment projects with TIF rebates or establishing urban

revitalization areas with tax abatements to assist with these developments. The recently completed Housing Demand Study demonstrated a need for the potential new multi-residential developments.

Pearls of Progress Project Financing. The City received notification on October 12, 2017 that this project had been awarded a \$500,000 grant from the Enhance Iowa Community Attractions and Tourism (CAT) program subject to meeting the local match requirements for the grant by November 30, 2017. The Pearls of Progress project includes four projects: the Musser Public Library and HNI Community Center building renovation, the new West Side Trail, the new Community Dog Park, and the new Deep Lakes Park Cabins. Fund-raising efforts by the Community Improvement Action Team were successful and the CAT grant was officially awarded on November 28, 2017. Finance staff worked with the City Planner to compile the documentation of the contributions and pledges for the local match requirement of this grant.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To submit the City's budget for consideration for the Distinguished Budget Presentation Award from the Governmental Finance Officers Association (GFOA).
- * To submit the City's comprehensive annual financial report for consideration for the Certificate of Achievement for Excellence in Financial Reporting from GFOA.
- * To implement Governmental Accounting Standards Board (GASB) Statements as they become effective. The Statements that will be effective for the upcoming year are GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*.
- * To assist in determining funding sources for capital projects identified in the Five Year Capital Improvement Plan. Major projects include the remaining phases of the Mississippi Drive Corridor project including the 2nd and Mulberry intersection, the Carver Corner intersection, and Grandview Avenue; the 2nd Street Streetscape Plan; components of the Riverfront Master Plan; building and facility deferred maintenance projects; the Water Pollution Control Plant Receiving Station and Waste to Energy projects; and the new Airport T-Hangar construction project. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To manage the Enhance Iowa Community Attractions and Tourism (CAT) grant and local match contributions and pledges for the Pearls of Progress project which includes the Musser Public Library and HNI Community Center building renovation, the new West Side Trail, the new Community Dog Park, and the new Deep Lakes Park Cabins. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To prepare educational information for the public for the March 6, 2018 local option sales tax continuation referendum. The information will include a summary of projects completed since the tax was implemented in 1994 and the planned uses of the tax during the proposed 15-year continuation period. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To continue to assist in the evaluation of economic development project incentive programs including tax increment financing and tax abatement programs for new or expanding commercial and industrial projects, new housing developments, and rehabilitation of existing housing. **(Council and Management Economic Development Goals)**

- * To continue to monitor and review solid waste operations including (1) the long-term financial plan which eliminated the previous accumulated deficit in the landfill fund, and (2) the commercial refuse collection operation for accounts with dumpsters. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To maintain and enhance the OpenGov transparency tool implemented in 2017 with enhancements to include metrics and dashboards for all City departments. **(Council and Management Marketing, Communication, and Engagement Goal)**
- * To review and draft proposed updates to various City policies including the Purchasing Manual, change order policy, and vacation/sick leave policies. **(Council and Management Continuous Service Improvement Goal)**
- * To implement the remaining features of the financial software system including the Fire Fair Labor Standards Act (FLSA) computations and project/grant reporting features. **(Council and Management Continuous Service Improvement Goal)**

Function:
General Government

Department:
Finance

Activity:

Finance and Records

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 468,584	\$ 496,405	\$ 528,500	\$ 500,200	\$ 525,700	-0.53%
Commodities	7,545	7,497	12,200	11,200	11,300	-7.38%
Contractual Services	98,394	89,883	107,300	111,100	94,000	-12.40%
Capital Outlay	-	-	-	900	-	
Debt Service	-	-	-	-	-	
Total Expenditures	<u>\$ 574,523</u>	<u>\$ 593,785</u>	<u>\$ 648,000</u>	<u>\$ 623,400</u>	<u>\$ 631,000</u>	-2.62%
Funding Sources						
Licenses and Permits	\$ 42,566	\$ 43,820	\$ 42,500	\$ 44,000	\$ 44,000	3.53%
Housing Accounting Fees	57,400	59,000	60,800	60,800	62,600	2.96%
General Revenues	<u>474,557</u>	<u>490,965</u>	<u>544,700</u>	<u>518,600</u>	<u>524,400</u>	-3.73%
Total Funding Sources	<u>\$ 574,523</u>	<u>\$ 593,785</u>	<u>\$ 648,000</u>	<u>\$ 623,400</u>	<u>\$ 631,000</u>	-2.62%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Finance Director	0.95	0.95	0.95	0.95	0.95	
Accounting Supervisor	1.00	1.00	1.00	1.00	1.00	
Accountant	1.00	1.00	1.00	1.00	1.00	
Senior Account Clerk	1.00	1.00	1.00	1.00	1.00	
Account Clerk	1.00	1.00	1.00	1.00	1.00	
Finance Secretary/ Parking Coordinator	0.50	0.50	0.50	0.50	0.50	
Office Assistant	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	5.70	5.70	5.70	5.70	5.70	\$ 375,500
Employee Benefits						<u>150,200</u>
Total Personal Services						<u>\$ 525,700</u>

Function:
General Government

Department:
Finance

Activity:
Information Technology

GENERAL INFORMATION

The Information Technology activity was established for the purpose of accounting for costs relating to the repair, maintenance, and operation of the City computer systems; to keep up with technological advances; and to meet the ongoing needs for employee computer-related training. This activity includes two positions, the Information Technology Manager and a Computer Technician. These individuals are responsible for all of the City's computer systems including the critical Public Safety computer systems.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is \$2,700 less than the original budget. Personal services costs in the revised estimate increased by \$1,200 due to a wage adjustment, and contractual services decreased by \$3,800.

The 2018/2019 budget is \$100 higher than the original 2017/2018 budget. Increases in personal services costs were nearly offset by a decrease in contractual services. The budget again this year includes a transfer of \$40,000 to the Computer Replacement Reserve to fund computer hardware replacements in General Fund departments. All computer-related purchases are coordinated by the Information Technology Manager. Computer-related purchases in enterprise funds are funded from those funds.

GOAL STATEMENT

To provide maintenance, support, education, and training for the efficient and productive operation of all the computer systems throughout the City organization; to increase the computer literacy of all City employees; and to aggressively pursue using computer technology to enhance communications with the citizens.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Personal Computers Maintained (Includes Tablets beginning in 2015/2016)	241	248	247	250	250
Network Maintained	3	4	4	4	4
AS/400's Maintained	1	1	1	1	1
Training Sessions	9	11	7	10	10

RECENT ACCOMPLISHMENTS

The IT division transformed the digital connection between City Hall and the Public Safety Building to fifth generation 802.11ac. The newer connection provides additional bandwidth to provide for future growth and to maintain a high level of security for the City's network and telephone (VoIP) infrastructure.

Staff also facilitated the installation of a new media system in the Council Chambers. This new system allows for live streaming of meetings in the Council Chambers as well as transmission of high-definition video through existing public access channels. Once Muscatine Power & Water's cable to the home project is completed, citizens will have on-demand access to available content via public access. On-demand is currently available via the city's website and social media.

A unified wireless access system was installed in the Public Safety Building. This professional grade WiFi system can service both staff and guests with secure internet access including the ability to move throughout the facility without signal loss or the need to reconnect. Also, staff has the ability to access the City's network resources if necessary.

All of the public computers were replaced at the Musser Public Library. This project became a necessity due to a storm causing the roof to leak resulting in the computers being flooded. The cost of this project was reimbursed by the City's insurance carrier.

The IT division implemented a new handheld system for the Parking division. The existing handhelds were obsolete equipment and the need to change was prompted by a parking attendant damaging a handheld during normal use. A number of database and network changes were required in order to utilize the new hardware. Staff also procured and implemented a large format scanner for use in the Community Development department.

After an HVAC failure in the computer room at City Hall, an environmental monitor was installed that will notify IT and Building and Grounds staff if the temperature or humidity falls outside of a predefined range.

A surveillance camera was installed on the tower at Muscatine Community College that includes a virtual private network (VPN) connection back to the Public Safety Building for recording and monitoring.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To seamlessly transition the Musser Public Library into their new location. During this task continue to seek techniques to increase efficiency for both staff and library patrons. Examples include but are not limited to different digital communications topologies, security camera systems, network server operating system upgrades, etc. **(Council and Management Continuous Service Improvement Goal)**
- * To continue to migrate to a newer server operating system. The bulk of the City's servers are running a nine-year-old operating system that is scheduled to be obsolete by the manufacturer in January of 2020 and need to be updated prior to that date.
- * To continue to shift to a newer desktop operating system. The bulk of the workstations are running a seven-year-old operating system that is scheduled to be obsolete in January of 2020 and need to be updated prior to that date. This task began in 2016 and will continue until completed.

- * To acquire and install a sixth generation firewall for ongoing security of the city's data network. A new firewall will allow the city to take advantage of new security technologies such as deep packet inspection (DPI) and Capture Advanced Threat Protection (ATP).

Function:
General Government

Department:
Finance

Activity:
Information Technology

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 177,997	\$ 186,741	\$ 194,800	\$ 196,000	\$ 202,500	3.95%
Commodities	1,182	2,069	1,800	1,800	1,800	0.00%
Contractual Services	55,526	52,276	58,800	55,000	50,100	-14.80%
Capital Outlay	-	-	12,300	12,200	13,400	8.94%
Transfers	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	0.00%
Total Expenditures	<u>\$ 274,705</u>	<u>\$ 281,086</u>	<u>\$ 307,700</u>	<u>\$ 305,000</u>	<u>\$ 307,800</u>	0.03%
Funding Sources						
IT Administrative Fees	\$ 28,500	\$ 29,300	\$ 30,100	\$ 30,100	\$ 31,000	2.99%
General Revenues	<u>246,205</u>	<u>251,786</u>	<u>277,600</u>	<u>274,900</u>	<u>276,800</u>	-0.29%
Total Funding Sources	<u>\$ 274,705</u>	<u>\$ 281,086</u>	<u>\$ 307,700</u>	<u>\$ 305,000</u>	<u>\$ 307,800</u>	0.03%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Information Technology						
Manager	1.00	1.00	1.00	1.00	1.00	
Computer Technician	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total	2.00	2.00	2.00	2.00	2.00	\$ 137,700
Employee Benefits						<u>64,800</u>
Total Personal Services						<u>\$ 202,500</u>

Capital Outlay		
Item:	Replacement	Amount
Network Firewall	Yes	<u>\$ 13,400</u>

Capital Outlay Funding Transfer	
Item:	Amount
Funding Transfer to Computer Replacement Fund	<u>\$ 40,000</u>

Function:
General Government

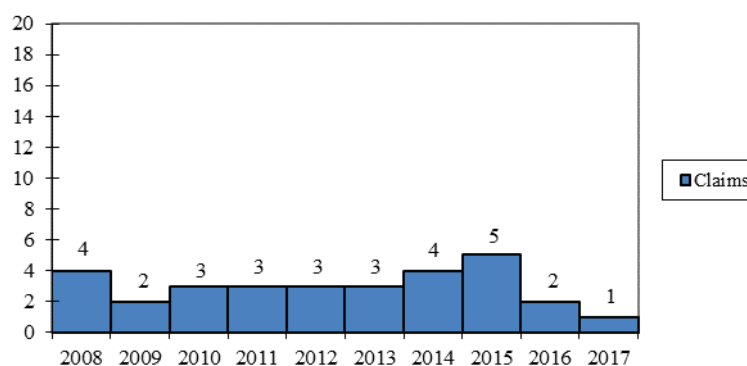
Department:
City Administrator

Activity:
Risk Management

GENERAL INFORMATION

This budget includes the City's Risk Management Program, Insurance Program, and Employee Safety Program. The budget allocates funding for the Human Resources Manager's time for Risk Management and Safety Program responsibilities. The City's Wellness Program is also involved in developing and sharing safety information with City employees. There was one lost time workers compensation claim recorded for the City during calendar year 2017. The history of lost time claims for the past ten years is as follows:

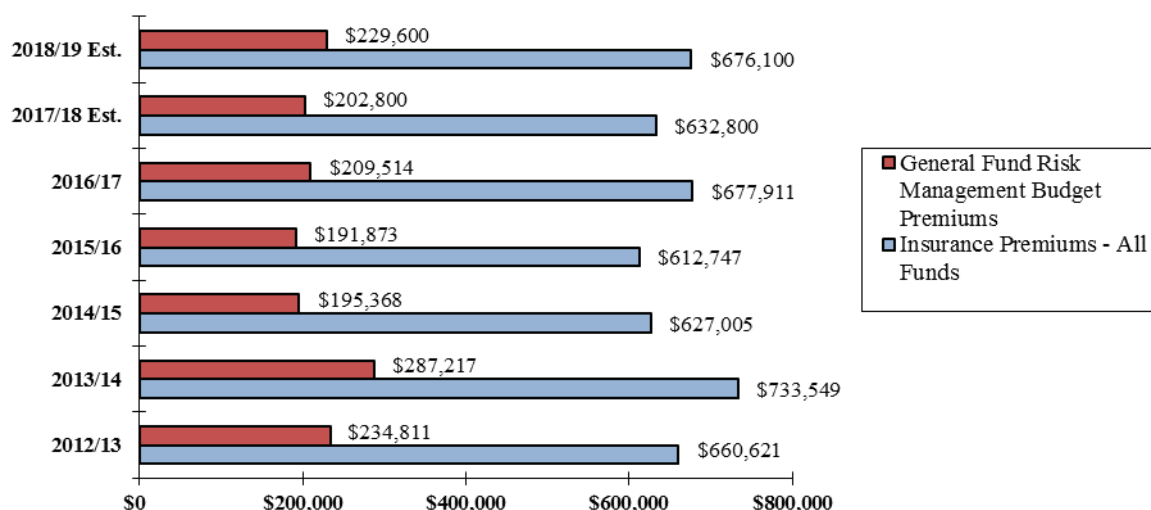
Lost Time Workers Compensation Claims



The goal for 2018/2019 is to continue to reduce recordable injuries.

The City's Risk Management Program involves the administration of the City's overall insurance program. A Citizen Insurance Advisory Committee consisting of representatives from various major industries in the community provides a substantial amount of assistance to the City in administering this program. Insurance costs included in this budget for fiscal years 2012/2013 through the budgeted costs for 2018/2019 as well as total City insurance premiums are shown in the following graph:

Insurance Premium History



CURRENT TRENDS AND ISSUES

The City changed insurance carriers to the Iowa Community Assurance Pool (ICAP) for most of the City's insurance policies on July 1, 2014, which resulted in substantial savings to the City. The City changed Workers Compensation carriers to the Iowa Municipalities Workers' Compensation Association beginning July 1, 2015. These policies have remained in effect since that time and will continue in 2018/2019.

The 2017/2018 revised estimate for the Risk Management budget is \$161,400 more in total than the original budget primarily due to two settlement agreements which totaled \$181,500. This increase was partially offset by a decrease in insurance costs.

The estimated insurance costs included in the Risk Management budget total \$229,600 for 2018/2019. This is a \$2,900 (1.3%) increase from the original 2017/2018 budget.

The total insurance premiums (excluding employee health, dental, and life insurance) for the entire City are estimated at \$676,100 for 2018/2019. This is a \$39,700 (5.6%) decrease from the original 2017/2018 budget of \$715,800 and a \$43,300 (6.8%) increase from the 2017/2018 revised estimate of \$632,800. Of the \$676,100 total budgeted insurance costs, \$229,600 is charged directly to the General Fund Risk Management budget with the remainder allocated to various Enterprise and other funds. Worker's Compensation insurance is allocated based on payroll costs to each of the City's departments. The 2018/2019 budget includes an estimated \$19,100 for premiums under the National Flood Insurance Program for certain City buildings. This coverage is required for the City to continue to receive FEMA reimbursements for these properties.

The projected insurance costs for the 2018/2019 fiscal year were provided by the City's Insurance Agent. The projections reflect 2% to 8% increases for the various policies.

The budget for 2018/2019 includes a \$.27422 per \$1,000 valuation Tort Liability tax levy which is a 2.9% increase from the 2017/2018 tax rate of \$.26661. The Tort Liability tax levy provides funding of \$10,500 for the fine arts insurance policy included in the Art Center operations budget as well as the insurance premiums

in the Risk Management budget. Insurance premiums continue to be a major cost to the City which emphasizes the importance the City should continue to place on its risk management program.

GOAL STATEMENT

To develop a program for a safe and healthy environment for the employees of the City and to monitor such program in order to reduce injuries and loss exposure to the City; and to assist all departments with risk management to reduce potential injuries to persons and property to limit the City's exposure to claims against the City.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Workers Compensation Experience Modification Factor	.73	.75	.94	.89	.89 *
Insurance Premiums Paid - All Funds	\$627,005	\$612,747	\$677,911	\$632,800	\$676,100
Risk Management Insurance Premiums	\$195,368	\$191,873	\$209,514	\$202,800	\$229,600
Accident Review Committee Meetings	11	10	11	11	12

- * The Workers Compensation experience modification rate is expected to decrease for 2018/2019; however, the rate has not yet been determined. The 2018/2019 rate in the table reflects the current rate.

RECENT ACCOMPLISHMENTS

The focus during the past year has been on more consistent, regular training. Departments now have access to online training options. In addition, departments have been assigned regular monthly training to ensure more consistent completion of the training.

As staff works to solidify the progress made this year, efforts will be made to address the goals for the upcoming year. It has been some time since a citywide safety assessment was completed, so staff will begin the process of updating the job safety analysis in a various departments.

Work has also begun, with assistance from the police department, to provide training for employees in how to react to a workplace violence/active shooter situation. In addition to providing training, the facilities will be evaluated to see how city buildings can be better secured.

Other day to day risk management work continues and is an ongoing process of responding to the various needs of departments. The goal is to be sure the City's exposures are adequately covered and employees have the knowledge and tools to safely perform their jobs.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To conduct safety assessments for all departments to determine where gaps may still exist in the City's risk management program.
- * To develop an action plan to address issues raised in the safety assessments.

- * To conduct updated job safety analysis, beginning with positions that have the highest accident rates.
- * To update and improve metrics in order to provide meaningful information for internal purposes and that can also be used to populate the OpenGov software system. **(Council and Management Marketing, Communication, and Engagement Goal)**

Function:
General Government

Department:
City Administrator

Activity:
Risk Management

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 27,614	\$ 28,831	\$ 30,000	\$ 30,300	\$ 31,300	4.33%
Commodities	4,910	3,238	11,600	11,600	11,600	0.00%
Contractual Services	200,936	222,179	247,900	409,000	250,800	1.17%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 233,460</u>	<u>\$ 254,248</u>	<u>\$ 289,500</u>	<u>\$ 450,900</u>	<u>\$ 293,700</u>	1.45%
Funding Sources						
Tort Liability Taxes	\$ 191,873	\$ 209,514	\$ 226,700	\$ 202,800	\$ 229,600	1.28%
General Revenues	<u>41,587</u>	<u>44,734</u>	<u>62,800</u>	<u>248,100</u>	<u>64,100</u>	2.07%
Total Funding Sources	<u>\$ 233,460</u>	<u>\$ 254,248</u>	<u>\$ 289,500</u>	<u>\$ 450,900</u>	<u>\$ 293,700</u>	1.45%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Position Allocation:						
Human Resources Manager	0.25	0.25	0.25	0.25	0.25	\$ 22,500
Employee Benefits						<u>8,800</u>
Total Personal Services						<u>\$ 31,300</u>

Function:
General Government

Department:
Public Works

Activity:
Building and Grounds

GENERAL INFORMATION

The Building and Grounds division is responsible for the maintenance of most City buildings including City Hall, Public Safety Building, Southend Fire Station, Library, Art Center and Museum, the Public Works Building, and certain maintenance functions at the Municipal Airport. The division is responsible for maintaining these buildings by providing both day-to-day and preventive maintenance. The division is located in the Public Works building, which offers the necessary space for supply storage and maintenance activities. Costs of maintaining these City buildings are incorporated in this budget including utilities, day-to-day maintenance, and preventive maintenance.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is \$21,700 less than the original budget primarily due to a \$24,400 decrease in personal services costs. The original budget included an additional 25 hour/week custodian position for the new Musser Public Library and HNI Community Center building. Renovation of the facility is not expected to be completed until the spring of 2018 which allowed the hiring of this position to be deferred. Increases of \$1,500 in commodities and \$1,300 in contractual services offset a portion of this savings.

The 2018/2019 budget is \$62,000 (10.0%) higher than the original 2017/2018 budget. Personal services costs increased by \$34,200 which includes a full year of the additional 25 hour/week custodian for the new Library and also reflects changing the contracted cleaning service for the Public Safety Building to a 20 hour/week staff custodian. The budget also includes an increase of \$37,800 in capital outlay, an increase of \$2,000 in commodities, and a decrease of \$12,000 in contractual services primarily due to the elimination of the contracted cleaning service for the Public Safety Building. The change to a city custodian position for cleaning the Public Safety Building is due security concerns since the contracted cleaning service no longer provides a designated person for this work but instead is providing a variety of individuals.

GOAL STATEMENT

To provide a quality maintenance program for all City buildings including three (3) types of service: preventive maintenance, regular maintenance, and emergency calls; to provide facilities which are safe to the general public and City employees; and to provide City facilities which permit City employees to operate efficiently in providing services to the residents of Muscatine.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Buildings Maintained	8	8	9 (1)	9	9
Heating, Ventilation, and Air Conditioning (HVAV) and Other Service Contracts	14	14	14	14	14
Staff Custodians (Full Time and Part Time)	5	5	5	8 (3)	9 (3)
Contract Custodians	3	3	3	1	0
Grounds Maintained	3	3	3	4	4
Janitorial Supplies Purchased	\$11,108	\$17,822	\$15,173	\$17,000	\$17,000
Major Maintenance Projects (Above \$2,000)	14	14	31 (2)	20 (2)	30 (2)

1. Increase due to adding the new Musser Public Library and HNI Community Center building.
2. Major maintenance projects include those accounted for in the Deferred Maintenance Capital Project fund.
3. In 2017/2018 two 25 hour/week staff custodians were hired to replace contracted custodial services at City Hall and the current Library. An additional part-time custodian was authorized for the new Library. In 2018/2019, a 20 hour/week custodian has been budgeted for the Public Safety Building to replace the current contracted service.

RECENT ACCOMPLISHMENTS

Building and Grounds has had another busy year. Responsibilities include HVAC systems (boilers, furnaces, geothermal, heat pumps, and AC units), plumbing, electrical, garage doors, carpentry, painting, and lawn care. This division is the first contact for fixing and maintaining everything in city facilities.

This division is responsible for ordering and distributing supplies to all buildings. This includes everything from different toilet papers, paper towels, garbage bags, mops, gloves, cleaners, and anything else asked for to maintain city buildings.

There are many contract service providers this division works with for mechanical systems in the various city buildings. Staff in this division also facilitates and monitors the City General Contractor.

Staff of this division continue to complete maintenance tasks in-house in lieu of using contractors, which has saved money. These projects include repairing storm damage to the house on Juniper Street, replacing the sewer line inside the Art Center Carriage House, tearing down, fabricating, and reassembling office furniture from the new library, upgrading offices in 17 city buildings, and removing the old furniture and storing it for the City auction. Ongoing tasks include fueling the Public Safety Building generator, washing City Hall windows, remodeling City Hall restrooms, upgrading the planter at Public Works, and clearing and re-planting the planting areas at City Hall. These are only a few of the projects that were completed during the past year.

There were many capital improvement projects this year including: Art Center HVAC, geothermal, and window upgrades; the Public Safety Building Boiler and Chiller Project; the Public Works Tuckpointing and Sealing project; replacing several of the Art Center roofs; and completing the Art Center Music Room ceiling and plaster repair. Staff attended many meetings on these projects and oversaw the work of the contractors..

Staff has worked with Alliant Energy and Muscatine Power & Water to receive rebates on projects that were scheduled for completion in order to maximize budget dollars. Eight rebates were received in 2016/2017 and to date in 2017/2018 which total \$14,877.

There was a lot of storm damage this year that did a significant amount of damage. The most notable occurred at the Musser Public Library which had large holes in the roof that caused significant water damage. This division worked with the insurance company and contractors to get the Library dried out and reopened and also oversaw the plaster and painting repair. The first half of the roof has been replaced and the back half is in progress. There was damage at the Art Center, Public Safety Building, and some minor damage at City Hall. There was also hail damage at the Airport and to the Morgan Building, and staff is continuing to work with the insurance company and contractors to get everything repaired. There are many projects which still need completed including some storm damage areas, the roof of the Public Safety apparatus floor, and the Art Center Gallery roof.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To implement an asset management supply ordering software system.
- * To maintain current certifications and provide more training to staff.
- * To continue outside Building and Grounds beautifications projects.
- * To continue to complete capital improvement deferred maintenance projects.
- * To make efforts to ensure a smooth transition from the old library to the new library, and also maintain the old building until the City determines how it will be used. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To complete insurance repair work for all city buildings affected by last year's storms.
- * To continue working with Alliant Energy and MP&W on energy efficiency and rebates.

Function:
General Government

Department:
Public Works

Activity:
Building and Grounds

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 303,663	\$ 310,203	\$ 412,200	\$ 387,800	\$ 446,400	8.30%
Commodities	38,584	37,461	42,800	44,300	44,800	4.67%
Contractual Services	194,994	174,440	164,200	165,500	152,200	-7.31%
Capital Outlay	2,163	11,873	1,600	1,500	39,400	2362.50%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 539,404	\$ 533,977	\$ 620,800	\$ 599,100	\$ 682,800	9.99%
Funding Sources						
Charges for Supplies	\$ 6,948	\$ 6,296	\$ 7,200	\$ 7,200	\$ 7,200	0.00%
Insurance Reimbursement	-	-	-	1,000	-	
Sale of Equipment	-	-	-	2,100	-	
General Revenues	532,456	527,681	613,600	588,800	675,600	10.10%
Total Funding Sources	\$ 539,404	\$ 533,977	\$ 620,800	\$ 599,100	\$ 682,800	9.99%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Building and Grounds						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Maintenance Repairperson	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.50	0.50	0.50	0.50	0.50	
Custodian II	1.00	1.00	1.00	1.00	1.00	
Total Full Time	3.50	3.50	3.50	3.50	3.50	
Part Time Positions:						
Custodian II	0.85	0.85	2.10	2.10	2.10	
Custodian I	-	-	0.63	0.63	1.13	
Total	4.35	4.35	6.23	6.23	6.73	\$ 312,200
Employee Benefits						134,200
Total Personal Services						\$ 446,400

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Computer Software for Building Maintenance		No	\$ 25,000
Tile - Public Works Sewer Division Area		Yes	5,600
Tile - Fire Department Day Room		Yes	3,500
Air Conditioner Units - City Hall	2	Yes	1,000
Carpet - Police Department Offices		Yes	4,300
			<u>\$ 39,400</u>

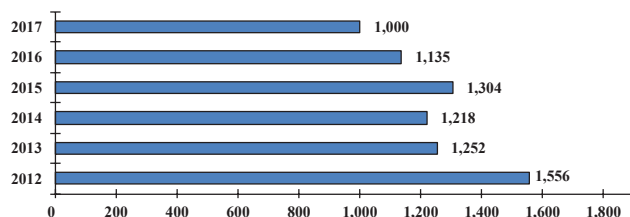
Additional Capital Outlay - Equipment Replacement Fund			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Utility Van (Used)	1	Yes	<u>\$ 25,000</u>

Function:**Public Safety****Department:****Police****Activity:****Police Operations****GENERAL INFORMATION**

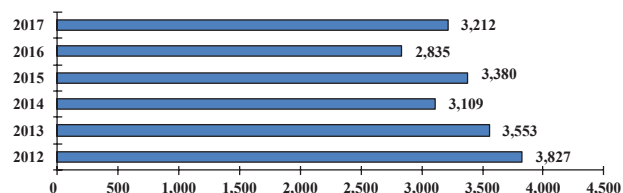
The Muscatine Police department currently includes forty-one (41) sworn officers, two (2) fulltime civilian positions, and one 29 hours per week civilian clerk position. In 2011 the department was awarded funding from a U.S. Department of Justice COPS grant for two additional police officer positions for a three year period. This increased the number of sworn officers from the previous level of forty (40) to forty-two (42) beginning early in 2012. In June of 2014, the City was notified that grant funding for the police officer position assigned to the Joint Terrorism Task Force would not be continued. This officer was moved from that assignment back to a regular police officer position and a vacant position was not filled. This resulted in the decrease from forty-two (42) positions to forty-one (41), the current staffing level.

The department is responsible for the protection of lives and property for all individuals within the City. The department currently consists of five (5) divisions: patrol, investigation, general administration, street crimes, and a canine unit. The patrol division operates on three (3) shifts. Following are charts of police incidents by type for the last six years:

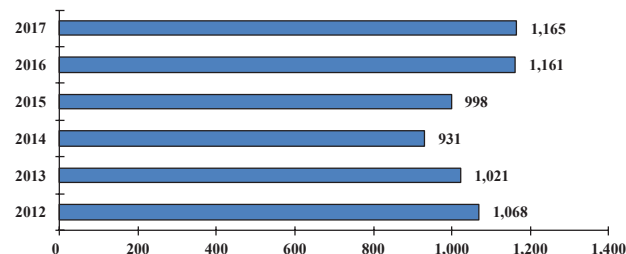
Class I - Homicide, Rape, Robbery, Burglary, Larceny, Auto Theft



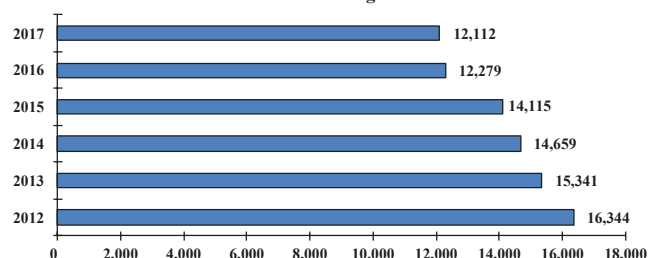
Class II - Arson, Fraud, Vandalism, Weapons, Sex Offenses, Narcotics, Offenses Against Family, Liquor, Disorderly Conduct, Runaways, Assault



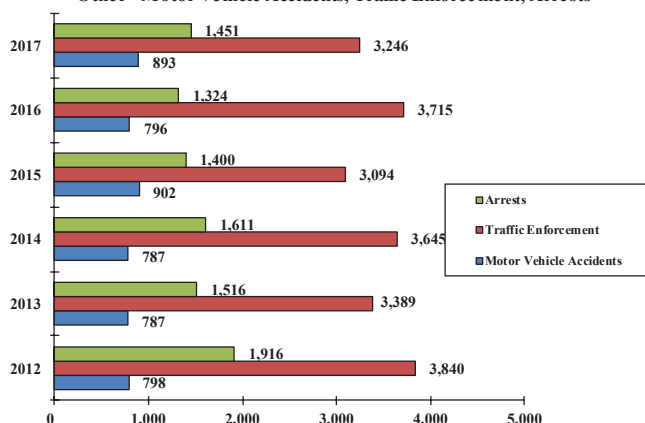
Class IV - Personal Accidents, Fire Calls, Animal Calls



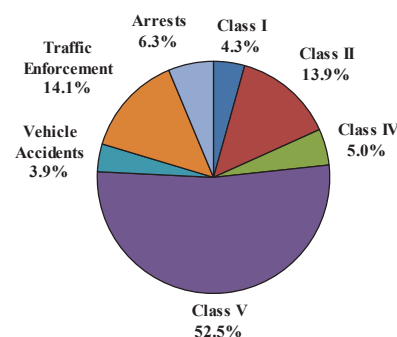
Class V - Fights, Prowlers, Domestics, Alarms, Service Assists, Medical Emergencies etc.



Other - Motor Vehicle Accidents, Traffic Enforcement, Arrests



2017 Police Incidents by Type



CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is \$8,100 less than the original budget. Personal services costs are \$91,200 less than the original budget due to savings from staff vacancies and the new hires at lower pay rates. This savings was partially offset by a net increase of \$83,100 in other areas of the budget. The significant increases include (1) a \$61,300 increase in repair and maintenance services to repair hail damage to police vehicles with insurance reimbursing these costs, (2) an increase of \$16,000 in travel and education costs which includes academy training for new hires, and (3) a \$10,000 increase in medical costs for a former police officer for a job-related injury. These increases were partially offset by net decreases in other budget line items.

The 2018/2019 budget is \$130,000 (2.7%) more than the 2017/2018 budget. Personal services costs increased by \$128,300 (2.9%), which accounts for most of the overall budget increase.

Police department revised estimate revenues from automated traffic enforcement (ATE) cameras have been reduced by \$300,000 to \$400,000 due to the loss of ATE revenue from the Highway 61 and University Avenue intersection. The ATE revenue estimate for 2018/2019 is \$350,000. The higher amount in the revised estimate is due to projected collections of prior year fines from when the University Avenue camera was in operation. These ATE revenue reductions are due to the IDOT and court ruling ordering the ATE cameras at the Highway 61 and University Avenue intersection to be turned off. The City is appealing this ruling.

Automated Traffic Enforcement cameras have been shown to improve traffic safety in Muscatine and ATE revenue is reflected as a funding source for the police department budget. ATEs enabled Muscatine to retain one Street Crimes Unit (SCU) Officer and one School Resource Officer (SRO) once grant funding ended for these positions. These funds also allowed for one firefighter position to be added in 2012/2013 and four fire fighter positions in 2016/2017. Other factors such as ambulance revenues, property valuations, etc. figure into the equation, but without ATE revenue these seven positions may not have been added without an increase in the City's tax levy rate or reductions in services in other General Fund departments. One fire engine and one ambulance were also acquired without having to incur additional debt. These funds also help to meet annual departmental equipment needs.

ATEs also act as a force multiplier, improving officer safety and allowing officers to respond to important calls within the community. There are at least two separate occasions that the ATEs have helped resolve local shootings. The video from the cameras also helps with criminal investigations as well as crash investigations that occur in or near the approaches. Tickets are reviewed and approved by a police officer prior to being issued. In Muscatine, a ticket is not issued unless the driver is going 11mph over the speed limit (school zones and construction zones have different minimums).

The 2018/2019 budget continues to include expenditures which will be funded from various police grants. The HIDTA (High Intensity Drug Trafficking Area) grant is budgeted to continue in 2018/2019 with grant expenditures of \$80,600; \$21,900 of Governor's Highway Safety funds are budgeted to be expended; \$4,000 of Domestic Violence grant funding is expected to be received and expended; and funding of \$31,800 is estimated to be received for the City/County Drug Task Force. The budget includes funding for the two School Resource Officer positions with one at the high school and the other at the middle schools. These positions are 75% (\$147,900) funded by the school.

GOAL STATEMENT

The Muscatine Police Department will strive to be a model law enforcement agency, nationally accredited, viewed internally and externally as professional and enthusiastic, ensuring the highest possible public trust and security, in order that our citizens may go about their daily lives free from fear of harm or loss of property. We will operate the department with fiscal prudence, striving to employ our resources effectively and efficiently, promote community awareness and communication while providing the highest level of service and protection to all persons within our borders.

PERFORMANCE MEASURES

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Estimated 2018
Police Calls for Service	22,535	22,626	21,798	20,830	21,500
Overtime Hours Worked	2,916	2,881	3,151	3,211	3,100
Traffic Enforcement	3,645	3,094	3,715	3,246	3,500
Arrests	1,611	1,400	1,324	1,451	1,400
Parking Tickets Issued	2,060	2,030	1,886	1,945	1,850
Uniform Crime Report Clearance Rates	44%	44%	45%	46%	44%
Investigations Assigned	168	156	154	186	150
Investigations Cleared	72%	83%	79%	62%	78%
Automatic Traffic Enforcement (ATE):					
Red Light Violation Citations	2,350	2,823	3,062	2,454	2,500
Speed on Green Violation Citations	11,500	11,624	10,259	8,558	8,500
ATE Violations – City Residents	2,360	2,737	2,658	4,405	4,400
ATE Violations – Non-Residents	11,500	11,710	10,574	6,607	6,600
Department Revenue – Fiscal Year Basis	\$1,435,514 (FY14/15)	\$1,325,625 (FY 15/16)	\$1,271,120 (FY 16/17)	\$1,076,500 (FY 18 Est)	\$963,800 (FY 19 Est)

RECENT ACCOMPLISHMENTS

The Police department's Special Response Team (SRT) has trained on a monthly basis with businesses and the school district utilizing scenario-style training for active shooter situations. This training culminated in a multi-agency (Muscatine County Sheriff's Office, Muscatine Fire Department, MUSCOM Communications Center, Muscatine Community School District, and Muscatine Police Department personnel other than SRT members) training day where multiple scenarios were enacted. A working understanding of response and resolutions to these types of events among personnel and agencies was established. The SRT was also able to secure a donation exceeding \$40,000 which allowed for the purchase of new ballistic vests and related equipment.

The department was successful in securing requested grant monies for upgrading equipment and maintaining necessary positions. The department was awarded a Justice Assistance Grant (JAG) amounting to more than \$7,000. These funds were utilized to purchase and replace aging/outdated less lethal weapons as well as other equipment. The department was also able to maintain grant funding in the amount of approximately \$1,500 to reimburse up to 50% of body armor purchases for individual officers. In addition, the department was able to retain funding through the State of Iowa Drug Control Policy's Byrne Justice Assistance Program to maintain personnel and operations of the Muscatine County Drug Task Force for another fiscal year.

The department has strived to have an increased emphasis on community policing. Officers have been assigned to "park-and-walks" during their tour of duty. This duty requires officers to exit their patrol vehicles in their assigned areas for a minimum of a half hour in an attempt to build relationships and foster community relations (schools have been a primary target of this effort). The department has had a presence at several community events in order to maintain a positive image within the community. Bike patrol assignments were established for the Melon City Criterium, Fourth of July events, International Healthy Living Festival, and other multicultural events within the community.

The School Resource Officers (SRO) and Street Crimes Unit (SCU) have been contributors to the quality of life for residents. The SROs participated in the National Night Out and Family Night through the YMCA in addition to attending numerous school events throughout the school year. The SCU maintains a close

relationship with the Safe Streets program meeting monthly with neighborhood groups and exchanging information.

The patrol division has established the POP CAN Project wherein an officer is assigned to liaison with higher call volume housing divisions. The purpose of this project is to establish goodwill with the residents and management of these facilities in order to provide improved customer service.

The department also has taken part in several events partnering with local businesses in order to build relationships with community members. The department participates in the "Coffee with a Cop" program as well as the annual "Shop with a Cop" program. The department also established a booth at the annual Holiday Stroll event where in partnership with a local business (Menard's), one hundred sets of winter hats and gloves were given away to children in need.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To continue supporting existing positions that receive funding from outside sources: one Drug Task Force Officer funded by the Office of Drug Control Policy; one Drug Task Force Officer funded by the High Intensity Drug Trafficking Area (HIDTA) program; and two School Resource Officers, both being funded 75% by the school district.
- * To continue to pursue in a proactive manner, grants that are compatible with department goals and objectives as well as the needs of the community.
- * To continue moving the Police department forward by utilizing problem and community oriented policing strategies and re-inventing patrol dispersions to maximize effectiveness by incorporating the most efficient use of manpower and allocation. **(City Council and Management Continuous Service Improvement Goal).**
- * To continue efforts to recruit, hire, and maintain a diversified workforce while hiring the most qualified candidates.
- * To maintain a highly effective Investigative Unit including the Major Crimes Unit, Street Crimes Unit, and the detectives assigned to the Muscatine County Drug Task Force.

Function:
Public Safety

Department:
Police

Activity:
Police Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 3,926,528	\$ 4,112,714	\$ 4,384,700	\$ 4,293,500	\$ 4,513,000	2.93%
Commodities	135,255	126,428	152,400	151,900	151,900	-0.33%
Contractual Services	282,141	308,086	271,700	356,000	275,900	1.55%
Capital Outlay	60,182	96,720	43,300	42,600	41,300	-4.62%
Transfers	99,076	-	-	-	-	
Total Expenditures	<u>\$ 4,503,182</u>	<u>\$ 4,643,948</u>	<u>\$ 4,852,100</u>	<u>\$ 4,844,000</u>	<u>\$ 4,982,100</u>	2.68%
Funding Sources						
Grants	\$ 229,431	\$ 296,371	\$ 289,400	\$ 300,900	\$ 311,100	7.50%
Parking Violations	26,220	27,759	26,000	26,000	26,000	0.00%
Court Fines	167,402	156,658	170,000	160,000	160,000	-5.88%
Automatic Traffic Enforcement Fines	783,470	652,016	700,000	400,000	350,000	-50.00%
Fruitland Agreement	47,845	49,707	50,500	50,000	52,100	3.17%
False Alarm Charges	4,400	3,100	3,000	3,000	3,000	0.00%
Utility Franchise Fees	40,654	40,700	42,500	40,700	203,500	378.82%
Transfers:						
COPS Grant Reserve	89,000	-	-	-	-	
Insurance Trust	14,555	-	-	-	-	
General Revenues	<u>3,100,205</u>	<u>3,417,637</u>	<u>3,570,700</u>	<u>3,855,300</u>	<u>3,876,400</u>	8.56%
Total Funding Sources	<u>\$ 4,503,182</u>	<u>\$ 4,643,948</u>	<u>\$ 4,852,100</u>	<u>\$ 4,844,000</u>	<u>\$ 4,982,100</u>	2.68%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Chief	1.00	1.00	1.00	1.00	1.00	
Assistant Chief	1.00	1.00	1.00	1.00	1.00	
Captain	1.00	1.00	1.00	1.00	1.00	
Lieutenant	4.00	4.00	4.00	4.00	4.00	
Sergeant	4.00	4.00	4.00	4.00	4.00	
Corporal	6.00	6.00	6.00	6.00	6.00	
Patrol Officer	24.00	24.00	24.00	24.00	24.00	
Office Coordinator	1.00	1.00	1.00	1.00	1.00	
Clerk	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total Full Time	43.00	43.00	43.00	43.00	43.00	
Part Time Position:						
Clerk	<u>0.73</u>	<u>0.73</u>	<u>0.73</u>	<u>0.73</u>	<u>0.73</u>	
Total	43.73	43.73	43.73	43.73	43.73	\$ 2,803,700
Employee Benefits						<u>1,709,300</u>
Total Personal Services						<u>\$ 4,513,000</u>

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
DVD/CD Burner/Robot for the WatchGuard Video System	1	Yes	\$ 9,500
Chemical Munitions	1	Yes	4,000
Tactical Pole Camera	1	No	15,000
Stalker Radar Units	2	Yes	5,800
Light Bars for Police Vehicles (Tahoes)	2	Yes	7,000
			<u>\$ 41,300</u>

Additional Capital Outlay - Equipment Replacement Fund			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Patrol Vehicles (Tahoes)	5	Yes	\$ 238,600
Pick-up Truck for Drug Task Force (Monthly Payments from HIDTA Grant)	1	Yes	35,000
			<u>\$ 273,600</u>

Function:
Public Safety

Department:
Police

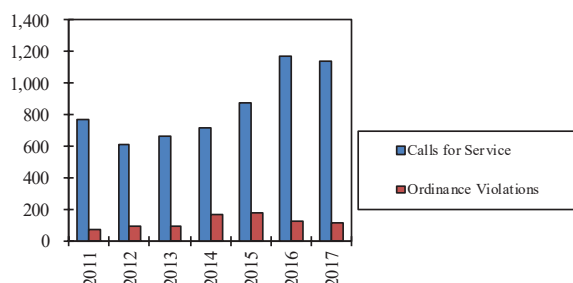
Activity:
Animal Control

GENERAL INFORMATION

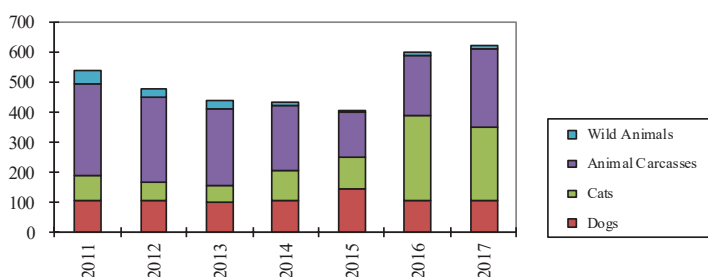
The Animal Control activity is under the supervision of the Police department. This budget finances the activities involved in policing the City's Animal Control Ordinance as specified in the City Code. This Ordinance includes regulations to control dangerous and exotic animals and any other animals which are housed by citizens. The Muscatine Humane Society provides shelter facilities for animals picked up by the City.

In 1995 the City Council adopted an animal control ordinance requiring City licensing of all dogs and cats, established fines for unlicensed animals, and increased fines for animals at large. In 2003 City Council amended the animal control ordinances as follows: (1) Title 4 General Provisions adding Chapter 2 “Keeping of Pit Bull Dogs” to allow citizens to follow required procedures of the ordinance in order to keep their dog and also prohibiting any new pit bull dogs from coming into the City limits, and (2) Title 4 General Provisions, Chapter 1, Animal Regulation, Section 8 Animal Care, Section F requiring that owners of animals that have “invisible fences” are required to notify the U.S. Postal Service and utility companies with the City Clerk’s office at City Hall to receive copies of the notifications sent to the U.S. Postal Service and utility companies. The City Code provisions can now be found in Title 6, Chapters 8 and 9 in the updated City Code which was effective July 1, 2015.

Calls for Service and Ordinance Violations



Animals to Humane Society



CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$300 less than the original budget.

The 2018/2019 budget is \$6,200 (4.7%) more than the 2017/2018 budget. Personal services costs increased by \$1,200 and the subsidy to the Muscatine Humane Society subsidy was increased by \$5,000 to \$70,000 for 2018/2019.

GOAL STATEMENT

To protect individuals and property against activities and transgressions of animals through the enforcement of the Animal Control Ordinance by establishing a uniform and effective City-wide animal control program which results in an increase of voluntary compliance by citizens as well as a decrease in the number of animal complaints received by the department.

PERFORMANCE MEASURES

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Estimated 2018
Calls for Service	687	857	1,175	1,136	1,200
Ordinance Violations	168	182	124	116	130
Bite Cases	51	58	67	60	60
Animals taken to Humane Society:					
Dogs	107	144	105	105	110
Cats	97	105	283	243	250
Animal Carcasses	216	152	198	265	260
Wild Animals	12	4	12	7	10
County Calls for Service	2	1	1	2	2
Fruitland Calls for Service	27	15	38	16	20
Animal Control Revenue – Fiscal Year Basis	\$2,300 (FY 14/15)	\$1,600 (FY 15/16)	\$1,615 (FY 16/17)	\$2,500 (FY 18 Est)	\$2,500 (FY 19 Est)

RECENT ACCOMPLISHMENTS

In 2017, the Animal Control Officer transported 243 cats and 105 dogs to the Muscatine Humane Society. She responded to 1,136 calls for service and set approximately 115 live traps. There were 60 reported animal bite cases within the city. Animal calls for the City of Fruitland decreased in 2017 from 38 calls in 2016 to 16 in 2017. With the cats and dogs transported and the removal of dead animals, the Animal Control officer did 620 transports in 2017.

Looking for ways to strengthen the enforcement of the city's Pit Bull ordinance has been explored this year. With the purchase of DNA test kits, any owner who wants to dispute the breed of their dog can submit it for DNA testing. This has proven to be very effective in identifying Pit Bulls when owners have misidentified the breed of their dogs to veterinarians.

During the past year the Animal Control Officer has continued to explore ways to interact with the public in more of an educational setting. This year she partnered with the Humane Society using their pet tag maker and had a booth at the Muscatine Public Health Fair making tags for pets. She is again looking to partner with the Humane Society and host a "Chip Your Pet Day" where the public can bring their pets in and get them microchipped for minimal or no cost. This is an event being planned for the spring of 2018.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To continue to meet or exceed the amount of enforcement actions taken within the city in 2017 by being proactive in enforcement efforts and sensitive to citizen's complaints.
- * To have the Animal Control Officer continue the educational and certification process by attending the next module of training offered through the National Animal Control and Care Association.
- * To continue to maintain positive working relationships with those agencies the Animal Control Officer interacts with.
- * To continue to look for opportunities for public interaction in a non-enforcement setting where pet education and/or services can be offered

Function:
Public Safety

Department:
Police

Activity:
Animal Control

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 53,072	\$ 55,323	\$ 58,800	\$ 58,500	\$ 60,000	2.04%
Commodities	1,997	2,366	3,500	3,500	3,500	0.00%
Contractual Services	63,719	66,835	69,000	69,000	74,000	7.25%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 118,788</u>	<u>\$ 124,524</u>	<u>\$ 131,300</u>	<u>\$ 131,000</u>	<u>\$ 137,500</u>	4.72%
Funding Sources						
Animal Enforcement Fines	\$ 1,600	\$ 1,615	\$ 2,500	\$ 2,500	\$ 2,500	0.00%
General Revenues	<u>117,188</u>	<u>122,909</u>	<u>128,800</u>	<u>128,500</u>	<u>135,000</u>	4.81%
Total Funding Sources	<u>\$ 118,788</u>	<u>\$ 124,524</u>	<u>\$ 131,300</u>	<u>\$ 131,000</u>	<u>\$ 137,500</u>	4.72%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Position:						
Animal Control Officer	1.00	1.00	1.00	1.00	1.00	\$ 43,900
Employee Benefits						<u>16,100</u>
Total Personal Services						<u>\$ 60,000</u>

Function:
Public Safety

Department:
Fire

Activity:
Fire Operations

GENERAL INFORMATION

The Fire department is staffed with full time personnel and provides fire protection for the City of Muscatine as well as fire protection for adjacent areas through mutual aid agreements. The primary functions of the department include fire suppression, fire prevention through public education and code enforcement, training of firefighters in the areas of advanced fire suppression and prevention techniques, and emergency medical assistance.

Following an independent analysis of the community's Emergency Medical Services (EMS) system, the City began full EMS delivery on July 1, 2000. As a result of that action, the City has successfully implemented a comprehensive EMS response capability and at the same time continues to respond to a wide variety of fire and emergency requests.

The Fire department continues to participate in a number of "28E" agreements that promote cooperative response activities with surrounding communities and counties. Fire suppression, rescue, and hazardous material responses are examples of these collaborative activities.

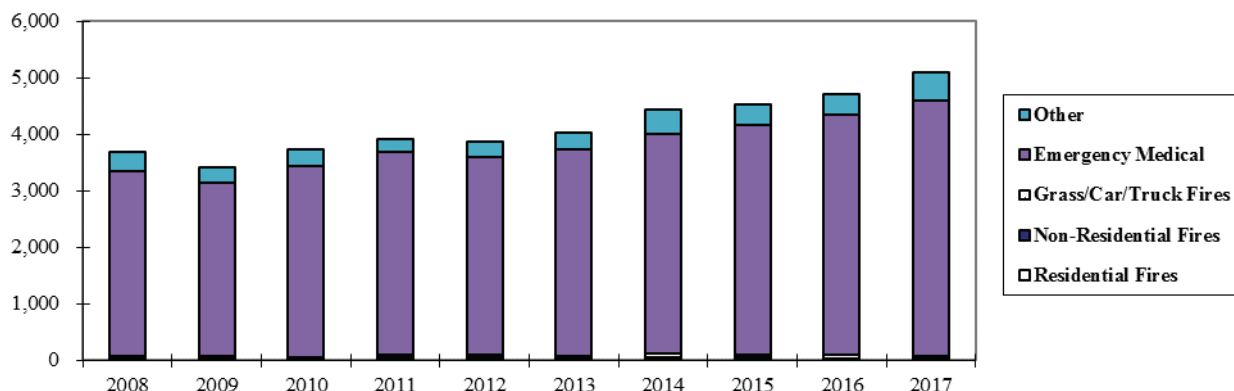
The ambulance service is accounted for in a separate ambulance operations budget included in the enterprise funds section of this budget.

Following are charts and graphs showing fire department responses over the last ten years.

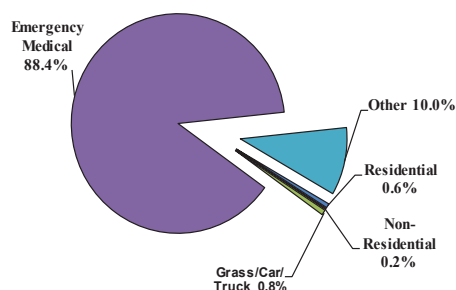
Fire Department Responses

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Percent of Total
Residential Fires	30	22	20	25	34	19	49	36	22	32	0.63%
Non-Residential Fires	10	9	6	19	15	11	9	15	14	10	0.20%
Grass/Car/Truck Fires	36	33	30	39	47	36	51	32	67	39	0.76%
Emergency Medical	3,276	3,066	3,367	3,593	3,487	3,674	3,897	4,079	4,239	4,510	88.43%
Other	324	284	298	240	281	282	427	364	364	509	9.98%
Totals	3,676	3,414	3,721	3,916	3,864	4,022	4,433	4,526	4,706	5,100	100.00%

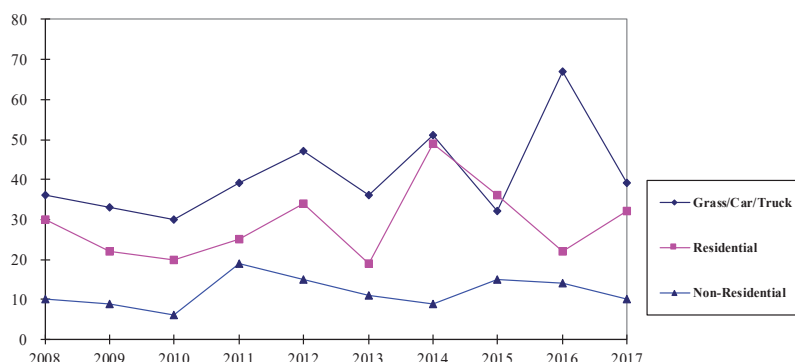
Fire Department Response History



2017 Fire Responses by Type



History of Fire Calls by Type



CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is over the original budget by \$66,500. The most significant increase is \$44,000 in medical services for former firefighters that retired as a result of work-related injuries or illnesses. Under the State Code the City continues to be responsible for these costs. Personal services costs increased by \$18,000 primarily due to retirement pay for one of the Battalion Chiefs, and repair and maintenance supplies increased by \$7,400. These increases were partially offset by a net decrease in other line items.

The 2018/2019 Fire department budget is \$181,100 (4.2%) higher than the 2017/2018 budget. Personal services costs increased by \$171,800 (4.2%) compared to the previous year which includes increases in wages and pension contributions. There were also increases of \$1,900 in commodities and \$12,300 in contractual services. These increases were partially offset by a \$4,900 decrease in capital outlay. Fire department staff increased by four firefighter positions for the 2016/2017 budget and these positions have been continued in the 2017/2018 and 2018/2019 budgets.

In 2011 the City updated its Fire Regulations ordinance. The ordinance provides for various permits and fees for open burning, fireworks, fire inspections, false alarms, plan reviews, site assessment fees, standby fees, and report fees. The City also updated requirements for confined space permits or rescues. For 2018/2019 revenues from these permits and fees are estimated at \$60,400. An additional \$26,600 is budgeted to be received from Haz Mat agreements with area counties and \$19,300 from fire protection agreements with businesses outside the city limits.

The 2018/2019 budget continues to include transfers from the Ambulance Fund to the Fire department budget to fund an allocation of the fire positions used in providing ambulance services. For the 2013/2014 year the ambulance fund transferred \$885,300 toward the wage and benefit costs included in the Fire department budget or approximately 25.8% of the total cost. The transfer for 2014/2015 was \$922,400 which was 25.8% of personal services costs. The transfer for 2015/2016 was reduced to \$833,200 which was 21.3% of budgeted personal services costs. The transfer reduction in 2015/2016 was due to the limited funds available in the Ambulance budget. The transfer for 2016/2017 was budgeted at \$891,000, 22.5% of Fire department personal services costs and the transfer for 2017/2018 was budgeted at \$926,000, 22.6% of budgeted Fire department personal services costs. The transfer for 2018/2019 has been budgeted at \$1,047,200 which is 24.5% of Fire department personal services costs.

GOAL STATEMENT

To provide a combination of services directed toward the prevention of, preparation for, and response to occurrences of every magnitude that represent threats to the health, welfare or prosperity of the citizens, visitors, and properties in and around the City of Muscatine.

PERFORMANCE MEASURES

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Estimated 2018
All Calls for Services	4,433	4,526	4,706	5,100	5,400
Fire Training Hours	2,436	2,022	5,370	4,683	4,750
False Alarms	190	197	180	156	175
Fire Education Presentation Staff Hours	135	119	135	138	150
Number of Residents Attending Public Education Programs	4,228	2,640	2,060	2,231	2,300
Fire Inspections - Total	782	374	418	592	550
Inspections - Initial	412	210	245	316	325
Re-inspections	319	149	140	215	200
Additional Re-inspections	51	15	33	61	25
Fire Marshal Site Visits	85	103	111	216	175
Burn Permits Issued	814	944	1,104	1,090	1,105
Outdoor Fireplace Permits	737	858	1,026	1,014	1,012
Open Burning Permit	66	76	61	63	65
Commercial Burn Permits	0	1	3	1	0
Other Special Fire Permits	11	9	14	13	8
Citations Issued - All	25	33	40	31	30
Fireworks Operational Permits Issued	0	0	0	10	8
Fireworks Permit Fees Collected	0	0	0	\$2,000	\$1,600

RECENT ACCOMPLISHMENTS

The Fire department continued social media outreach using Facebook and Twitter. The Facebook outreach has been averaging roughly 17,000 people reached per month and 2,700 people ‘engaged’ each month. The page presently has more than 3,140 ‘likes’, and has increased the number of ‘likes’ by more than 30% during 2017. The department also continued annual public education classes, focusing on grades 1, 3, and 5; car seat technicians inspected 20 child safety car seats; and placed 84 smoke detectors through an in-house program in cooperation with United Way’s Day of Caring. The department also referred eight youths to the Department Juvenile Firesetter program and at this point none have re-offended.

The Fire department hosted a large scale regional fire training event at the old Beach Lumber site and also participated in Hazardous Materials (HazMat) training and drills at several industries including West Liberty Foods, Liberty Storage, and Pain Industries. The department provided HazMat training to individuals from several of the contracted counties and held a specialized HazMat medical course for Washington County. In coordination with Ripley Manufactured Homes, six used mobile homes were contributed for use as live fire training. The training was held with all three shifts and heavily utilized by new hires. The department also obtained and utilized eight vehicles for extrication training for all shifts. The vehicles were also used to help determine which extrication tools met our needs the best, prior to the capital purchase. The department also hosted and utilized the two-county fire training trailer as a training tool.

Staff revised, updated, and completed the new hire two week training academy for a total of six new members. This program has been retained and will be utilized as the initial training for all new firefighters. The academy covers the basics of the emergency medical response and is heavily geared toward getting the new recruits prepared for firefighting activities, including several days of live fire training. The academy accounted for 480 hours of new hire training.

The department also took advantage of out-of-department training most of which was federally or grant funded. This includes multiple persons (6) attending National Fire Academy classes on campus in Emmitsburg, MD.; fire investigation and fire code conferences and classes in Ames and West Des Moines; Hazardous Materials training (6 members) in Anniston, AL; and additional Hazardous Materials training in crude oil response and hazard identification (5 members).

Multiple members obtained new certifications, in addition to the firefighting certifications required as part of a new member’s probation. The department had 8 members obtain their Fire Instructor I certification and 7 members obtain the Driver/Operator Pumper certification. The department also helped to support the State Fire Marshal’s training division with review and assessment of the Fire Investigator certification.

The department also developed a series of leadership training sessions utilizing both in-house and out-of-department training. Senior officers completed a total of five off-site National Fire Academy short courses specific to Executive Leadership; two future leaders attended a ‘Leadership Bootcamp’ hosted by the Iowa EMS Association; two other junior officers attended a company officer academy; and managers also took advantage of City and online opportunities to develop leadership and management skills. A two-pronged Leadership Development program was created for use in house. The program has separate tracks for present senior leadership and future leaders.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To develop and implement an updated pre-plan program, identifying target hazards and utilizing a hazard matrix to prioritize locations. **(Council and Management Continuous Service Improvement Goal)**
- * To create and utilize a satisfaction survey for use in the fire inspection program. If it is an effective tool, develop a plan to utilize such a tool in other areas where there is interaction with the public. **(Council and Management Continuous Service Improvement Goal)**
- * To implement the in-house leadership development program, with the goal of ongoing training that will develop future leaders and help current leaders function more effectively. **(Council and Management Continuous Service Improvement Goal)**

Function:
Public Safety

Department:
Fire

Activity:
Fire Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 3,592,920	\$ 3,895,958	\$ 4,102,300	\$ 4,120,300	\$ 4,274,100	4.19%
Commodities	69,698	82,640	83,400	90,800	85,300	2.28%
Contractual Services	151,317	215,623	148,400	193,600	160,700	8.29%
Capital Outlay	79,675	51,589	20,300	16,200	15,400	-24.14%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 3,893,610	\$ 4,245,810	\$ 4,354,400	\$ 4,420,900	\$ 4,535,500	4.16%
Funding Sources						
Fire Protection Contracts and Hazmat Agreements	\$ 23,918	\$ 45,927	\$ 45,900	\$ 45,900	\$ 45,900	0.00%
Ambulance Staff Funding Transfer	833,200	891,000	926,000	966,000	1,047,200	13.09%
Confined Space Fees	39,275	39,275	36,000	36,000	36,000	0.00%
Fire Inspection Fees & Permits	12,077	24,209	16,700	21,800	21,800	30.54%
Other Fees	5,293	5,403	4,100	2,800	2,600	-36.59%
Donations	5,483	-	-	-	-	
Reimbursements	30,951	9,865	2,500	7,400	2,500	0.00%
Utility Franchise Fees	40,654	40,700	42,500	40,700	203,500	378.82%
General Revenues	2,902,759	3,189,432	3,280,700	3,300,300	3,176,000	-3.19%
Total Funding Sources	\$ 3,893,610	\$ 4,245,810	\$ 4,354,400	\$ 4,420,900	\$ 4,535,500	4.16%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Chief	1.00	1.00	1.00	1.00	1.00	
Assistant Chief	1.00	1.00	1.00	1.00	1.00	
Battalion Chief	3.00	3.00	3.00	3.00	3.00	
Captain	3.00	3.00	3.00	3.00	3.00	
Lieutenant	3.00	3.00	3.00	3.00	3.00	
Mechanic	2.00	2.00	2.00	2.00	2.00	
Firefighter	24.00	28.00	28.00	28.00	28.00	
Total Full Time	37.00	41.00	41.00	41.00	41.00	
Part Time Position:						
Office Coordinator	0.50	0.50	0.50	0.50	0.50	
Total	37.50	41.50	41.50	41.50	41.50	\$ 2,622,300
Employee Benefits						1,651,800
Total Personal Services						\$ 4,274,100

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
PID (Gas) Monitor/Docking Station	1	Yes	\$ 7,000
Level A Haz Mat Suits	6	Yes	8,400
			<u>\$ 15,400</u>

Additional Capital Outlay - Bond Issue Funding			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
3/4 Ton 4x4 Pickup	1	Yes	<u>\$ 39,000</u>

Function:
Culture and Recreation

Department:
Library

Activity:
Library Operations

GENERAL INFORMATION

The Musser Public Library provides the following services to help community residents meet their informational, recreational, educational, and professional needs:

- Circulating collections of current high-demand, high-interest materials in a variety of formats.
- Collections representing a broad spectrum of knowledge on a variety of subjects and in a variety of formats.
- Reference services providing timely and accurate information in a variety of formats with access from diverse locations.
- Programs and services for all ages that encourage reading, learning, and cultural enrichment.
- Public computers and a wireless network to provide access to technology, information, and entertainment.

The materials and services include but are not limited to books, ebooks, audiobooks, large print books, magazines, emagazines, CDs, emusic, DVDs, video games, computers, Internet access (Wi-Fi), meeting rooms, audio-visual equipment, photocopier, recorded books on CDs, tax forms and publications, genealogical and local history material, telephone and city directories, information service, home delivery service, children and adult programming, newspapers, maps, RiverShare (consortium) inter-library loan of materials, technology classes, and census data.

Musser Public Library is currently part of RiverShare, an 8 member Quad City area library consortium that shares a catalog. Patrons may request to borrow material from any of the 8 libraries. Items are exchanged through a daily van delivery.

The Friends of the Library provide financial and volunteer support for the Library's operation.

Muscatine County provides a subsidy to the City that allows County residents to use the Library without an additional fee. The amount approved by the County for 2017/2018 is \$115,089. An additional \$3,010 has been received from the contract with the City of Fruitland in 2017/2018. The Library has negotiated similar agreements with townships in Illinois including New Boston, Eliza, Drury, and Buffalo Prairie, which generated \$10,594 in revenues. The Library budget for 2018/2019 reflects requested 3.0% increases in these agreements to \$118,500 from Muscatine County, \$3,100 from the City of Fruitland, and \$10,900 from the townships in Illinois.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is the same as the budgeted amount. The Library is allocated a set amount of funds by the City on an annual basis. The Library Board of Trustees can determine how these funds are expended. The revised estimate for the year reflects realignments of costs within the overall budget. Beginning in fiscal year 2010/2011 a separate Library Computer Replacement Fund was established in which

the Library can set aside funds for future computer purchases. Any funds remaining in the Library's operating budget at the end of a fiscal year may be set aside in this fund. The Library may also designate other funding sources (donations or bequests) to be used for computer-related purchases.

The Library budget for 2018/2019 is \$39,900 (3.6%) higher than the 2017/2018 budget. The most significant increase of \$35,800 is in personal services costs which includes staff realignments and a net increase of .71 FTE (full-time equivalent) positions related to the move to the new Musser Public Library and HNI Community Center building. The 2018/2019 budget realignments were a \$2,000 decrease in commodities, a \$9,200 increase in contractual services, and a \$3,100 decrease in capital outlay.

Early in 2017 HNI Corporation donated their former headquarters building on 2nd Street in downtown Muscatine to the City to be used as the new Musser Public Library and HNI Community Center. Remodeling of the building is currently underway with those costs accounted for in a capital project fund. This work is expected to be completed in the spring of 2018 with the expected opening date in May. Costs for additional janitorial and custodial needs is included in the Building and Grounds budget.

The increase in personal services costs for 2018/2019 is in part due to this being the first full fiscal year of operation in the new facility. The 2017/2018 budget included some staff realignments related to the new building; however it only reflected the changes for part of the current fiscal year. The staff realignments are primarily in part-time wages and benefits and result in 1,480 additional part-time hours.

GOAL STATEMENTS

- Fuel Muscatine's Passion for Reading, Personal Growth, and Learning
 - Build the community of Muscatine around services and materials
 - Provide materials and programs to stimulate the intellectual growth and educational potential of Muscatine's youth, while simultaneously supporting pleasure reading and recreational needs
- Expand Muscatine's Access to Information, Ideas, and Local History
 - Develop relevant and quality materials collections to meet the community's evolving needs and expectations
- Build Community Partnerships to Make a Difference in People's Lives
 - Develop sustainable relationships with City and County departments and community groups to benefit Muscatine residents

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
LIBRARY PATRONS	20,620	19,861	20,581	21,581	23,750
CIRCULATION					
Adult Books	62,590	59,502	51,562	60,000	64,000
Young Adult	5,394	5,253	3,785	4,500	5,500
Juvenile Books	50,851	52,610	44,820	48,000	52,000
Magazines	4,869	4,495	3,416	3,200	3,500
DVDs	83,948	87,532	74,147	72,000	84,000
Audio	23,814	21,503	18,542	17,000	22,000
Video Games	6,408	5,517	4,329	3,900	5,000
Other	490	1,043	781	200	300
Internet	25,603	24,869	20,536	18,000	25,000
WiFi Usage	15,790	13,631	12,043	10,000	15,000
Databases	52,751	137,565	176,496	180,000	200,000
E Audio	2,768	2,648	1,563	1,200	28,000
E Book	10,025	10,845	9,868	10,000	12,000
E Magazines	6,054	10,400	9,199	9,000	13,000
E Music	8,551	47,856	34,493	30,000	50,000
TOTAL	359,906	485,269	465,580	488,581	634,550
PROGRAMMING					
Juvenile Programs	405	432	568	560	620
Juvenile Audience	20,360	21,777	21,077	21,500	24,000
Young Adult Programs	37	36	36	36	45
Young Adults Audience	2,260	2,565	2,041	1,800	2,300
Adult Programs	28	36	30	22	48
Adult Audience	402	560	399	300	700
Technology Classes	44	46	26	22	100
Tech Audience	44	48	27	29	300
OTHER MEASURES					
Facebook Likes	4,535	4,906	5,172	6,000	6,500
Website Visits	60,000	77,600	57,549	57,800	70,000
Rivershare Holds	56,689	52,901	45,759	40,000	60,000
Inter-Library Loans	1,258	1,323	1,048	1,000	1,000
Homebound Visits	562	516	486	400	450
Homebound Circulation	6,328	5,735	5,344	5,200	6,000
Reference Questions	8,005	6,409	5,800	5,400	6,500
Building Usage	169,641	171,305	167,405	150,000	200,000
Meeting Room Usage	2,691	2,729	2,635	2,600	4,500

RECENT ACCOMPLISHMENTS

Library staff worked with Buildings and Grounds staff to mitigate the damages from a June storm that resulted in roof damages and flooding of library materials and computers.

Library staff applied for and received a \$550,000 grant from Roy J. Carver Charitable Trust to assist with remodeling costs for the new Musser Public Library and HNI Community Center; finalized the floor plans for the new building; determined technology needs; completed construction documents; and facilitated the inclusion of the Musser Public Library and HNI Community Center into the successful Pearls of Progress CAT (Community Attractions and Tourism) Grant application.

For the Children and Teens programming the Library implemented a more user-friendly Summer Reading software; held the first annual Harry Potter Yule Ball New Year's Eve celebration; continued to expand the Summer Reading format by including a free weekday snack for children ages 1 to 18, which was arranged through United Way, and increasing the number of process-oriented, creativity-building Summer Reading sessions in the subject areas of language, science and technology, and art; generated the highest ever participation and attendance at the annual Quad City Area Teen Read Challenge; and continued to hold Summer Reading activities off-site during closure due to the flooding.

In the Local History/Genealogy services area, Library staff worked with Muscatine Power & Water staff to recover several hundred recently discovered Grossheim negatives located in the Pine Street substation; de-accessioned the Hershey Hospital records to the University of Iowa to be used in their ongoing heart health study; worked with retired attorney Don Smith to upload and make available the Nichols High School online digital archive including yearbooks, graduation photos, and more; and assisted Bolton & Menk, the engineering firm for the Mississippi Drive Corridor Reconstruction project, with a photo selection for kiosks that are part of that project.

In the Reference area, Library staff replaced many of the state-funded databases with improved state offerings including a series of GALE electronic databases and Transparent Language Online, a language learning tool offering to assist with over 100 languages; independently added Brain HQ, a product designed to maintain and improve brain health; A to Z databases, a business product offering a variety of marketing, research, and job searching options; and BiblioBoard, a multimedia, collaborative content product featuring self-publishing and local history/archival assistance.

For Promotion and Adult Programming the Library added Select Reads, newsletter software that allows patrons to create personalized alerts based on their interests and tastes; provided two to three adult programs each month; established a successful "Blind-Date-With-A-Book" program in February 2017; and inserted a Summer Reading schedule and promotional piece in the Voice of Muscatine newspaper.

The Library also received a Chinese delegation in October and accepted the donation of additional books from the Window of Shanghai program.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To transition and adjust to the new library building. A substantial increase in traffic is expected (regular increases for new buildings in Iowa are 30-50% and that is without adding a significant community center component).
- * To prepare for state accreditation in 2019.
- * To finish digitizing local history files to save floor space in the adult non-fiction area.
- * To participate in ALA (American Library Association) sponsored trip to the Guadalajara book fair to increase the Library's collection of Mexican published Spanish material.
- * To begin first LENA (Learning ENvironment Analysis) cohort in the spring of 2019.
- * To undertake the ALA endorsed Planning for Results strategic planning process in October 2018.
- * To use participation posts and contests, across all forms of social media, to increase and engage the community.
- * To create monthly brochures showcasing the scheduled programs so patrons can easily keep track of offerings.
- * To offer a "Best Seller Club" to ensure patrons quickly receive their favorite authors' newest books.
- * To adjust to decreased collection size by prioritizing the purchase of high interest, popular materials and relying on RiverShare for quick access to other types of material.
- * To increase public programming by:
 1. Partnering with relevant organizations (Muscatine County Arts Council, Muscatine Community College, Farmer's Market, local bands, Pearl City Players, the Parks, and Recreation department, and the Art Center) to provide low-cost outdoor family programming.
 2. Supplementing the current evening fiction book discussion with a daytime fiction group and an evening non-fiction book discussion.
 3. Increasing children's programming with additional sessions of lap-sit, preschool story time, Mother-Daughter Book Group, and Skeleton Key; offering Sparkplugs in the large meeting room to accommodate more families; adding a Sensory Storytime for special needs children and families; providing a number of exploratory and make and take sessions utilizing the maker's space; and bring back the annual family Winter Event.
 4. Initiating fan based programs for younger adults and teens, for example, an Anime Club, and a small, regional swap meet/cosplay convention.
 5. Beginning a variety of craft-centric, DIY (Do it Yourself) maker-space programming such as crochet, pottery, repurposing, upcycling, and seasonal décor.
 6. Partnering with local history organizations to offer a variety of local history lectures and training for genealogical and historical research and using *Biblioboard's Creator Tool* to facilitate sharing historical information with the community.
 7. Working with local writing organizations, authors, and teachers to provide writing workshops, training, and access to *Biblioboard's Self-E and Pressbooks* (self-publishing and formatting software).

8. Providing a variety of educational and entertaining programs for adults.
9. Supporting the community's needs for technology training through workshops and one-on-one sessions.
10. Developing a community sponsorship programs to assist in funding programming.

Function:
Culture and Recreation

Department:
Library

Activity:
Library Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 856,071	\$ 861,305	\$ 890,900	\$ 891,800	\$ 926,700	4.02%
Commodities	12,832	7,807	13,300	10,300	11,300	-15.04%
Contractual Services	103,939	93,275	90,600	92,700	99,800	10.15%
Capital Outlay	98,082	108,660	125,900	125,900	122,800	-2.46%
Transfers	19,376	45,253	-	-	-	
Total Expenditures	<u>\$ 1,090,300</u>	<u>\$ 1,116,300</u>	<u>\$ 1,120,700</u>	<u>\$ 1,120,700</u>	<u>\$ 1,160,600</u>	3.56%
Funding Sources						
Library Revenues	\$ 30,555	\$ 28,337	\$ 29,600	\$ 28,600	\$ 28,900	-2.36%
County Contributions	115,136	118,014	121,400	118,100	121,600	0.16%
Hotel/Motel Tax	90,451	110,270	91,250	120,000	110,000	20.55%
General Revenues	854,158	859,679	878,450	854,000	900,100	2.46%
Total Funding Sources	<u>\$ 1,090,300</u>	<u>\$ 1,116,300</u>	<u>\$ 1,120,700</u>	<u>\$ 1,120,700</u>	<u>\$ 1,160,600</u>	3.56%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Library Director	1.00	1.00	1.00	1.00	1.00	
Assistant Director	1.00	1.00	1.00	1.00	1.00	
Librarian	3.00	2.00	2.00	2.00	2.00	
Office Coordinator	1.00	1.00	0.00	0.00	0.00	
Library Assistant	2.00	3.00	4.00	4.00	4.00	
Total Full Time	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	
Part Time Positions:						
Library Technician	1.91	1.83	1.50	1.50	1.80	
Library Assistant	2.26	2.13	2.40	2.40	1.42	
Library Shelves	1.91	1.55	1.54	1.54	1.43	
Other Technicians	0.25	0.25	0.25	0.25	1.25	
Other Assistant	0.00	0.00	0.50	0.50	1.00	
Total Part Time	<u>6.33</u>	<u>5.76</u>	<u>6.19</u>	<u>6.19</u>	<u>6.90</u>	
Total	14.33	13.76	14.19	14.19	14.90	\$ 693,800
Employee Benefits						232,900
Total Personal Services						<u>\$ 926,700</u>

Capital Outlay	
Item	Amount
Library Books, Videos, Serials, Database Subscriptions, etc.	<u>\$ 122,800</u>

Function:**Culture and Recreation****Department:****City Administrator****Activity:****Cable Television Operations****GENERAL INFORMATION**

In July 1979 the City Council awarded a 15 year cable television franchise to ATC and Muscatine Cablevision Corporation. In 1984 the City approved the transfer of the franchise from ATC and Muscatine Cablevision to Heritage Cablevision. This franchise was later transferred to TCI, then AT&T and then Mediacom. The original franchise required a franchise fee to be paid to the City of Muscatine in the amount of 3% of its annual gross receipts. The original franchise agreement expired in 1994 and it was renewed for another 15 years on September 7, 1994. The new agreement provided for an increase in the franchise fee paid to the City to 5% of the annual gross receipts. In addition, Muscatine Power & Water (MP&W) began offering cable television services in 1999. MP&W also pays a cable franchise fee to the City. In December 2002, MP&W purchased the local Mediacom operation and became the sole cable provider in the City. Under the current arrangement with Muscatine Power & Water, the City receives approximately \$176,000 in cable franchise fees annually.

A portion of the funds received from the franchise fee has been utilized to purchase equipment and develop governmental programs to be aired on the government information access channel. The City's cablecasting is provided through a contract with Muscatine Community College's (MCC's) audio-visual department. As part of this contract, regular City Council meetings and other special programs have been broadcast which have informed citizens of available municipal services. Cable broadcast services are also provided by the community college for the Muscatine Community School District and Muscatine County.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is \$2,000 more than the original budget. The budget included an \$11,700 capital outlay allocation to upgrade the cable equipment in the City Hall Council Chambers with high definition cameras and adding live streaming capabilities. During the upgrade additional enhancements were identified including new microphones, which increased the cost by \$2,000.

The 2018/2019 budget is \$21,300 which is \$11,100 (34.3%) less than the 2017/2018 budget. No capital outlay items have been requested in the 2018/2019 budget. The budget includes \$20,400 in fees to be paid to Muscatine Community College (MCC) for cable broadcasting services as specified in the agreement between the City and MCC, \$400 for the City's portion of the Government Access Channel program listing on the cable channel guide, and \$700 for any repairs that may be needed to the broadcasting equipment in the City Hall Council Chambers.

GOAL STATEMENT

To inform and educate the community about the operation of and services provided by their City government and to offer programs of appeal to specific audiences presently not served by broadcast television.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2016/2017	Estimated 2018/2019
Cable Franchise Fees	\$191,331	\$189,044	\$176,095	\$176,100	\$176,100
City Council Meetings Broadcast	35	35	35	35	35

RECENT ACCOMPLISHMENTS

The cable and recording equipment in the City Hall Council Chambers was upgraded, in cooperation with Muscatine Community College (MCC), with YouTube Live and Facebook Live now available.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To continue providing cable television access to Muscatine's residents through Muscatine Power & Water.
- * To continue providing Muscatine with public access channels that showcase the many and varied activities and interests in Muscatine.
- * To continue finding new ways to bring information and programming to the residents of Muscatine.

Function:
Culture and Recreation

Department:
City Administrator

Activity:
Cable Television Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	16,053	18,380	20,700	20,700	21,300	2.90%
Capital Outlay	-	-	11,700	13,700	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 16,053</u>	<u>\$ 18,380</u>	<u>\$ 32,400</u>	<u>\$ 34,400</u>	<u>\$ 21,300</u>	-34.26%
Funding Sources						
Cable Franchise Fees	<u>\$ 16,053</u>	<u>\$ 18,380</u>	<u>\$ 32,400</u>	<u>\$ 34,400</u>	<u>\$ 21,300</u>	-34.26%

Function:**Culture and Recreation****Department:****Art Center****Activity:****Art Center Operations****GENERAL INFORMATION**

The Muscatine Art Center consists of the Laura Musser Museum and the Stanley Art Gallery, which are open and free to the public. A joint building connects the Art Gallery and Musser Museum. Elevators in both the museum and art gallery provide access for the elderly and handicapped.

The Muscatine Art Center Support Foundation continues to provide support to the Art Center. The interest from the Foundation provides an annual appropriation which the Art Center may use only for acquisitions (purchases of objects for the collection), conservation, and exhibitions. The Friends of the Muscatine Art Center also provide funding to support the education department including busing for school field trips and scholarships, Art Center staff hours, and volunteer participation in fundraising events and special programs.

One part-time custodian is charged to this budget, with costs over the regularly scheduled hours reimbursed by the Art Center Support Foundation. These additional hours are primarily related to assisting staff in the set-up and removal of displays and other non-routine labor duties. One part-time custodian is also included in the Buildings and Grounds budget for general maintenance of the facility. The Parks and Recreation department has the responsibility of maintaining the grounds adjacent to the Art Center and Museum due to the nature of the grounds.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is over the budgeted amount by \$1,800. This increase is primarily in personal services costs due to wage adjustments.

The 2018/2019 budget is \$21,300 (6.2%) higher than the original 2017/2018 budget. Personal services costs increased by \$13,500 and capital outlay by \$7,800. The capital outlay allocation of \$7,800 is for approximately 50% of the cost of developing a new website. The remaining cost of the website will be funded from donations and funds available in the Art Center General Trust. The 2018/2019 budgeted expenditures again include those funded from the \$10,000 annual grant from the Iowa Department of Cultural Affairs.

Funding from the Art Center Support Foundation and Friends of the Art Center will continue to be received in 2017/2018 and 2018/2019 for the additional costs associated with the staff reorganization implemented in 2010/2011. Budgeted contributions from those organizations total \$44,800 in 2017/2018 and \$46,800 in 2018/2019.

Again in 2018/2019 one-fourth (1/4) of the Hotel/Motel tax has been appropriated to support the Museum/Art Center operations. This amount is estimated at \$110,000.

GOAL STATEMENT

The Muscatine Art Center is a permanent, municipal, non-profit institution. The Art Center collects, preserves, interprets, and exhibits objects of historical and aesthetic importance for the benefit of present and future generations. In addition, through the use of the permanent collection and special exhibitions, education programs are provided for all ages that encourage and promote the advancement, understanding, enjoyment, and diffusion of knowledge of the visual arts.

PERFORMANCE MEASURES

Fiscal Year Basis	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Attendance	13,194	14,186	9,346 *	14,500	16,000
Number of Classes Offered	142	157	148	155	165
Art Center Events Hosted	35	20	22	40	45
Exhibitions	11	10	15	21	22
Group Tours & Programs	23	33	62	65	75
City Calendar Website Posts	99	179	111	125	150
Facebook Posts	1,191	1,914	2,073	2,150	2,250
Newspaper Stories - Muscatine Journal and Quad City Times	68	66	68	75	80

* Attendance reduction in 2016/2017 due to the HVAC and Window replacement project.

RECENT ACCOMPLISHMENTS

There were numerous facility improvements and accomplishments for the Muscatine Art Center over the last 18 months. Completion of the HVAC/Window Replacement project was the centerpiece, but dozens of small to medium sized projects were also successfully completed including:

- Launched and successfully completed the “Framing the Future” campaign, raising \$350,000
- Worked with the Muscatine Art Center Support Foundation to transition assets into a designated fund within the Community Foundation of Greater Muscatine
- Electrical work
- Pipe room plaster with removal and cleaning of organ pipes
- Asbestos removal
- Gutters/drainage for the Musser-McColm House
- Tuck pointing
- Ceiling repair in Music Room
- Roofing - Music Room
- Exterior painting
- Carpeting in Stanley Gallery (bottom floor)
- Technology development / installation
- Collections management during construction
- New exhibition cases
- Work with consultant on educational programs
- “Learn to Look” gallery (hands-on room for kids)

- Translation of Text Panels and Family Guide into Spanish
- New track lighting in Musser House
- New wall track system for hanging art
- Additional security cameras and upgraded system
- New carpeting in the Musser-McColm House
- Installation of the Glass Collection
- Musser House painting and plaster repair
- New window shades
- Creation of Orientation Space
- Demolition of dated display cases
- Replacement of damaged concrete on walkway
- Replacement of wood bridges in the Japanese Garden
- Reconfiguring of storage spaces for collections
- Construction of additional shelves to store collections
- Overhaul of studio supply storage including repurposing the dark room into a supply closet
- Sorting and disposal of dated records to allow more space in attic and basement
- Temporary relocation of some staff offices during construction
- Listing on the National Register of Historic Places
- Grant management and reporting
- Update of Disaster Plan and Facilities Maintenance Plan
- Adoption of new Strategic Plan
- Adoption of the new Collections Management Policy and Collections Plan
- Review of Furniture Collection and Toy Collection
- Curation of multiple in-house exhibitions including Not So Ordinary: Iowa Regionalists and Scenes of Rural Life
- Curation of exhibitions to travel to the Figge Museum of Art and the Hearst Center for the Arts

As a result of this work, the Muscatine Art Center increased the number of spaces available for rotating exhibitions, created a learning space targeted to the needs of young children and their families, introduced technology to put information in the hands of visitors, made it possible to show a broader range of the collection, and set up the organization for growth in programming of all types.

During 2016 and 2017, the Muscatine Art Center's historic Musser-McColm House was closed for a long period of time to allow for facility upgrades and to provide space for storing collections. The scope of the projects pushed the staff in a multitude of directions. However, regular operations continued in 2016/2017 with 148 classes offered, 22 events held, 15 exhibitions presented, and 62 tours and outreach activities provided.

Staff worked with a technology and design firm from Des Moines to complete technology-based features including three orientation videos (all requiring large numbers of photographs, videos, archival materials, copy editing, etc.) and two touch-screen kiosks with collections information and photographs organized in a complex database and shared with the technology company.

In addition to the many unusual circumstances and projects in 2016 and 2017, the Art Center completed its National Register of Historic Places nomination. Staff worked with a grant-funded consultant to provide historic content, photographs, archives, and other materials for the nomination. The staff, board, and volunteers reviewed the nomination on several occasions throughout the process.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To complete preparations for the American Alliance of Museum’s re-accreditation process by updating core documents, policies, job descriptions, and the long-range plan.
- * To build creative partnerships with area non-profit organizations, cultural groups, and educational institutions for the purpose of promoting the arts, history, historic preservation, lifelong learning, and other quality of life initiatives. **(Council and Management Long-Term Goal)**
- * To increase community awareness and engagement by re-developing www.muscatineartcenter.org, making the Muscatine Art Center’s collection searchable online, and continuing to develop social media. **(Council and Management Marketing, Communication, and Engagement Goal)**
- * To utilize the city's website to improve marketing and communication to the public and actively participate in the City’s efforts to implement the new marketing and branding plan. **(Council and Management Marketing, Communication, and Engagement Goal)**
- * To make steady progress on the goals and objects outlined in the Strategic Plan adopted by the Muscatine Art Center Board of Trustees.
- * To stabilize the Program Coordinator’s position which is critical to driving attendance by offering high quality, relevant, and engaging programs, classes, fieldtrip experiences, and events for a wide range of audiences.
- * To tell Muscatine’s story using the Muscatine Art Center’s collections, historic house, and historic Japanese garden by developing a Teaching with Historic Places lesson plan and taking advantage of other opportunities offered through the National Register of Historic Places. **(Council and Management Long-Term Goal)**
- * To continue seeking grant funds and other income sources for appropriate projects.
- * To work with the Community Improvement Action Team (CIAT) and other community groups to promote community pride through beautification and placemaking programs. **(Council and Management Marketing, Communications, and Engagement Goal)**

Function:
Culture and Recreation

Department:
Art Center

Activity:
Art Center Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 278,740	\$ 291,743	\$ 306,200	\$ 308,500	\$ 319,700	4.41%
Commodities	9,316	7,998	8,300	7,700	8,300	0.00%
Contractual Services	32,795	24,885	27,600	27,700	27,600	0.00%
Capital Outlay	-	600	-	-	7,800	
Transfers	-	2,184	-	-	-	
Total Expenditures	\$ 320,851	\$ 327,410	\$ 342,100	\$ 343,900	\$ 363,400	6.23%
Funding Sources						
Art Center Revenues	\$ 5,086	\$ 5,411	\$ 6,100	\$ 2,900	\$ 3,800	-37.70%
Art Center Grant	10,000	10,000	10,000	10,000	10,000	0.00%
Support Foundation Contribution	18,945	20,436	22,100	22,100	22,700	2.71%
Friends of the Art Center Contribution	18,945	21,502	22,700	22,700	24,100	6.17%
Other Contributions	-	-	-	6,500	-	
Hotel/Motel Tax	90,450	110,270	91,250	120,000	110,000	20.55%
General Revenues	177,425	159,791	189,950	159,700	192,800	1.50%
Total Funding Sources	\$ 320,851	\$ 327,410	\$ 342,100	\$ 343,900	\$ 363,400	6.23%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Art Center Director	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	1.00	1.00	1.00	1.00	1.00	
Art Center Registrar	1.00	1.00	1.00	1.00	1.00	
Total Full Time	3.00	3.00	3.00	3.00	3.00	
Part Time Positions:						
Art Center Aide	1.38	1.35	1.38	1.38	1.38	
Custodian	0.32	0.32	0.32	0.32	0.32	
Total Part Time	1.70	1.67	1.70	1.70	1.70	
Total	4.70	4.67	4.70	4.70	4.70	\$ 250,400
Employee Benefits						69,300
Total Personal Services						\$ 319,700

Capital Outlay	
Item	Amount
New Website (approximately 50% of the cost with balance from other sources)	\$ 7,800

Function:
Culture and Recreation

Department:
Parks and Recreation

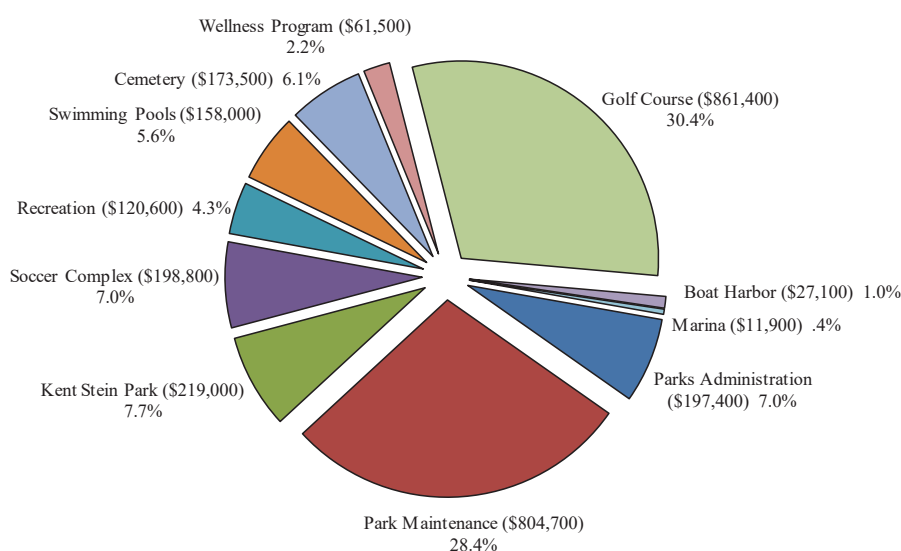
Activity:
Park Administration

GENERAL INFORMATION

The Parks and Recreation department is responsible for providing leisure time activities and maintaining green space and facilities for the citizens of Muscatine. The department administers programs for outdoor and indoor recreation activities that occur in the City's park facilities, the Weed Park Aquatic Center, and in various buildings owned by the public school system.

The Parks and Recreation Administration budget includes the costs related to the overall coordination of the parks and recreation programs. The office staff includes the positions of director and office coordinator. A part-time clerk is also utilized during peak times of the year. The Director also supervises the Boat Harbor, Marina, and Golf Course enterprise fund operations in addition to overseeing the Cemetery, Park Maintenance, Kent Stein Park, Soccer Complex, Recreation, Aquatic Center, and Employee Wellness Program activities. An administrative fee has been charged to the Golf Course and Boat Harbor enterprise funds and credited to the Park Administration activity for staff support for these operations. The amount of the administrative fee is \$28,900 for 2018/2019. The Director also initiates and oversees capital improvements in the City's parks, golf course, levee, and cemetery and provides administrative support for the Recreation Advisory Commission. Following is a chart of the 2018/2019 budgeted expenditures by activity for the Parks and Recreation department.

**Parks and Recreation Department
2018/2019 Budget by Activity (\$2,833,900)**



CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$800 more than the original budget due to a wage adjustment.

The 2018/2019 budget is \$6,700 (3.5%) higher than the 2017/2018 budget due to increased personal services costs.

GOAL STATEMENT

To establish and maintain the most efficient leisure service delivery system possible with the available resources. This system includes the parks, recreation, and cemetery divisions as well as a golf course and a municipal boat harbor.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Recreation Advisory Commission Meetings	9	9	9	9	9
Department Expenditures - All Divisions	\$2,372,889	\$2,397,177	\$2,616,532	\$2,724,200	\$2,833,900
Internet Receipts Issued	536	584	638	650	650
Office Receipts Issued	2,058	1,703	1,753	1,800	1,800
Pearl City Station Rentals	98	118	126	125	125
Riverview Center Rentals	85	115	114	115	115
Shelters/Rose Garden Rentals	395	429	424	425	425
Parks Adopted (Calendar Year Basis)	18 (2015)	19 (2016)	20 (2017)	21 (2018)	22 (2019)

RECENT ACCOMPLISHMENTS

The Parks and Recreation department has been actively involved in the update of the Master Plan for the Riverfront. The department has also been involved with the CAT (Community Attractions and Tourism) grant projects which include development of an Off-Leash Dog Park and construction of the new West Side Trail.

The department has seen strong rentals of park shelters, the Pearl City Station, and the Riverview Center. These rentals continue to be a priority of the department and require more maintenance time. The Parks department is developing a reforestation plan to include with the submittal of two grant applications; developing a maintenance plan to include proper signage for the new Kent Stein Park to Deep Lakes Park Trail; and updating the Greenwood Cemetery Usage Guidelines and fee structure

The Weed Park Street Lighting and Soccer Complex Street Lighting projects have started and will be completed in 2018.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To continue to recruit and retain quality seasonal and full-time staff.
- * To continue to work cooperatively and jointly with area associations and agencies to deliver efficient and appropriate services to the community. **(Council and Management Ongoing Opportunities Goal)**
- * To continue to facilitate special event requests for use of public property. **(Council and Management Pride in Muscatine Goal)**
- * To continue the quality and efficient service delivery of the park and recreation system to the residents of the community.
- * To continue to manage the City Deer Management Program.
- * To operate within approved budgets.
- * To administer the Kent Stein Park operations.
- * To administer the Soccer Complex operations.
- * To administer the Aquatic Center operations.
- * To evaluate golf services for efficient and cost-effective outcomes while trying to increase facility utilization. **(Council and Management Continuous Service Improvement Goal)**
- * To continue to assist other City departments as requested.
- * To continue to develop and promote the Adopt-A-Park and volunteer recruitment programs.
- * To continue to work on the development of the Central Weed Park Corridor project.
- * To assist in City development projects as requested.
- * To continue to promote a positive and active Employee Wellness Program.
- * To meet regularly with the Parks and Recreation Advisory Commission.
- * To continue the community Reforestation and Tree Management Plans.
- * To continue to support and work with the Community Blue Zones initiatives.
- * To continue to manage the Boat Harbor and Marina operations looking for cost effective and efficient operating standards.
- * To continue to administer the Municipal Cemetery.
- * To continue to administer the citywide Recreation programs.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Park Administration

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 159,449	\$ 169,130	\$ 175,700	\$ 176,700	\$ 182,600	3.93%
Commodities	856	570	1,600	1,600	1,600	0.00%
Contractual Services	12,019	11,575	13,400	13,200	13,200	-1.49%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 172,324</u>	<u>\$ 181,275</u>	<u>\$ 190,700</u>	<u>\$ 191,500</u>	<u>\$ 197,400</u>	3.51%
Funding Sources						
Park Revenues	\$ 46,677	\$ 60,829	\$ 43,800	\$ 61,000	\$ 48,800	11.42%
Administrative Fee	26,500	27,300	28,100	28,100	28,900	2.85%
General Revenues	<u>99,147</u>	<u>93,146</u>	<u>118,800</u>	<u>102,400</u>	<u>119,700</u>	0.76%
Total Funding Sources	<u>\$ 172,324</u>	<u>\$ 181,275</u>	<u>\$ 190,700</u>	<u>\$ 191,500</u>	<u>\$ 197,400</u>	3.51%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Director of Parks and Recreation	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	
Total Full Time	1.50	1.50	1.50	1.50	1.50	
Temporary Part Time Position:						
Office Clerk	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>	
Total	1.70	1.70	1.70	1.70	1.70	\$ 129,700
Employee Benefits						<u>52,900</u>
Total Personal Services						<u>\$ 182,600</u>

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Park Maintenance

GENERAL INFORMATION

The function of the Park Maintenance operation is to provide parks and facilities for the recreational pursuit of the citizens of Muscatine. Fourteen (14) of the City's fifteen (15) city parks are maintained by Park Maintenance personnel including Brook Street, John Duncan, Eversmeyer, Fourth Street, Fuller Memorial, Longview, Lucas, Mark Twain Overlook, McKee, Musser, Oak Street, Riverside, Taylor, and Weed Park. This division also maintains Iowa Field, the Mad Creek Greenbelt, and the City's trails.

The City's three (3) major parks are oriented toward different recreational pursuits. Kent Stein Park is a high-density use area utilized for a variety of recreational purposes, with its primary concentration being baseball and softball. A separate budget for the Kent Stein Park operation follows the Park Maintenance activity budget.

Weed Park is a combination of passive and organized activities including the Weed Park Aquatic Center, areas for picnics, a pond for fishing for young children, tennis courts, and a permanent greenhouse. Fuller Memorial Park provides a natural recreational location for hiking, nature trails, picnic areas, a tot lot, and a disc golf course.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate and 2018/2019 budget for the Park Maintenance division include additional seasonal staff and an increase in wage rates for the seasonal Equipment Operators and seasonal Lead Groundskeeper positions. The budget includes two new seasonal Lead Groundskeeper positions at 1,120 hours each at Grade 5 in the Seasonal Pay Plan (starting at \$12.00 per hour). This increase in seasonal staffing is due to additional facilities and responsibilities including maintenance of the new Kent Stein Park to Deep Lakes Park Trail, maintenance of the median areas of Mississippi Drive currently being reconstructed, and various other areas. Also, to assist in finding quality seasonal staff, the budget also includes moving the seasonal Equipment Operator positions from Grade 2 to Grade 3 and the seasonal Lead Groundskeeper positions from Grade 4 to Grade 5 in the Seasonal Pay Plan. These changes are budgeted to be effective in April of 2018.

The 2017/2018 revised estimate is over the budgeted amount by \$25,800. Personal services are over the original budget by \$11,200 primarily due to the additional seasonal positions and increased seasonal pay rates to be effective April 1, 2018. Commodities increased by \$14,100 which includes \$8,000 for tree purchases reimbursed by a grant and \$1,300 for a memorial bench at Weed Park funded from a donation. Contractual services also increased by \$500.

The 2018/2019 budget is \$102,700 (14.6%) more than the original 2017/2018 budget. Personal services costs increased by \$48,200 due to wage and benefit increases for fulltime employees, the additional seasonal staff, and the increased seasonal pay rates. Capital outlay increased by \$54,500. Capital outlay items include a new

tractor and mower for the right-of-way mowing operation (\$51,000) and a tree spade (\$21,000). The right-of-way mowing tractor will be funded from Road Use Taxes.

GOAL STATEMENT

To provide the citizens of the community with a variety of areas and facilities to pursue recreational activities in suitable environments.

PERFORMANCE MEASURES

Focus Maintenance Items:	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Parks	17	17	17	17	17
Park Acres	241	241	241	241	241
Park Shelters	17	18	17	17	17
Miles of Trail	9.3	9.3	9.3	13.8(1)	15.5(2)
Playgrounds	12	12	12	12	12
Buildings	12	12	12	12	12
Basketball Courts	5	5	5	5	5
Tennis Courts	8	8	8	8	8
Skate Parks	1	1	1	1	1
Sand Volleyball Courts	2	2	3 (3)	3	3
Disc Golf Course	1	1	1	1	1
Right-of-Way Miles	10.9	10.9	10.9	19.9(4)	23.4(5)
Aquatic Center	1	1	1	1	1
Interactive Fountain	1	1	1	1	1
Boat Ramps	4	4	4	4	4
Special Gardens	3	3	3	3	3
Street Tree Miles	140	140	140	140	140

1. The Kent Stein Park to Deep Lakes Park Trail was added in 2017/2018.
2. The West Side Trail from Kent Stein Park to Discovery Park will be added in 2019.
3. A third sand volleyball court was added at Weed Park in 2016/2017.
4. 9 miles of right-of-way mowing was added with the Kent Stein Park to Deep Lakes Park Trail.
5. 3.5 miles of right-of-way mowing will be added in 2019 with the West Side Trail extension.

RECENT ACCOMPLISHMENTS

Parks and Recreation staff participated in the United Way's Day of Caring. Projects completed in both the spring and fall events included (1)planting 35 trees throughout the parks with the support of the Muscatine Rotary Club, (2) clearing brush at the Disc Golf Course around hole #4 in preparation for a new hole location, (3) Zoo Garden fall cleanup, (4) mulching the Rose Garden in the spring, (5) Riverfront levee cleanup starting at Millennium Plaza, (6) mulching trees on the Riverfront, and (7) mulching all newly planted trees at the Cemetery.

With the high temperatures and timely rains this past season, weeds throughout the parks and community grew quickly. Staff worked on weed removal in flower beds, cracks in sidewalks, alleys, right-of-way, river walls, and levees throughout the season. The levee walls on both the Mississippi River and Mad Creek levees were sprayed several times this past season, as were the medians on Park Avenue, Cedar Street, downtown alleys, Airport runways, and Mississippi Drive. Staff also took care of the landscape beds at the Art Center and the new Musser Public Library and HNI Community Center this past season.

This fall staff transplanted 28 trees from the nursery and wooded areas at the golf course and planted them throughout the park system. Also, 35 trees were donated and planted in coordination with the Rotary Club of Muscatine. Staff purchased and planted 50 saplings into the new air pot system. Staff also applied for two Alliant Energy grants for a total request of \$20,000 to purchase plants for the downtown side streets, Cedar Street, Mulberry Avenue, and the new trail system.

There were 22 new properties added to the list of properties maintained by this division. These properties were mowed and string trimmed throughout the growing season and the sidewalks on these properties will be maintained for snow removal.

Weed Park saw several improvements this past season. With higher participation levels in adult sand volleyball, a third court was added this past spring. The Jane McFate trail head also had improvements with the addition of a trash can and a bike fix-it station. The Colorado Street entrance into Weed Park was expanded to allow easier access into the facility. The prairie below the Zoo Garden was burned this spring, and new wildflowers were planted throughout the area. A new memorial bench was added on the overlook next to the Zoo Garden this fall. Several boards were replaced on the lagoon decking to help create a safer environment for users.

The Riverfront and downtown areas also had improvements as well as ongoing general maintenance. The hanging basket program on 2nd Street had another successful season. Banners on 2nd Street were also replaced throughout the year to coincide with activities and the seasons of the year. All of the trash cans were painted on the Riverfront this spring. The dead ash trees next to Riverview Center are being taken down and will be replaced next spring. Eight trees were planted between Riverside Park and the new boat launch area to help provide additional shaded areas.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To complete the lagoon bank stabilization project to include dredging the lagoon, adding rip-rap along the banks and island, repairing drainage pipes, and repairing the viewing deck (subject to funding).
- * To continue improving working relationships with volunteers and community groups that use the City's parks.
- * To complete the light replacement project in Weed Park and help create a safer environment for all users of the park.
- * To replace the restroom at the Rose Garden and consider additional restrooms in Weed Park.
- * To continue improvements to the Disc Golf Course.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Park Maintenance

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 473,392	\$ 529,588	\$ 558,300	\$ 569,500	\$ 606,500	8.63%
Commodities	62,254	66,511	61,900	76,000	61,900	0.00%
Contractual Services	58,275	67,033	64,300	64,800	64,300	0.00%
Capital Outlay	15,629	499	17,500	17,500	72,000	311.43%
Transfers	620	10,299	-	-	-	
Total Expenditures	<u>\$ 610,170</u>	<u>\$ 673,930</u>	<u>\$ 702,000</u>	<u>\$ 727,800</u>	<u>\$ 804,700</u>	14.63%
Funding Sources						
General Revenues	\$ 587,532	\$ 641,552	\$ 679,900	\$ 699,700	\$ 731,400	7.57%
Insurance Reimbursement	-	1,985	-	6,100	-	
Road Use Taxes	22,638	30,393	22,100	22,000	73,300	231.67%
Total Funding Sources	<u>\$ 610,170</u>	<u>\$ 673,930</u>	<u>\$ 702,000</u>	<u>\$ 727,800</u>	<u>\$ 804,700</u>	14.63%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Park Maintenance Superintendent	0.80	0.80	0.80	0.80	0.80	
Maintenance Repairperson	2.50	2.50	2.50	2.50	2.50	
Maintenance Worker I	1.00	1.00	1.00	1.00	1.00	
Groundskeeper	0.50	0.50	0.50	0.50	0.50	
Landscape Horticulturalist	1.00	1.00	1.00	1.00	1.00	
Total Full Time	<u>5.80</u>	<u>5.80</u>	<u>5.80</u>	<u>5.80</u>	<u>5.80</u>	
Seasonal Part Time Positions:						
Seasonal Equipment Operator	1.61	1.61	1.61	1.61	1.61	
Seasonal Groundskeeper	1.23	1.03	1.03	1.03	1.03	
Seasonal Lead Groundskeeper	0.62	1.06	1.06	1.56	2.14	
Seasonal Equipment Operator (Right-of-Way Mowing)	0.75	0.75	0.75	0.75	0.75	
Total Seasonal Part Time	<u>4.21</u>	<u>4.45</u>	<u>4.45</u>	<u>4.95</u>	<u>5.53</u>	
Total	10.01	10.25	10.25	10.75	11.33	\$ 426,600
Employee Benefits						<u>179,900</u>
Total Personal Services						<u>\$ 606,500</u>

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Tree Spade	1	No	\$ 21,000
Right-of-Way Tractor and Mower (Road Use Tax Funded)	1	Yes	51,000
			<u>\$ 72,000</u>

Capital Outlay - Equipment Replacement Fund			
<i>Item</i>		<i>Replacement</i>	<i>Amount</i>
Boom Lift	1	No	<u>\$ 30,000</u>

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Kent Stein Park Operations

GENERAL INFORMATION

The Kent Stein Park operation consists of a high-density use area for baseball and softball activities. There are a total of 17 diamonds that are available for these activities in Kent Stein Park. The City is responsible for the maintenance and scheduling of the Kent Stein Park operations. Working with the City for operational programming are private groups which organize girls softball and Little League baseball activities. Also available at Kent Stein Park are regulation horseshoe pits and picnic facilities.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is over the original budget by \$6,400. Personal services increased by \$1,300, commodities by \$400, and capital outlay by \$4,700. The personal services increase is due to increased seasonal staffing costs. Seasonal Equipment Operators are budgeted to be moved from Grade 2 to Grade 3 in the Seasonal Pay Plan and the Lead Groundskeeper from Grade 4 to Grade 5 effective April 1, 2018. These increases are to assist the department in attracting and retaining quality seasonal staff. The capital outlay allocation of \$4,700 is to repair storm-damaged fencing. This cost will be reimbursed by insurance.

The 2018/2019 budget is \$8,200 (3.9%) more than the 2017/2018 budget due to increased personal services costs and a capital outlay allocation of \$2,000 to replace a popcorn machine in one of the concession stands. The personal services increase of \$6,200 is due to wage and benefit increases for fulltime employees and the increased seasonal pay rates.

GOAL STATEMENT

To provide the citizens of the community with softball and baseball facilities for recreational and school participation.

PERFORMANCE MEASURES

Calendar Year Basis	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Ball Diamonds Maintained	20	20	20	20	20
Total Hours of Usage*	6,762	6,976	7,329	7,000	7,000
Number of Tournaments	23	22	20	20	20
Number of Leagues/Camps	26	26	26	26	26
Concession Revenue	\$10,626	\$9,937	\$8,680	\$10,000	\$10,000
Total Operating Revenues	\$48,181	\$46,237	\$47,399	\$47,000	\$47,000

* Total hours of usage are scheduled usage only and does not account for drop-in usage

RECENT ACCOMPLISHMENTS

This was another great year for the turf stand throughout the park. Even with a minor drought this past summer, the turf was ready for an intense fall season of softball, baseball, and soccer. A Muscatine Youth Baseball fall league and a Muscatine Girls Softball Association fall league were formed, and the ball diamonds were once again well-utilized for soccer practices this fall.

Once again this past season staff worked with volunteer groups to help complete large tasks. The Rotary Club of Muscatine donated 10 trees for Kent Stein Park that were planted in the center median. During the United Way Day of Caring the turf areas in front of all of the baseball mounds were leveled and re-sodded. The rubber pads in front of the baseball diamond dugouts were removed and ag-lime was installed in these areas. The retaining wall behind Diamond 7 was also re-leveled.

In the fall of 2016, Musco Sports Lighting installed new light systems on Diamonds #3 and #4. This season was the first using the new light system technology through the entire season. Diamond #3 was also updated with the Control Link system which allows for computer operated controls.

Spring storm damage was once again an issue in the park. A total of 35-40 trees were damaged and removed due to the spring storm, including 10 large pines outside of Bruner Field. Fence damage occurred on Diamonds #2 and #15. The fence around the batting cage between Diamonds #2 and #3 was replaced, helping create a safer and higher quality batting cage for the user groups. The parking lot lines were also repainted this past season.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To upgrade the remaining fields at Kent Stein Park with the Musco Control Link Lighting System.
- * To upgrade the appearance of the park by removing the black cinders along the road and replacing them with permeable asphalt (subject to funding).
- * To strive for positive relations with facility guests and associations by conducting regular meetings on relevant issues with various sponsoring organizations.
- * To improve the parking lot west of Diamond #5 with an asphalt surface (subject to funding).
- * To maintain high quality and safe fields while maximizing usage.
- * To continue to support and assist other departments as requested.
- * To continue to recruit and train quality seasonal and full-time staff as needed.
- * To work with the Hinman family property donation to develop a multi-use open green space (subject to funding).
- * To work with the Muscatine Community School District on a maintenance plan for Bruner Field.
- * To treat all ash trees in Kent Stein Park for the emerald ash borer.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Kent Stein Park Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 138,551	\$ 152,483	\$ 155,500	\$ 156,800	\$ 161,700	3.99%
Commodities	40,435	39,978	47,100	47,100	47,100	0.00%
Contractual Services	6,131	9,984	8,200	8,600	8,200	0.00%
Capital Outlay	1,141	6,570	-	4,700	2,000	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 186,258	\$ 209,015	\$ 210,800	\$ 217,200	\$ 219,000	3.89%
Funding Sources						
Park Revenues	\$ 38,951	\$ 36,983	\$ 35,900	\$ 39,700	\$ 39,200	9.19%
Housing Reimbursement	7,850	7,000	7,500	7,500	7,500	0.00%
Insurance Reimbursement	-	1,895	-	6,100	-	
General Revenues	139,457	163,137	167,400	163,900	172,300	2.93%
Total Funding Sources	\$ 186,258	\$ 209,015	\$ 210,800	\$ 217,200	\$ 219,000	3.89%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Park Maintenance Superintendent	0.10	0.10	0.10	0.10	0.10	
Athletic Facilities Specialist	0.50	0.50	0.50	0.50	0.50	
Maintenance Repairperson	0.12	0.12	0.12	0.12	0.12	
Maintenance Worker I	0.50	0.50	0.50	0.50	0.50	
Total Full Time	1.22	1.22	1.22	1.22	1.22	
Seasonal Part Time Positions:						
Lead Groundskeeper	0.75	0.75	0.75	0.75	0.75	
Seasonal Equipment Operator/ Groundskeeper	1.98	1.98	1.98	1.98	1.98	
Total Seasonal Part Time	2.73	2.73	2.73	2.73	2.73	
Total	3.95	3.95	3.95	3.95	3.95	\$ 118,900
Employee Benefits						42,800
Total Personal Services						\$ 161,700

Capital Outlay			
Item	Quantity	Replacement	Amount
Popcorn Machine	1	Yes	\$ 2,000

Function:
Culture and Recreation

Department:
Parks & Recreation

Activity:
Soccer Complex Operations

GENERAL INFORMATION

In 1992 the City Council was approached by the Muscatine Civic Improvement Foundation which shared with them their intent to privately develop a six-field soccer complex within the City of Muscatine. Further, it was their intention that once the field was developed, it would be given to the City of Muscatine who in turn would be responsible for the scheduling and ongoing maintenance of the facility.

Following a number of public hearings and reviews of this proposal, the City Council agreed to accept the gift and the responsibility for maintenance and scheduling of the facility. The original soccer complex consisted of six fields, two with lighting; administration, concession, and locker room facilities; a separate maintenance facility and storage area; and adequate parking to accommodate users. Two additional fields located adjacent to the original complex were developed and given to the City in 1994. The soccer complex is located on Houser Street between Hershey Avenue and the Sunset Park housing development. Known for its consistent quality and field play, this facility has been named “Soccer Facility of the Year” on two separate occasions.

CURRENT TRENDS AND ISSUES

The management of the soccer complex, including scheduling and maintenance activities, is the responsibility of the City through the Parks and Recreation department. Funding for the maintenance activities associated with the facility is partially from the City's General Fund and partially from other entities within the community who are the primary users of the facility. The Park Maintenance Superintendent has oversight responsibilities for this facility and 10% of his wages and benefit costs are allocated to this budget. Other staffing includes 50% of the Athletic Facilities Specialist and 50% of a Maintenance Worker I with the other 50% of these positions allocated to the Kent Stein Park budget. A 12.5% allocation of the Maintenance Repairperson to Soccer continues to be included in this budget. Two part-time seasonal employees are also involved in the maintenance of the soccer complex and additional part-time employees serve as on-site supervisors during special events at the complex.

The revised estimate for 2017/2018 is \$18,900 more than the original budget due to a \$7,200 increase in commodities and a \$13,200 increase in capital outlay. These increases were partially offset by a \$1,500 decrease in personal services costs. Commodity increases include \$6,000 for the installation of Bermuda grass on Field #8, \$500 for soccer nets for the new goals, and \$500 for irrigation system parts. The capital outlay increase of \$13,200 was to replace soccer goals that were damaged during a storm. This cost will be reimbursed by insurance. The \$6,000 allocation for the Bermuda grass was carried forward from the 2016/2017 fiscal year budget. Parks staff is hoping that the Bermuda grass will take over the poa annua grass that has spread in the Soccer Complex.

The 2018/2019 budget is \$2,000 (1.0%) more than the 2017/2018 budget due to increased personal services costs.

The Soccer Complex is entering its 25th season of operation. The continued quality of the facility is what sets it apart from others across the state.

GOAL STATEMENT

To effectively manage and maintain a municipal soccer facility, to utilize the facility to best serve the growing soccer interest within the community, and to utilize the facility in a manner to attract regional and state-wide soccer activities.

PERFORMANCE MEASURES

Calendar Year Basis	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Number of Fields Maintained	8	8	8	8	8
Hours of Use for Games	2,750	2,654	2,663	2,700	2,700
Number of Tournaments *	23	24	25	25	25
Concession Commissions	\$7,131	\$6,733	\$6,854	\$7,500	\$7,500
Total Revenues	\$43,696	\$41,488	\$48,117	\$40,000	\$40,000
Number of Leagues/Camps	23	23	23	23	23

* The number of tournaments reflects the number of days that tournaments are held.

RECENT ACCOMPLISHMENTS

This past spring staff explored the use of Bermuda grass on Field #8. With a minor drought during the summer, the poa annua once again struggled through the heat of the season.

With the donation of the light system for Field #2, this past season was the first at the Muscatine Soccer Complex with three lighted soccer fields. This provided the soccer complex with small, medium, and large lighted soccer fields. This turned out to be very important for evening games and tournament play.

A severe storm in the spring caused damage to several of the sidewalk and parking lot lights. These lights are scheduled for replacement in 2017/2018. Insurance reimbursements were applied to the purchase of small goals. This allowed the parks department to place all of the proper sized goals on the appropriate fields.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To complete the capital project for the renovation of Field #3 including replacing the sod and irrigation systems.
- * To complete the capital project for the construction of a parking lot across the street from the soccer complex.
- * To re-establish a safe and high-quality turf on all eight soccer fields while maximizing usage.
- * To continue to strive for positive relations with facility guests and associations by conducting regular meetings on relevant issues with various sponsoring organizations.
- * To continue to support and assist other departments as requested.

- * To continue to recruit and train quality seasonal and full-time staff as needed.
- * To finish treating all of the ash trees outside of the complex for the emerald ash borer.
- * To research and implement a program for the control of poa annua throughout the facility.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Soccer Complex Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 110,777	\$ 121,335	\$ 126,900	\$ 125,400	\$ 128,900	1.58%
Commodities	59,436	61,499	65,000	72,200	65,000	0.00%
Contractual Services	6,797	6,696	4,900	4,900	4,900	0.00%
Capital Outlay	28,377	4,675	-	13,200	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 205,387	\$ 194,205	\$ 196,800	\$ 215,700	\$ 198,800	1.02%
Funding Sources						
Park Revenues	\$ 44,110	\$ 41,775	\$ 44,500	\$ 42,500	\$ 42,500	-4.49%
Insurance Reimbursement	-	1,500	-	10,000	-	
General Revenues	161,277	150,930	152,300	163,200	156,300	2.63%
Total Funding Sources	\$ 205,387	\$ 194,205	\$ 196,800	\$ 215,700	\$ 198,800	1.02%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Park Maintenance Superintendent	0.10	0.10	0.10	0.10	0.10	
Athletic Facilities Specialist	0.50	0.50	0.50	0.50	0.50	
Maintenance Repairperson	0.13	0.13	0.13	0.13	0.13	
Maintenance Worker I	0.50	0.50	0.50	0.50	0.50	
Total Full Time	1.23	1.23	1.23	1.23	1.23	
Seasonal Part Time Positions:						
On-Site Supervisor	0.41	0.41	0.41	0.41	0.41	
Seasonal Equipment Operator	0.35	0.35	0.35	0.35	0.35	
Seasonal Groundskeeper	0.74	0.74	0.74	0.74	0.74	
Total Seasonal Part Time	1.50	1.50	1.50	1.50	1.50	
Total	2.73	2.73	2.73	2.73	2.73	\$ 89,900
Employee Benefits						39,000
Total Personal Services						\$ 128,900

Function:
Culture and Recreation

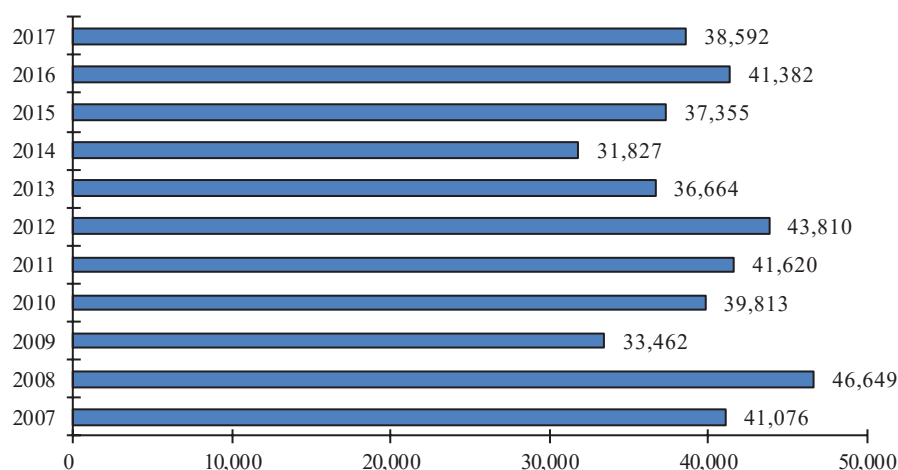
Department:
Parks and Recreation

Activity:
Aquatic Center

GENERAL INFORMATION

The Muscatine Aquatic Center at Weed Park first opened on June 3, 2004. Total attendance for the 2004 season was 46,576. In 2005 it increased to 55,948 and in 2006 it decreased to 45,891. Since then it has varied from approximately 31,800 to 46,600 as shown in the following graph. Much of the fluctuation can be attributed to the weather each summer. The 2012 summer was hot and dry with few rain days which resulted in increased attendance to 43,810. For the 2013 season, however, attendance decreased to 36,664 primarily due to the number of rain days in June. Attendance in 2014 decreased to 31,827, again primarily due to weather conditions. In 2015 attendance increased to 37,355 and in 2016 attendance increased to 41,382 due to minimal rain days. Attendance decreased to 38,592 in 2017 due to a cool summer. In addition to recreational swimming, the Parks and Recreation department provides a diversified instructional program in aquatic activities. All staff and instructors are certified by the American Red Cross and receive periodic training to maintain these standards.

Weed Park Aquatic Center Attendance



CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is the same as the original budget.

The 2018/2019 budget is \$900 (.6%) more than the 2018/2019 budget due to increased personal services costs. The 2018/2019 year will be the 15th full budget year for the Aquatic Center. There has been a trend of increasing maintenance costs as this facility ages.

Beginning in the 2011 season, the City established non-resident rates for Aquatic Center season passes. These rates are \$25 higher than the rates for City residents. Non-resident fees for Aquatic Center admissions and other recreational programs were implemented in 2012.

GOAL STATEMENT

To utilize the Weed Park Aquatic Center to maximum potential, and to offer to the Muscatine community a well-balanced program of aquatic activities.

PERFORMANCE MEASURES

	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Aquatic Center Attendance	37,355	41,382	38,592	39,000	39,500
Swim Lesson Enrollment	254	254	316	320	320
Season Passes Sold	98	88	101	100	100
Number of Pool Rentals	104	79	81	80	80
Special Events Attendance	817	1,357	1,272	1,000	1,000
Scholarship Pass Recipients	618	752	502	750	750

RECENT ACCOMPLISHMENTS

The summer of 2017 was a cool, dry summer. There were only 14 days that were 90 degrees or above and there were 21 days that were less than 80 degrees. Due to the weather conditions the Aquatic Center rarely closed but had many days of fairly low attendance.

The Swim Lesson program at the Aquatic Center continued to have strong numbers with a record 316 participants this season. Due to the increase in swim lesson participation, nearly all of the budgeted swim instructor and lesson coordinator hours were used. A lap swim program was held on Monday, Wednesday and Friday mornings during regular maintenance time. Infant/Toddler Swim times were held again this year in order to promote Parent/Child swim lessons.

Youth, adult, and senior participation is under continuous evaluation for the Aquatic Center. Senior Swim was offered Monday through Friday throughout the season. From 5:00 p.m. through 8:00 p.m. those 55 and over were invited to swim at a reduced rate. On Father's Day, dads were allowed to swim for free with a paid child. Christmas In July was held on July 25 and Santa made an appearance. Friendship Day was held again in August to bring in a variety of ages. Both friends were able to come in at half price.

Slide Attendants were all certified in First Aid and Adult, Child, and Infant CPR. This was required of all staff. The certification was done by the Program Supervisor who is an American Red Cross certified instructor.

Team building and staff ownership continued at the Aquatic Center in the summer of 2017. At the all staff meeting in May, the entire staff came up with and agreed on 10 commandments of "Thou Shall's". The commandments were posted in the staff room. Behavior expectations were discussed as a group of what behaviors others could expect from co-workers. A drawing of the pool was created for lifeguards to mark where they made a save. It also served as a constant visual reminder of the facility's high risk areas. During in-service training the facility's Emergency Action Plan (EAP) was always reviewed as well as the role each individual plays in the EAP. With the development of "Muscatine Rocks" the staff was excited to find at least 4 "Muscatine Rocks" rocks hidden around the facility. These rocks served as a reminder that the staff is doing good things and that the community appreciates the facility and the staff's hard work.

At the end of the 2016 season, research was started in the changes that may come with a new Public Bathing Code that was expected to be released in May of 2017. There is still no word on when the new Public Bathing Code is due to come out. Possible changes in the code could affect some of the daily operations and standards for the staff and facility.

<i>OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019</i>

- * To continue to evaluate the implications of a new proposed Public Bathing Code, and prepare for possible changes and adjustments in daily operations.
- * To evaluate the swim lesson program and make changes as necessary to meet the demands and needs of the community, in an effort to increase swim lesson participation.
- * To constantly work to build staff ownership at the Aquatic Center to ensure that, as the facility continues to age, maintenance and repair issues are reported and addressed in a timely manner.
- * To promote a feeling of family and belonging by having an Aquatic Center staff potluck, partnering with other area pools.
- * To retain professional pool staff including the manager and assistant managers.
- * To continue to meet the requirements to receive a satisfactory report from the Health Inspector.
- * To hold at least one staff training each month of operation throughout the season at the Aquatic Center.
- * To continue to support and assist other departments by conducting specialized training.
- * To recruit, train, and retain certified and qualified seasonal pool staff for all programs.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Aquatic Center

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 121,239	\$ 125,013	\$ 118,000	\$ 118,000	\$ 118,900	0.76%
Commodities	17,872	14,366	22,900	22,900	22,900	0.00%
Contractual Services	13,746	19,387	16,200	16,200	16,200	0.00%
Capital Outlay	4,839	6,461	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 157,696	\$ 165,227	\$ 157,100	\$ 157,100	\$ 158,000	0.57%
Funding Sources						
Swimming Pool Revenues	\$ 152,300	\$ 137,114	\$ 144,600	\$ 141,100	\$ 141,100	-2.42%
General Revenues	5,396	28,113	12,500	16,000	16,900	35.20%
Total Funding Sources	\$ 157,696	\$ 165,227	\$ 157,100	\$ 157,100	\$ 158,000	0.57%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Seasonal Part Time Positions:						
Swimming Pool Manager	1	1	1	1	1	
Assistant Pool Manager	2	2	2	2	2	
Lifeguard	27	27	27	27	27	
Lesson Coordinator	1	1	1	1	1	
Swimming Instructor	8	8	8	8	8	
Cashier	4	4	4	4	4	
Slide Attendants	5	5	5	5	5	
Pool Maintenance	2	2	2	2	2	
Total	50	50	50	50	50	\$ 107,600
Employee Benefits						11,300
Total Personal Services						\$ 118,900

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Recreation

GENERAL INFORMATION

The Recreation division provides leisure time activity programs for the residents of Muscatine. Many of the programs are taught by special instructors and are designed to be self-supporting. Most children's programs, however, are not self-supporting in order to encourage children from all economic and social sectors of the community to participate. The recreation activities are supervised by the Program Supervisor.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$10,200 less than the original budget due to a vacancy in the Program Supervisor position and the new employee starting at a lower step in the pay plan.

The 2018/2019 budget is \$500 (.4%) less than the 2017/2018 budget. The decrease in personal services costs is due to the new Program Supervisor being on a lower step in the pay plan than what was in the original budget for 2017/2018.

GOAL STATEMENT

To provide the citizens of Muscatine with the opportunity to participate in a wide variety of quality recreational activities through the provision of programs, facilities, and the cooperation of various community organizations.

PERFORMANCE MEASURES

	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Adult Programs Offered (Including Leagues)	17	21	22	22	22
Children's Programs Offered	41	42	42	42	42
Adult Program Participants	1,550	1,558	1,803	1,900	1,900
Children's Programs Participants	1,712	2,294	2,660	2,700	2,700
New Programs Offered	3	4	1	2	1
Volleyball League Teams	35	40	50	50	50

Adult Program Participants including those in the Walking Club, Job Fair, Easter Egg Hunt, Sand Volleyball, Family Bike Ride, Sport Starters parents, Cemetery Walk, Fall Festival, Adult Coed Recreational and Power Volleyball, and Turkey Trot.

Youth Program Participants include those in Soccer Skills, Boys Basketball Skills, Baseball Pitching, Softball Skills, Job Fair, Easter Egg Hunt, Blastball, Tee-Ball, Gymnastics, Tennis lessons, Tot Lot, Skate

Park Beginners Camp, Sport Shorts, Girls Volleyball, Muskie Punt, Pass and Kick, Sport Starters, Flag Football, Little Muskies Football, Water Safety Education, Fall Festival, Girls Basketball, Smart Start Basketball and Youth Volleyball

The New Program Offered was Water Safety Education.

RECENT ACCOMPLISHMENTS

During the 2016/2017 fiscal year, the Parks and Recreation programs were very successful. Youth participation numbers increased almost 16% from 2,294 in 2016 to 2,660 in 2017. The increase was primarily due to more free special events that were offered to the community. These events included the Fall Festival, Candy Cane Hunt, Elves Workshop, and Easter Egg Hunt.

An intern volleyball league was started in 2016 due to the large number of summer interns at the HNI/HON Company. The Intern Sand Pit Volleyball league continued in 2017 and invitations to participate were extended to Monsanto, Grain Processing Corporation, and Kent Corporation interns. There were four teams with 10 interns on each team.

Sand Pit Volleyball continues to be a popular activity. The number of Sand Pit Volleyball teams increased from 21 in 2016 to 26 in 2017. A third sand volleyball court was developed to accommodate the increase in teams. Along with an increase in Sand Volleyball teams, the winter Adult Volleyball league increased by one team.

The largest adult program continues to be the Walking Club. There are currently over 900 registered. These walkers were challenged in 2014 to walk around the world and they completed that challenge in July of 2017. They have begun a new challenge to walk the perimeter of the United States including Alaska and Hawaii.

BlastBall! and youth gymnastics continue to be popular programs. One hundred and seven (107) pre-school aged children participated in winter and summer BlastBall! and seven hundred and ten (710) children registered for and participated in the youth gymnastics program.

In March of 2017 the department held its second Parks and Recreation department job fair at the Muscatine Municipal Golf Course. Park Maintenance, Golf Course Clubhouse, and Recreation staff offered brief, on the spot interviews or set up appointments for longer interviews.

The Football Skills clinic was re-vamped into Little Muskies Football in 2016. This re-designed program focuses on utilizing skill stations to allow participants time to focus on learning and improving one skill at a time. At the end of each class participants play a fun game where they can practice all the skills they worked on that day. There was an increase in participation from 44 in 2016 to 54 in 2017.

Fifth graders were invited to join the third and fourth graders in Youth Flag Football, which was offered again this year. This is a volunteer coach-lead program where participants learn actual plays, team work, and respect. Nineteen boys were registered and participated in Youth Flag Football.

The Parks and Recreation department continues to offer Boys Basketball, Girls Basketball, Basketball Shooting Camp, Sports Shorts, Softball, Baseball Fundamentals, Baseball Pitching lessons, Soccer Skills, Tee Ball, Tot Lot, Sports Starters, Tennis lessons, Girls Volleyball, Youth Volleyball along with the previously highlighted programs.

OBJECTIVES TO BE ACOMPLISHED IN 2018/2019

- * To continue to look at alternative programming and adjusting programming to fit the community's needs.
- * To evaluate and review new programs that have been implemented and make adjustments as needed.
- * To increase revenue by focusing on improved quality so that this may limit any negative impacts to participation numbers.
- * To continue to keep a positive relationship and maintain good communication with area agencies and associations to offer quality recreational leisure services to the community.
- * To seek out and take advantage of networking and training opportunities.
- * To continue to hire and train qualified youth recreation program leaders and aides.
- * To continue to cross train for continuation of office and golf course operations services.
- * To continue to look for new and different technological ways to market programs.
- * To create and develop one new community special event.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Recreation

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 85,439	\$ 90,713	\$ 107,100	\$ 96,900	\$ 106,100	-0.93%
Commodities	5,875	6,510	7,600	7,600	7,600	0.00%
Contractual Services	4,861	5,523	6,400	6,400	6,900	7.81%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 96,175	\$ 102,746	\$ 121,100	\$ 110,900	\$ 120,600	-0.41%
Funding Sources						
Recreation Fees	\$ 42,130	\$ 46,477	\$ 50,800	\$ 46,800	\$ 46,800	-7.87%
General Revenues	54,045	56,269	70,300	64,100	73,800	4.98%
Total Funding Sources	\$ 96,175	\$ 102,746	\$ 121,100	\$ 110,900	\$ 120,600	-0.41%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Program Supervisor	1.00	1.00	1.00	1.00	1.00	
Seasonal Part Time Positions:						
Various Instructors, Supervisors and Program Directors	23.00	23.00	23.00	23.00	23.00	
Total	24.00	24.00	24.00	24.00	24.00	\$ 83,000
Employee Benefits						23,100
Total Personal Services						\$ 106,100

Function:
Culture and Recreation

Department:
Parks and Recreation

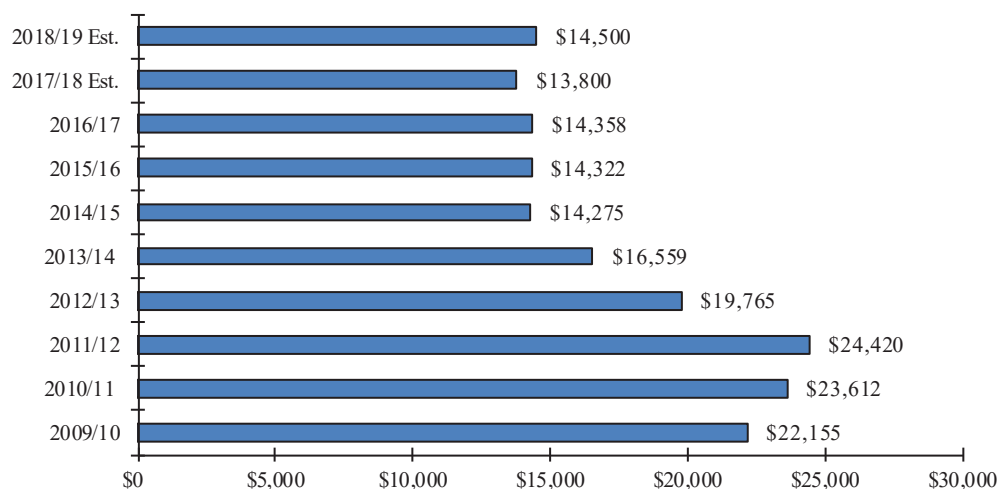
Activity:
Cemetery

GENERAL INFORMATION

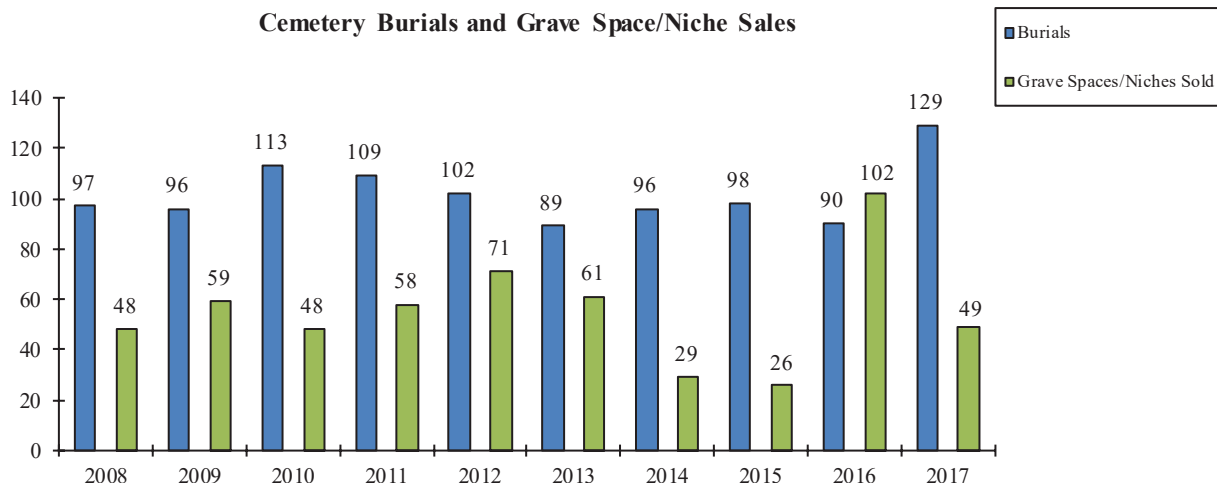
Greenwood Cemetery is a municipally owned and operated cemetery in the City of Muscatine. The Cemetery is a division of the Department of Parks and Recreation. Located on Lucas Street, the cemetery has adequate burial space for at least the next seventy-five (75) years.

Interest earnings from the Perpetual Care Fund are utilized to help support the operation of the cemetery. A percentage of all grave sales by State law are placed in the fund with the interest earnings available to support cemetery operating and improvement costs. The interest transfers from the Perpetual Care Fund to the General Fund from fiscal year 2009/2010 through 2016/2017 and the estimated amounts for 2017/2018 and 2018/2019 are follows:

Perpetual Care Interest Revenue



The principal balance in the Perpetual Care Fund on June 30, 2017 was \$875,853, but as noted previously, this amount cannot be utilized for cemetery operations, only interest earned on the balance may be used.



CURRENT TRENDS AND ISSUES

Beginning with fiscal year 1991/92, cemetery revenues plus interest earnings on Perpetual Care funds have not been sufficient to fund the operating expenditures of the cemetery with the exception of the 2003/2004, 2007/2008, and 2010/2011 fiscal years. Based on budget projections a General Fund subsidy of \$56,100 is expected to be needed to cover the operating costs of the cemetery for 2017/2018 and \$55,500 is the estimated subsidy for 2018/2019. The decline in interest rates in recent years has reduced interest revenue from the Perpetual Care Fund, which is a contributing factor for these subsidies.

The 2017/2018 revised estimate is over the budgeted amount by \$4,400. This increase is primarily due to a \$4,100 increase in contractual services due to repairs to the cemetery tractor (\$2,400) and drainage repairs (\$1,700).

The 2018/2019 budget is \$4,500 (2.7%) higher than the 2017/2018 budget due to a \$3,800 increase in personal services costs and a \$700 increase in commodities. The personal services increase is due to wage and benefit increases for fulltime employees and the increased pay rates for the seasonal Equipment Operators.

GOAL STATEMENT

To provide a cemetery facility with aesthetic surroundings for the interment of deceased in a manner which meets the needs of the family and relatives.

PERFORMANCE MEASURES

Fiscal Year Basis	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Burials:					
Casket	59	61	54	60	60
Cremations	31	24	34	28	28
County	5	8	3	5	5
Total Burials	95	93	91	93	93
Grave Spaces Sold	23	80	33	35	35
Columbarium Niches Sold	3	9	2	4	4
Acres Maintained	80	80	80	80	80
Perpetual Care Interest (Fiscal Year Ending June 30)	\$14,275	\$14,322	\$14,358	\$13,800	\$14,500
General Fund Subsidy (Fiscal Year Ended June 30)	\$44,327	\$8,885	\$43,334	\$56,100	\$55,500

RECENT ACCOMPLISHMENTS

The Cemetery Step project has come a long way this past year. The concrete work for the steps and the handrails on both sides of the steps have been completed. This past fall gravel was installed down the side of the steps to help with erosion control. Benches have been placed at both the bottom and top of the steps. Staff is currently waiting on the final checklist of items to be completed prior to opening the steps.

A new drainage line was installed in an area where water sits after large rains. This area was leveled to help with drainage control. Several water hydrants were also replaced this past season throughout the Cemetery.

The Muscatine Silver Chord group once again assisted the Cemetery staff in cemetery cleanup work including the removal of grave decorations in both the spring and fall.

A new furnace was installed in the Chapel in the winter of 2017. After years of battling with the old furnace, the new one has helped produce a comfortable working environment.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To complete the leveling of stones in the Veterans plot.
- * To complete the Cemetery Steps project.
- * To begin the waterline mapping project.
- * To continue to improve the sidewalks in front of the cemetery.
- * To complete the Internet connection to the shop.
- * To continue foundation repairs in the old sections of the cemetery.
- * To continue improving working relationships with volunteers and community groups.

- * To continue cross training of other park division staff on the Cemetery operation.
- * To continue to recruit and train quality seasonal and full-time staff as needed.

Function:
Culture and Recreation

Department:
Parks and Recreation

Activity:
Cemetery Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 119,580	\$ 127,521	\$ 132,600	\$ 132,200	\$ 136,400	2.87%
Commodities	16,045	21,069	19,000	19,700	19,700	3.68%
Contractual Services	17,035	13,438	17,400	21,500	17,400	0.00%
Capital Outlay	4,992	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 157,652	\$ 162,028	\$ 169,000	\$ 173,400	\$ 173,500	2.66%
Funding Sources						
Cemetery Revenues	\$ 129,770	\$ 104,336	\$ 107,900	\$ 103,500	\$ 103,500	-4.08%
Perpetual Care Interest	14,322	14,358	14,300	13,800	14,500	1.40%
Grants	4,675	-	-	-	-	
General Revenues	8,885	43,334	46,800	56,100	55,500	18.59%
Total Funding Sources	\$ 157,652	\$ 162,028	\$ 169,000	\$ 173,400	\$ 173,500	2.66%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Maintenance Repairperson	1.00	1.00	1.00	1.00	1.00	
Seasonal Part Time Positions:						
Seasonal Equipment Operator	2.46	2.46	2.46	2.46	2.46	
Total	3.46	3.46	3.46	3.46	3.46	\$ 99,300
Employee Benefits						37,100
Total Personal Services						\$ 136,400

Capital Outlay - Equipment Replacement Fund			
Item	Quantity	Replacement	Amount
Zero Turn Mower	1	Yes	\$ 10,000

Function:
Health and Social Services

Department:
Legislative and Council

Activity:
Economic Well-Being

GENERAL INFORMATION

The function of the Economic Well-Being activity has been to provide financial support to promote social and economic opportunities for certain citizens in Muscatine, including senior citizens, the mentally and physically handicapped, and certain low income individuals and families.

As the federal and state governments have reduced subsidies for social programs, the City has experienced increases in requests for assistance from local agencies which provide social service programs. The agency allocations for the past five (5) years and the budgeted subsidies for 2018/2019 are as follows:

<u>Agency</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
Senior Resources*	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 30,000	\$ 25,000
MCSA Homeless Prevention Program	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 55,000</u>	<u>\$ 50,000</u>

* The allocations to Senior Resources include Meals on Wheels.

CURRENT TRENDS AND ISSUES

Due to reductions in funding to the City's General Fund, the subsidies to Senior Resources including the Meals on Wheels program have been held in check in recent years. In fiscal year 2011/2012 \$17,800 was budgeted for Senior Resources and the funding was increased to \$20,000 beginning in 2012/2013 and continuing through 2016/2017. Senior Resources requested a \$30,000 subsidy for 2017/2018. The originally proposed budget for 2017/2018 included a \$20,000 allocation to Senior Resources. The final 2017/2018 budget, however, included a one-time increase in the subsidy to Senior Resources from \$20,000 to \$30,000 due to their loss of funding from other sources. Senior Resources requested continuation of the \$30,000 funding amount for 2018/2019. The budget, however, includes a \$25,000 funding allocation.

For the 2015/2016 budget, the City received a request for funding from the Muscatine Center for Social Action (MCSA) for their new Homeless Prevention Navigator/Homeless Prevention Program. The 2015/2016 budget included a one-time commitment of \$25,000 for this program. MCSA requested and received continued funding for this program of \$25,000 in both 2016/2017 and 2017/2018. For 2018/2019 MCSA again requested \$25,000 and that amount has been included in the budget. The City's funding, however, will be reduced by any grant funding that may be received for this program.

Function:
Health and Social Services

Department:
Legislative and Council

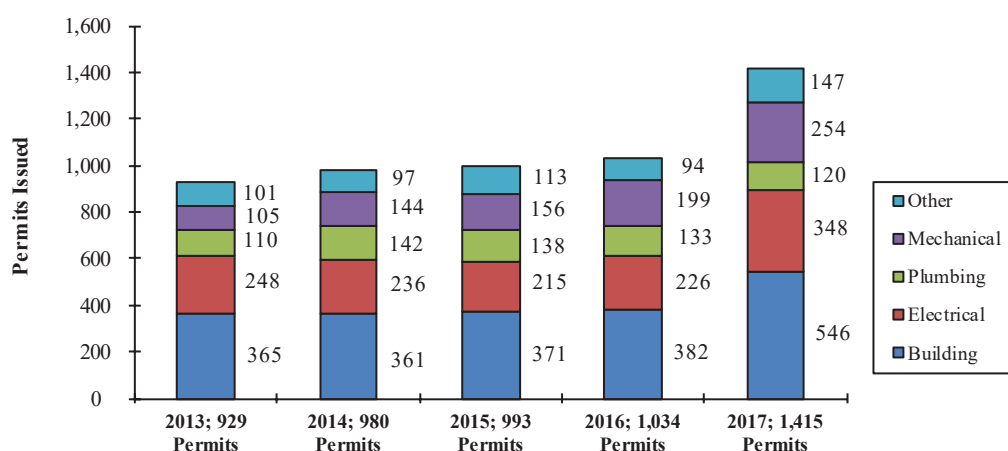
Activity:
Economic Well-Being

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	45,000	45,000	55,000	55,000	50,000	-9.09%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 50,000</u>	-9.09%
Funding Sources						
General Revenues	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 50,000</u>	-9.09%

Function:**Community and Economic Development****Department:****Community Development****Activity:****Community Development****GENERAL INFORMATION**

This Community Development department is responsible for administering the zoning ordinance, building codes, the comprehensive plan, the capital improvements program, subdivisions, zoning changes, annexation reviews, and a variety of other planning and environmental functions. The department conducts building and site plan and site review for all building permit applications with respect to both building and zoning requirements including lot size, area, height, and the site plan review criteria. Also, compliance with handicap and energy code regulations is reviewed in accordance with state and local requirements. Inspections of all rental housing units are performed on a regular basis and the department conducts nuisance abatement activities in accordance with both state and local law.

During the past five calendar years, the following building-related permits were issued by the department with follow-up inspections:

Building-Related Permits by Year

Two (2) full time and one (1) part-time inspector in this department perform on-site building and zoning inspections. The public health inspection program was also a responsibility of this department until the fall of 2015 when this function was assumed by the State. The State now licenses and inspects all restaurants and retail food establishments. The rental housing inspection program results in approximately 1,100 regular inspections each year. In addition to these inspections and related record keeping, staff of this department conduct inspections arising from complaints received and perform re-inspections of residential units found to be in violation of the adopted codes for compliance with City ordered repairs. The Community Development department also has responsibility for all nuisance abatement efforts including the weed and snow removal programs; trash, garbage, and junk removal orders; and demolition of substandard and dilapidated structures and outbuildings.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$19,800 more than the original budget. This overall increase reflects increases and decreases in various areas of the budget including (1) personal services costs are \$20,200 more than budgeted due to the new Office Coordinator opting for family health insurance and the previous employee had waived coverage, and there were also fulltime wage adjustments, (2) commodities are \$900 more than budgeted, and (3) contractual services are \$1,300 less than the original budget.

The 2018/2019 budget is \$52,600 (6.9%) more than the 2017/2018 budget. Personal services costs are \$50,000 higher than the original 2017/2018 budget. Of this increase approximately \$17,800 is for family health insurance for the new Office Coordinator who replaced the former employee that waived health insurance coverage. There were also several wage adjustments that were effective July 1, 2017 which carried forward to the upcoming fiscal year. Capital outlay increased by \$2,000 which is the allocation for the purchase of a large screen monitor for meeting demonstrations. Nuisance abatement costs accounted for this in budget are estimated at \$65,000. These costs are billed to property owners, and if not paid are assessed as a lien on the properties. The interim Clerk position is budgeted to continue in 2018/2019 at 15 hours per week or as needed.

GOAL STATEMENT

To provide minimum standards to safeguard life or limb, health, property, and public welfare by regulating and controlling the design, construction, quality of materials, use and occupancy, location, and maintenance of all buildings and structures within the City limits of Muscatine. To administer the planning and community development process in order to achieve results which will best address the social, physical, and economic needs of the City. Decisions affecting the development of the City will be based upon the application of urban planning knowledge, community standards, and expressed needs in the community. The underlying theme of these decisions is to improve conditions where the citizens of Muscatine live, work, and shop. It is the goal of the Community Development department to set the bar for consistent living, safety, and enjoyment of the City of Muscatine as a place for families and businesses to comfortably grow together and to also have a significant positive impact on the local and regions' economic vitality.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Building Permits Issued - Structural, Plumbing, Electrical, Mechanical, Accessibility, Energy, Sign, Percolation, Excavation, Sidewalk, Curb Cut, Occupancy, Tree, Demolition, House Moving & Foundation	1,007	1,027	1,268	1,500	1,300
Building Permit Fees	\$233,909	\$222,762	\$306,841	\$400,000	\$300,000
Building Inspections – Structural, Electrical, Plumbing & Mechanical *	918	855	1,483	1,750	1,600
Site and Building Plan Reviews	13	30	203	150	150
Certificates of Occupancy	17	23	28	30	30
Rental Housing Inspections	458	2,232	1,199	1,100	1,100
Rental Housing Inspection Fees	\$21,702	\$109,935	\$68,902	\$60,000	\$90,000
Other Health Permits - Tanning Salons, Swimming Pools & Tattoo Parlors	48	42	26	25	25
Other Health Permit and Citation Fees	\$2,847	\$520	\$275	\$3,500	\$2,000
Other Health Inspections - Tanning Salons, Swimming Pools & Tattoo Parlors	23	32	14	20	20
Nuisance Complaints - Weeds, Snow, Junk Car, Debris, Garbage, Water & Vectors	2,110	2,000	1,611	1,300	1,450
Writ of Possessions	5	17	8	10	10
Properties Posted	50	54	117	75	75
Vehicles Towed/Impounded	7	15	9	20	20
Nuisance Citations/Assessment Fees	\$88,941	\$87,868	\$97,737	\$90,000	\$90,000
Planning & Zoning Commission Meetings	6	8	9	9	9
Zoning Board of Adjustment Meetings	12	12	9	9	9
Rezoning Requests Processed	1	4	10	10	10
Subdivision Requests Processed	5	5	5	5	5
Vacated Property Requests Processed	0	1	4	5	5
Community Development and Airport Grants Administered	6	10	14	10	10

*For fiscal years 2014/2015 and 2015/2016, the number of building inspections in this table were based on a formula for inspections for a new construction permit (residential 4, commercial 12) and for a remodel permit (residential 1, commercial 2). Beginning in 2016/2017 the number of inspections reflect the actual number of inspections.

RECENT ACCOMPLISHMENTS

The Community Development staff assessed the industrial park area known as Progress Park and found it to be very well positioned for additional expansion of its existing businesses and an attraction for new businesses that want to grow in Muscatine. The City can increase the developable property by establishing or expanding the park to include an enhanced TIF or a commercial tax abatement zone.

Staff has met with both of the key property owners to build a connector road between Highway 61 and Highway 38. This area of the City can host a number of commercial and residential developments over time. This project has been placed on the Iowa Department of Transportation (IDOT) funding list and it qualifies for a number of grants. Staff is currently working with one developer on the southern portion of this area and it will easily connect to the proposed new roadway.

Staff has evaluated different areas within the City, contracted for a thorough Housing Market Demand Study, and has implemented an expanded tax abatement area and process to incentivize housing and commercial growth in the City.

There are multiple successful incentive programs including the residential tax abatement, the new commercial tax abatement, the Small Business Forgivable Loan, and the Building Improvement Loan programs that the City has implemented over the last three years. Although the programs have been successful, staff is working on a plan to further promote these programs. The local banks put together a \$1 million pool for the Building Improvement Loan program. The Chamber and local banks participate in the application approval process for the Small Business Forgivable Loan program.

Community Development staff have started the planning process for development of specific properties in the community. Current efforts have been to clean up the sites and prepare them for development. Iowa Department of Natural Resources (IDNR) grants to date total approximately \$45,000 in assistance to help clean up several properties and prepare them for redevelopment.

The City has allowed public art in the way of “Sidewalk Poetry” on new concrete sidewalks being installed downtown and in other areas of the City. It has been well received by the public and the practice is administered by the Public Works department.

The feasibility study for development of a multi-modal Port was completed and published in March 2017. Staff has been working with the City’s private partner, Kent Corporation, to determine the economic viability via a market analysis and now await a “Go or No Go” decision for proceeding. It is anticipated that a “Go” decision will be received in the early part of 2018 and the City would contribute by submitting for infrastructure grants to develop 41st Street from Highway 61 to the Port and facilitate the railroads’ investment into the site. The City has submitted an application for a \$200,000 grant from the USDOT to help with the design and engineering of the infrastructure. The City’s partner would be financially responsible for the environmental analysis, design, engineering, permitting, and construction of the Port.

During the last year, staff organized a binder of City-owned and posted properties and their current status. City Council has declared many of these properties as surplus in order to allow the City to dispose of them properly but mostly to get these properties back on the tax rolls. The City will follow the Iowa Code Chapter 657-A process to address abandoned properties. This Code section is currently being applied to one specific property.

Community Development staff has been working with three outside housing developers that plan to build housing that meet the needs outlined in the Housing Demand Study. One of the developments is for seniors, another for mixed housing, and a third for multi-families at market rates. Staff have identified several areas within the City that are zoned properly and are available for residential development. The study was completed and the report presented to City Council at the in-depth meeting in September 2017. Since then, the study has been posted on the City’s website and staff has had several meetings with developers to explore opportunities within the City for residential developments and any incentives available.

There were many quality recommendations provided in the Housing Demand Study. Staff is preparing a prioritized list to implement changes to infrastructure, incentives, zoning, and code requirements to foster further residential development in the City

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

Community and Economic Development (Council and Management Goals)

- Evaluate areas, programs and opportunities for economic development
 - Update the City's Urban Renewal and Revitalization Areas (TIF and Tax Abatement)
 - Industrial Park (South End) – Create new TIF District
 - Highway 38-61 Industrial Park/Mixed Use Development
 - Create new TIF and tax abatement districts
 - Create a downtown façade program
- Market economic development programs
 - Budget for and create/review website and signage opportunities.
 - Work with local banks, real estate companies, and others to promote plans and incentives
- Develop Port based upon feasibility study results:
 - Research and prepare grants (USEDA, TIGER, USDOT, FEMA, etc.) (2017)
 - Permitting and environmental review (2018)
 - Engineering/design for related infrastructure (2018-2019)
 - Construction to follow permitting and environmental clearance
- Develop vision and prepare Request for Proposals (RFP) for the redevelopment of the “Carver Corner” area
- Adopt policies or guidelines on public art and communications on city-owned land and rights-of-way (Community Improvement Action Team (CIAT) or Council subcommittee)
- Develop a comprehensive plan or vision for the downtown
 - Design and construct 2nd Street “Streetscape” project addressing storm water at the same time

Housing (Council and Management Goals)

- Promote infill opportunities and evaluate opportunities to improve current housing stock (voluntary and involuntary opportunities), including the adoption of a property maintenance code and non-residential design guidelines
- Review and sell, redevelop, repurpose or demolish nuisance and city-owned properties (create assets versus liabilities)
- Implement and market the Housing Demand Study (Downtown, Single Family, Multi-Family, Pocket Neighborhoods, etc.)
 - Conduct community presentations that communicate the need
 - Add web and social media content
 - Assemble developable sites
 - Identify public, private, and partnership opportunities
 - Identify infrastructure needs and code changes to implement study

Programs and Services (Council and Management Goal)

- Complete the rewrite of the 1974 Zoning Ordinance
 - Sign regulations, property maintenance codes, home-based businesses, and form based zoning

Other Objectives:

- * Implement a new module with the GovQA software for rental facility licenses and property inspections.
- * Initiate the 657-A process to address abandoned properties; start with 5 abandoned properties.
- * Apply for federal and state technical assistance grants and CDBG (Community Development Block Grant) opportunities.
- * Complete the Federal Aviation Administration (FAA) Airport Layout Plan (ALP) update early in 2018.
- * Complete Public Private Partnership (PPP) for developing the row 4 hangar project.
- * Complete the Airport Improvement Plan for the next 5-years for State and FAA funding for Airport improvements.
- * Monetize vacant, abandoned, and posted properties and easements.
- * Coordinate rental housing codes and inspections.
- * Finalize the Railroad Quiet Zone project with the Canadian Pacific Railroad.
- * Consider adding “Green” to the City’s Complete Streets Policy.
- * Take steps for the Airport to support cargo operations.

Function:

Community and Economic Development

Department:

Community Development

Activity:**Community Development**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 575,080	\$ 585,473	\$ 626,500	\$ 646,700	\$ 676,500	7.98%
Commodities	9,533	7,338	8,400	9,300	8,800	4.76%
Contractual Services	122,907	121,144	130,800	129,500	131,000	0.15%
Capital Outlay	1,530	2,982	-	-	2,000	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 709,050</u>	<u>\$ 716,937</u>	<u>\$ 765,700</u>	<u>\$ 785,500</u>	<u>\$ 818,300</u>	6.87%
Funding Sources						
Community Development Revenues	\$ 440,730	\$ 485,864	\$ 470,400	\$ 569,900	\$ 497,700	5.80%
Project Administrative Fees	-	9,592	2,500	25,300	-	-100.00%
General Revenues	268,320	221,481	292,800	190,300	320,600	9.49%
Total Funding Sources	<u>\$ 709,050</u>	<u>\$ 716,937</u>	<u>\$ 765,700</u>	<u>\$ 785,500</u>	<u>\$ 818,300</u>	6.87%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Community Development Director	1.00	1.00	1.00	1.00	1.00	
City Planner	1.00	1.00	1.00	1.00	1.00	
Building Division Manager	0.00	0.00	1.00	1.00	1.00	
Senior Inspector	1.00	1.00	0.00	0.00	0.00	
Inspector II	0.67	0.67	0.67	0.67	0.67	
Health and Housing Coordinator	0.50	0.00	0.00	0.00	0.00	
Community Development Coordinator	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	1.00	1.00	1.00	1.00	1.00	
Community Services Officer II	0.00	0.00	1.00	1.00	1.00	
Community Services Officer	0.00	1.00	0.00	0.00	0.00	
Total Full Time	<u>6.17</u>	<u>6.67</u>	<u>6.67</u>	<u>6.67</u>	<u>6.67</u>	
Part-Time Positions:						
Community Services Officer I	1.27	1.00	1.00	1.00	1.00	
Allocation of Community Services Officers to Refuse Collection Fund	0.00	(0.75)	(0.75)	(0.75)	(0.75)	
Inspector II	0.00	0.50	0.50	0.50	0.50	
Office Clerk (as needed)	0.30	0.36	0.38	0.38	0.38	
Total	<u>7.74</u>	<u>7.78</u>	<u>7.80</u>	<u>7.80</u>	<u>7.80</u>	\$ 490,200
Employee Benefits						186,300
Total Personal Services						<u>\$ 676,500</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Large Screen Monitor	1	No	<u>\$ 2,000</u>

Function:
Community and Economic Development

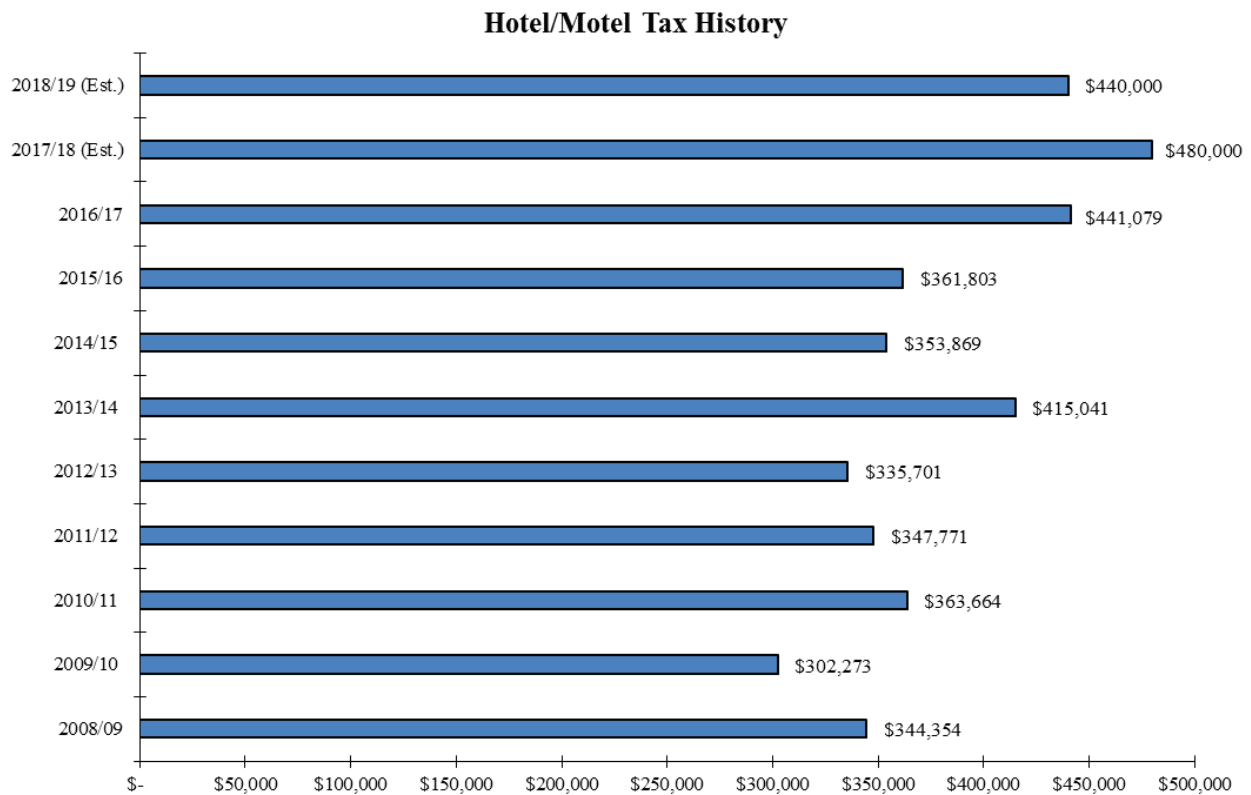
Department:
Legislative and Council

Activity:
Economic Development

GENERAL INFORMATION

The budget for this activity provides financial support for the Greater Muscatine Chamber of Commerce and Industry (GMCCI) and for the Convention and Visitors Bureau (CVB).

In 1981 the City first began to collect a hotel/motel tax of 4%. In 1991 voters approved increasing the hotel/motel tax to 7% effective April 1, 1992. The following chart shows the hotel/motel tax revenue for the last nine years as well as the estimated amounts for 2017/2018 and 2018/2019:



Through fiscal year 2012/2013, one-half of the hotel/motel tax revenue was utilized in the General Fund as general revenues and the other half was allocated to support the Art Center/Museum and the Public Library. Of the general revenue of the General Fund, the Tourism and Convention division of the Chamber of Commerce received financial support for their activities. For 2011/2012 \$55,000 was included in the budget for the tourism program and that funding level was maintained for 2012/2013.

In 2012/2013 the Convention and Visitors Bureau (CVB) took steps to become a separate entity and in July of 2013 they officially became an entity separate from the Chamber. A CVB Board was established and the CVB Manager relocated to an office in the lower level of City Hall. The City provides accounting services for the CVB operation and the CVB's funds were accounted for as a discretely presented component unit of the City through the 2014/2015 fiscal year. As of June 30, 2015, the non-profit CVB was dissolved and the CVB became an enterprise fund of the City.

The 2013/2014 budget was based on changing the CVB's funding allocation from a fixed amount each year to 25% of actual Hotel/Motel tax receipts. The CVB and the City have agreed that the annual allocations to the CVB would be 25% of the prior fiscal year's actual hotel/motel tax receipts. The City must designate at least 50% of the hotel/motel taxes for eligible purposes in order to meet State Code requirements and the City more than meets these requirements with the 25% allocations to the Library, Art Center, and CVB.

The State Code specifically requires the following:

"Each County or City which levies the tax shall spend at least 50% of the revenues derived therefrom for the acquisition of sites for, or constructing, improving, enlarging, equipping, repairing, operating, or maintaining recreation, convention, cultural or entertainment facilities including but not limited to memorial buildings, halls and monuments, civic center, convention buildings, auditoriums, coliseums, and parking areas for facilities located at those recreation, convention, cultural, or entertainment facilities; for the payment of principal and interest, when due, on bonds, or other evidence of indebtedness issued by the County or City for those recreation, convention, cultural, or entertainment facilities; or for the promotion and encouragement of tourist and convention business in the City or County and surrounding areas."

CURRENT TRENDS AND ISSUES

The 2017/2018 budget included \$38,000 in funding to the Greater Muscatine Chamber of Commerce and Industry (GMCCI), with \$3,000 of this amount designated for hosting visitors from Muscatine's various sister cities or other international visitors. The original budget also included estimated funding to the Convention and Visitors Bureau of \$90,500 which was 25% of the estimated 2016/2017 Hotel/Motel taxes. Actual 2016/2017 hotel/motel taxes, however, were more than budgeted and the revised estimate allocation to the CVB has been increased to \$100,300 (25% of actual 2016/2017 hotel/motel taxes). The original budget included an estimated \$12,000 for TIF-related legal and professional services and \$5,000 for economic development marketing costs. The revised estimate for the legal and professional services costs has been reduced to \$10,000 and the marketing costs remained at \$5,000. The revised estimate allocations total to \$163,300 which is \$17,800 more than the original budget of \$145,500 due to the CVB allocation increase due to the higher hotel/motel tax revenues in 2016/2017 net of the decreased allocation for legal services.

The 2018/2019 Economic Development budget of \$193,000 includes \$120,000 in estimated funding to the Convention and Visitors Bureau and \$38,000 to the Greater Muscatine Chamber of Commerce and Industry (GMCCI). The budget also includes an estimated \$10,000 for economic development-related legal services, \$5,000 for economic development marketing costs, and \$20,000 for the re-branding initiative. In 2017 a contingent of local community leaders joined together to contract for the development of a marketing plan for the community including the re-branding initiative. Funding for development of the plan was from

contributions from the City, the Convention and Visitors Bureau (CVB), and other entities in the community. The \$20,000 allocation in the 2018/2019 budget is funding to begin implementation of the City's portion of the marketing and re-branding plan.

GOAL STATEMENT

To provide financial assistance to various community organizations which are involved with the economic development of the City provided such development meets the overall city economic development and governmental service plans.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To work with the Chamber, Convention and Visitors Bureau, the Community Improvement Action Team (CIAT), and others to the implement the marketing and re-branding plan for the City. **(Council and Management Marketing, Communications, and Engagement Goal)**

Function:

Community and Economic Development

Department:

Legislative and Council

Activity:**Economic Development**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	43,073	49,992	55,000	53,000	73,000	32.73%
Capital Outlay	-	-	-	-	-	
Transfers	<u>88,467</u>	<u>90,451</u>	<u>90,500</u>	<u>110,300</u>	<u>120,000</u>	32.60%
Total Expenditures	<u>\$ 131,540</u>	<u>\$ 140,443</u>	<u>\$ 145,500</u>	<u>\$ 163,300</u>	<u>\$ 193,000</u>	32.65%
Funding Sources						
Hotel/Motel Tax	\$ 88,467	\$ 90,451	\$ 90,500	\$ 110,300	\$ 120,000	32.60%
Tax Increment Funds for Economic Development	<u>43,073</u>	<u>49,992</u>	<u>55,000</u>	<u>53,000</u>	<u>73,000</u>	32.73%
Total Funding Sources	<u>\$ 131,540</u>	<u>\$ 140,443</u>	<u>\$ 145,500</u>	<u>\$ 163,300</u>	<u>\$ 193,000</u>	32.65%

Function:
Public Works

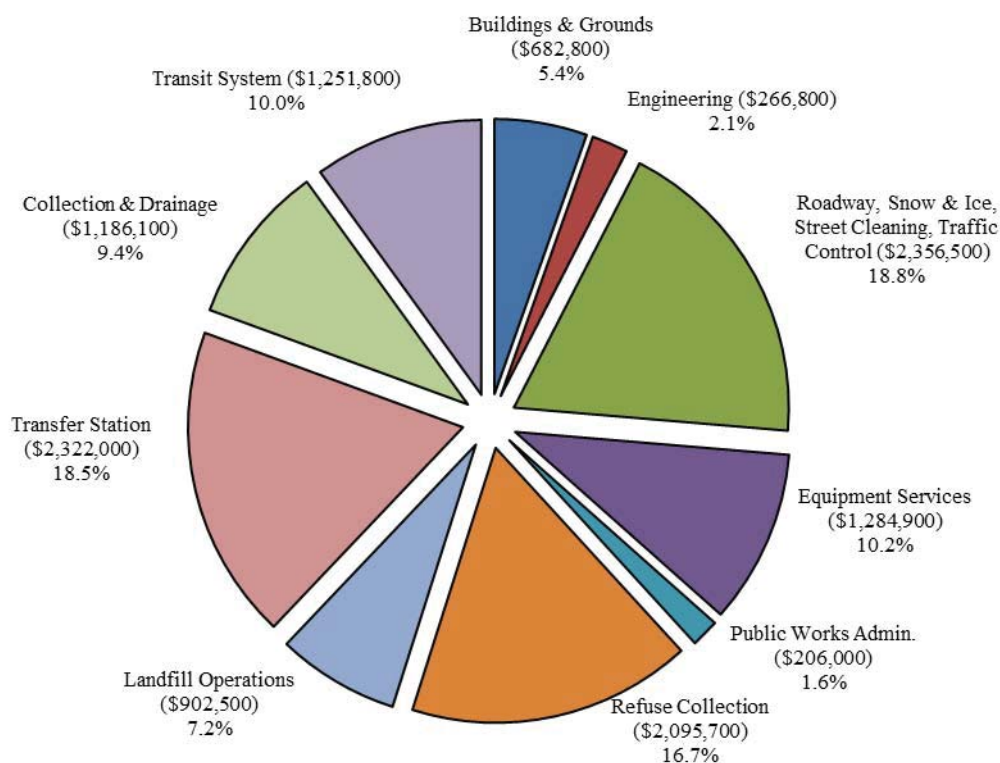
Department:
Public Works

Activity:
Public Works Administration

GENERAL INFORMATION

The Public Works Administration budget includes the costs of administrative coordination of all Public Works related activities. These activities are Engineering, Roadway Maintenance, Snow and Ice Control, Street Cleaning, Traffic Control, Collection and Drainage, Building and Grounds, Equipment Services, Refuse Collection, Transfer Station Operations, Landfill Operations, and the Transit System. The Public Works department performs a variety of functions, many seemingly unrelated but virtually all related to the City's physical infrastructure and contribution to the quality of the urban environment. The following chart shows the budgeted operating budget expenditures for the various public works activities for the 2018/2019 fiscal year.

2018/2019 Public Works Budgets by Activity
\$12,555,100



The Public Works Administration activity is included in the General Fund budget. However, several activities under the supervision of the Public Works Director are in the Enterprise and Internal Service Funds. These include Refuse Collection, Transfer Station, Landfill Operations, Transit System, Collection and Drainage, and Equipment Services Operations. An administrative fee is charged to Refuse Collection, Landfill Operations, Collection and Drainage, Equipment Services Operations, and the Transit System. For 2018/2019 these fees total \$68,300 and this amount has been included as revenue to the General Fund.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$300 more than the original budget. Personal services costs increased by \$200 and capital outlay increased by \$100.

The 2018/2019 budget is \$10,600 (5.4%) more than the 2017/2018 budget. This increase includes (1) an increase of \$6,900 in personal services costs, (2) an \$1,800 increase in capital outlay, and (3) a \$1,900 increase in transfers. The capital outlay allocation includes a new computer (\$1,500) for the Public Works Secretary, and a new television for the conference room (\$1,500) to replace the current outdated projector.

GOAL STATEMENT

To contribute to the health and welfare needs of the citizens of Muscatine by providing modern, efficient, and economical public works services to the community through efficient management services in the coordination of the following City activities: Engineering, Roadway Maintenance, Snow and Ice Control, Street Cleaning, Traffic Control, Collection and Drainage, Building and Grounds, Equipment Services, Refuse Collection, Landfill Operations, Transfer Station, and the Transit System.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Operating Expenditures - All Public Works Activities	\$12,184,377	\$11,793,448	\$12,161,834	\$13,447,000	\$12,555,100
Full Time Employees - All Public Works Activities	46	43	44	44	44
Part Time Employees - All Public Works Activities	28	28	30	30	30
Infrastructure Projects Under Construction	6	7	5	7	5
Infrastructure Projects Completed	2	4	4	5	3

RECENT ACCOMPLISHMENTS

Summaries of Public Works Department activities are more specifically described in the separate division narratives.

This is the first full year for the new Public Works Director. The department has implemented a prioritization matrix for street repairs, purchased a crack sealing machine, implemented a program for crack sealing, and purchased a loader-mounted milling machine to assist with alley repairs. In addition, Public Works in cooperation with Shive-Hattery Engineers, submitted and has tentatively received approval for two Transportation Safety Improvement Grants (TSIP) from the Iowa Department of Transportation.

Public Works continues to take the lead on infrastructure improvement projects throughout the community in addition to overseeing day to day operations of the Transfer Station, Landfill, Refuse Collection, Building and Grounds, Transit, Vehicle Maintenance, Collection and Drainage, Engineering, Roadway Maintenance, Snow and Ice Control, Street Cleaning, and Traffic Control. These activities are vital to the community and while often overlooked when done well, are front and center when things go wrong. One of this department's goals is to prevent things from going wrong and to fix them as soon as possible when they do.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To purchase and implement asset management software.
- * To update the city flood management plan.
- * To improve security at Public Works and the Transfer Station buildings.
- * To complete and implement a lane closure and barricade policy.
- * To work with Water Pollution Control Plant staff to implement an inspection and maintenance program to maintain native plants and storm water management practices.
- * To identify a system that will show where crews are working in real-time.
- * To facilitate the design, bidding, and construction of Phase 4 of the West Hill Sewer Separation project. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To facilitate implementation of components of the Riverfront Master Plan. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To complete five-year plans for facilities maintenance, sewer maintenance, and the sidewalk program. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To implement an ADA accessible ramp replacement program.
- * To implement a full-depth concrete patching program.
- * To complete the design and implement construction of a mini-roundabout at the Houser and Fulliam intersection (subject to City Council approval).
- * To complete the design and begin construction for conversion of a portion of Park Avenue from a 4-lane to a 3-lane roadway.
- * To seek grant funding for the design and construction of green infrastructure projects.
- * To continue succession planning for the replacement of retirement or close to retirement age staff.

Function:
Public Works

Department:
Public Works

Activity:
Public Works Administration

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 163,695	\$ 157,468	\$ 165,200	\$ 165,400	\$ 172,100	4.18%
Commodities	1,975	2,474	3,900	3,900	3,900	0.00%
Contractual Services	17,131	9,407	13,500	13,500	13,500	0.00%
Capital Outlay	4,929	2,919	1,200	1,300	3,000	150.00%
Transfers	9,900	10,900	11,600	11,600	13,500	16.38%
Total Expenditures	<u>\$ 197,630</u>	<u>\$ 183,168</u>	<u>\$ 195,400</u>	<u>\$ 195,700</u>	<u>\$ 206,000</u>	5.42%
Funding Sources						
Road Use Taxes	\$ 135,030	\$ 118,768	\$ 129,100	\$ 129,400	\$ 137,700	6.66%
Administrative Fees	62,600	64,400	66,300	66,300	68,300	3.02%
Total Funding Sources	<u>\$ 197,630</u>	<u>\$ 183,168</u>	<u>\$ 195,400</u>	<u>\$ 195,700</u>	<u>\$ 206,000</u>	5.42%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Position/Position Allocations:						
Public Works Director	1.00	1.00	1.00	1.00	1.00	
Administrative Secretary	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	
Total Full Time	1.33	1.33	1.33	1.33	1.33	\$ 123,400
Employee Benefits						<u>48,700</u>
Total Personal Services						<u>\$ 172,100</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Television for Conference Room Presentations	1	Yes	\$ 1,500
Computer for Public Works Secretary	1	Yes	<u>1,500</u>
			<u>\$ 3,000</u>

Function:
Public Works

Department:
Public Works

Activity:
Roadway Maintenance

GENERAL INFORMATION

The Roadway Maintenance activity includes the repair and maintenance of all roadways in the City of Muscatine except the U.S. 61 By-Pass and a small portion of Business Route U.S. 61 which are maintained by the State of Iowa. There is a total of over 128 miles of streets within the City limits. In addition, the Roadway Maintenance division maintains alleys, parking lots, and traffic signs. The division is also involved in various other projects including cleaning and replacing culverts, assisting the Refuse Collection division during clean-up week, painting for traffic control, replacing curbs and gutters, repairing City streets, and repairing sidewalks.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$17,600 higher than the original budget. Repair and maintenance supplies are \$13,500 over the original budget due crack filling materials and a base liquid to stabilize the subbase of alleys and roadways. Improvement repair services are over the original budget by \$27,400 due to additional sidewalk, alley, and street repairs. The revised estimate increases are partially offset by (1) a \$14,900 decrease in personal services, primarily for decreased employee health insurance costs, (2) a decrease of \$9,600 in capital outlay, and (3) the net effect of various other line item increases and decreases.

The 2018/2019 budget is \$35,300 (2.4%) less than the 2017/2018 budget. The overall decrease is primarily due to the \$75,000 decrease in capital outlay. Personal services costs increased by \$27,100 (3.1%), commodities increased by \$12,200 (10.6%), and contractual services increased by \$400 (.2%).

The primary source of funding for the Roadway Maintenance activity is Road Use Tax funds collected by the State of Iowa and appropriated to cities based on a per capita formula. Road Use Tax funds are utilized to support the Public Works Administration, Engineering, Roadway Maintenance, Traffic Control, Street Cleaning, and Snow and Ice Control budgets. Expenditures for these six (6) activities and the right-of-way mowing program within the Park Maintenance budget are budgeted at \$2,902,600 for 2018/2019. Of this amount, \$2,694,400 will be funded from Road Use Taxes and \$208,200 from Public Works revenues. Specific information concerning the Road Use Tax Fund is included in the Special Revenue Funds section of the City budget.

GOAL STATEMENT

To provide a safe and well-maintained street system for the efficient movement of residential, commercial, and industrial traffic, assist with the health, welfare and general appearance of the City through weed abatement, flood control assistance, and general community cleanup projects.

PERFORMANCE MEASURES

	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Miles of Streets Maintained	128	128	128	128	128
Hot Mix/Cold Mix Used	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
Annual Street Resurfacing Program	1.8 miles 5,986 Tons	2.3 miles 6,800 Tons	2.1 miles 5,424 Tons	To be determined	To be determined
Curb & Gutter Repair (Lineal Feet)	200 LF	300 LF	200 LF	To be determined	To be determined
Full Depth Concrete Repair (SY)	0	17,808 SY	1,812 SY	To be determined	To be determined
Associated Driveways (SY)	0	3,604 SY	0	To be determined	To be determined
Number of ADA Sidewalks Installed	23	43	63	50	50
Associated Sidewalks (SY)	0	3,958 SY	0	To be determined	To be determined

RECENT ACCOMPLISHMENTS

Public Works street crews were busy again this year. April started off with pothole patching, street sweeping, rock shoulder repairs, spring leaf pickup, and cleanup week. Cleanup Week took 2 ½ weeks this year. During May and June, crews were hauling ground-up asphalt to the new Kent Stein Park to Deep Lakes Park Trail, street sweeping, and cleaning up the snow and ice equipment for summer storage. City staff also took two used tandem trucks and converted them into one reworked tandem truck, which was painted pink for cancer awareness.

City crews set out traffic cones and barricades numerous times throughout the summer and fall for events in the Central Business District. City crews cleaned out the old boat dock area and also built a rock surface area at the compost site for snow storage for this and future winters. Crews finished work in the #1 alley between Cedar Street and Iowa Avenue and cut brush in several areas around the city. Crews worked on potholes, grading and reworking alleys, ditches, hot asphalt patching of alleys, and asphalt streets. Staff continues to keep the Public Works GIS (geographical information system) layers updated. Public Works staff also make detour route maps, signage for the Central Business District special events, road closure and snow route maps and signs, and maintain culvert locations for maintenance purposes.

Public Works crews used the new Road Hog milling machine. Crews milled 16,800 square feet on 25th Street South and treated it with Base #1 liquid. This is a new process to stabilize roadways that are soft and full of potholes. Staff also milled and stabilized three alleys. Elfers Street and West Cleveland Street were also milled and stabilized before they were overlaid. Public Works crews also worked on subbase repairs that were found during the Asphalt Overlay Program work. Crews pushed up broken concrete and asphalt millings in the lower lot, cleaned out ditches, painted new street striping, and continued with fall leaf pickup. Once again Public Works had concrete and asphalt chunks crushed and stored in the lower storage yard. These products are used for various city projects. Winter operations began with the Public Works crews preparing the snow and ice equipment for the winter season.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To finish the trail around the Transfer Station.
- * To implement the crack sealing plan.
- * To implement a full-depth patch repair plan.
- * To implement an alley repair plan.
- * To use green infrastructure practices for storm water management.
- * To remove the planters at the 2nd and Pine Street parking lot.
- * To implement flood preparedness and test the flood gates.
- * To clean up and regrade the lower lot to maximize storage space and to handle storm water runoff.
- * To continue using the Pavement Management Matrix for street repairs.

Function:
Public Works

Department:
Public Works

Activity:
Roadway Maintenance

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 807,100	\$ 879,533	\$ 878,500	\$ 863,600	\$ 905,600	3.08%
Commodities	101,021	91,793	115,400	128,900	127,600	10.57%
Contractual Services	237,924	289,353	243,700	272,300	244,100	0.16%
Capital Outlay	147,994	238,393	265,000	255,400	190,000	-28.30%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 1,294,039</u>	<u>\$ 1,499,072</u>	<u>\$ 1,502,600</u>	<u>\$ 1,520,200</u>	<u>\$ 1,467,300</u>	-2.35%
Funding Sources						
Road Use Taxes	\$ 1,265,518	\$ 1,480,570	\$ 1,474,300	\$ 1,491,400	\$ 1,446,100	-1.91%
Street Revenues	18,552	17,088	27,500	20,500	20,500	-25.45%
Insurance Reimbursement	-	-	-	7,600	-	
Other	9,969	1,414	800	700	700	-12.50%
Total Funding Sources	<u>\$ 1,294,039</u>	<u>\$ 1,499,072</u>	<u>\$ 1,502,600</u>	<u>\$ 1,520,200</u>	<u>\$ 1,467,300</u>	-2.35%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Position/Position Allocations:						
Street Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Street Maintenance Leadworker	1.00	1.00	1.00	1.00	1.00	
Equipment Operator III	3.00	3.00	4.00	3.50	4.00	
Equipment Operator II	5.00	5.00	4.00	4.50	4.00	
Equipment Operator I	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.10	0.10	0.10	0.10	0.10	
Administrative Secretary	0.33	0.33	0.33	0.33	0.33	
Total	11.43	11.43	11.43	11.43	11.43	\$ 554,700
Employee Benefits						350,900
Total Personal Services						<u>\$ 905,600</u>
Capital Outlay						
Item:			Quantity	Replacement	Amount	
One Ton Dually Dump Truck			1	Yes	\$ 45,000	
Concrete Grinding					75,000	
3/4 Ton Pickup Truck			1	Yes	30,000	
10' Stainless Dump Body			1	Yes	40,000	
					<u>\$ 190,000</u>	

Function:
Public Works

Department:
Public Works

Activity:
Traffic Control Operations

GENERAL INFORMATION

The Traffic Control Operations activity was established to separately account for traffic control activities including street striping, street signs, and various other traffic control functions.

In most communities this activity would be funded at a substantially higher level. However, in Muscatine the municipally owned utility, Muscatine Power and Water, provides direct benefits to the general city operation by providing all street lighting including installation, maintenance, and operating costs. All maintenance and operational costs for traffic signals are paid by the utility with the exception of two traffic signals located outside of the utility's service district. These services are provided in lieu of a payment in taxes to the City.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is under the budgeted amount by \$1,100. Personal services costs were \$500 less than the original budget and actual costs for capital outlay items were \$600 less than budgeted.

The 2018/2019 budget is \$17,900 (10.2%) more than the 2017/2018 budget due to a \$2,400 (3.0%) increase in personal services costs and a \$15,500 increase in capital outlay. Capital outlay items include 560 street signs (\$9,500), 50 channelizer drums (\$4,200), 250 orange traffic cones (\$5,000), and 4 new trail crossing signs (\$8,000).

GOAL STATEMENT

To provide for the efficient and safe movement of vehicular and pedestrian traffic through the painting of street markings, fabrication, replacement, and maintenance of street name and traffic signs, and to cooperate with Muscatine Power and Water to develop, maintain, and operate the street and traffic light system.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Number of Street Signs Maintained	5,960	5,960	6,016	6,016	6,016
Number of New Signs Installed	96	96	36	36	40
Lineal Feet of Street Striping	316,816	316,816	332,973	332,973	332,973
Number of Stop Bars Painted	311	311	298	298	298
Number of Arrows Painted	421	421	413	413	413
Number of Handicapped Stalls Marked	92	92	93	93	93
Number of Regular Parking Stalls Painted	2,632	2,741	2,741	2,741	2,741
Number of Crosswalks Painted	249	249	232	232	232
Number of Railroad Crossings Painted	37	37	37	37	37
Traffic Committee Meetings	23	13	18	18	18
Number of Signs Removed	24	24	18	18	18
Number of Sign Posts Maintained	4,273	4,273	4,386	4,386	4,386
Number of Speed Humps Painted	16	4	2	2	2
Number of Yellow No Parking Curb	140	140	140	140	140

RECENT ACCOMPLISHMENTS

The street striping program started in late July of 2017 and was completed late October. Weikert Contracting was again awarded the contract to paint stripe the City's streets. City crews painted crosswalks, stop bars, loading zones, handicap parking stalls, and yellow "No Parking" curbs throughout the City and painted crosswalks and parking stalls in the Central Business District. Crews also painted all of the crosswalks and stop bars around the schools before the start of the school year.

Sign replacement continues as this division replaces the worn out and damaged street name signs and broken sign posts. Staff also replaces or reinstalls signs that are removed for construction projects and trims tree limbs and shrubs that block road signs. The Traffic Control division is responsible for placing and picking up signs and barricades for projects and special events throughout the City. Staff also drives detour routes to make sure they are maintained at IDOT standards.

The Traffic Committee meets semi-monthly or as needed to review and address issues and problems that arise during the year.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To complete Year #3 of the five-year plan for replacement of street name signs. As Public works staff replaces the street name signs, the signs are placed on top of stop sign posts when possible, which helps reduce the number of sign posts needed. Staff also uses current posts for additional signage when possible to help keep costs down.
- * To implement Year #4 of the street name sign replacement program. Signs need to be replaced in order to comply with the mandate by the FHWA (Federal Highway Administration) regulations.

Function:
Public Works

Department:
Public Works

Activity:
Traffic Control

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 70,654	\$ 77,384	\$ 81,400	\$ 80,900	\$ 83,800	2.95%
Commodities	19,686	9,031	14,400	14,400	14,400	0.00%
Contractual Services	65,220	66,726	68,000	68,000	68,000	0.00%
Capital Outlay	4,952	20,321	11,200	10,600	26,700	138.39%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 160,512</u>	<u>\$ 173,462</u>	<u>\$ 175,000</u>	<u>\$ 173,900</u>	<u>\$ 192,900</u>	10.23%
Funding Sources						
Road Use Taxes	<u>\$ 160,512</u>	<u>\$ 173,462</u>	<u>\$ 175,000</u>	<u>\$ 173,900</u>	<u>\$ 192,900</u>	10.23%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Equipment Operator III	1.00	1.00	1.00	1.00	1.00	\$ 52,200
Employee Benefits						31,600
Total Personal Services						<u>\$ 83,800</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Street Name Signs (Year 4 of 5)	560	Yes	\$ 9,500
Channelizer Drums (55 Gallon Style)	50	Yes	4,200
28" Orange Traffic Cones	250	Yes	5,000
Trail Crossing Signs/Signals	4	No	8,000
			<u>\$ 26,700</u>

Function:
Public Works

Department:
Public Works

Activity:
Snow and Ice Control

GENERAL INFORMATION

This activity accounts for the cost of snow and ice removal from the streets of Muscatine as well as the spreading of salt and sand. The City has designated certain streets as snow emergency routes for priority snow removal prior to cleaning residential streets with low density traffic. In addition, the City has specific salt and sand routes for secondary consideration. The City continues to utilize the salt dome which was a joint City/County project. The City also has a separate salt facility that was completed in 2005.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is \$220,500 less in total than the original budget. Salt and related purchases were \$205,000 less than the original budget since the City purchased excess salt from the City of Davenport at the end of last fiscal year. Contractual services were under the original budget by \$15,000 since no salt unloading services were needed.

The 2018/2019 budget is \$8,000 (1.7%) more than the original 2017/2018 budget. The allocation for salt and related purchases is \$30,000 (11.0%) less than the prior year budget. There is a \$38,000 capital outlay allocation for 2018/2019 and no capital items were included in the 2017/2018 budget. Capital items in the budget include an Anti-Ice System (\$25,000), a hydraulic remote pump system (\$2,500), and a 10 foot snow bucket (\$10,500).

The budget for 2000/2001 first included funding for an outside contractor to provide snow removal services in the downtown area. A history of the contracted downtown snow removal costs and the number of snow events each year is as follows:

	<u>Cost</u>	<u>Snow Events</u>
2000/2001	\$41,503	24
2001/2002	17,250	10
2002/2003	10,560	12
2003/2004	27,976	13
2004/2005	9,200	9
2005/2006	14,038	9
2006/2007	17,615	9
2007/2008	55,805	23
2008/2009	60,225	25
2009/2010	37,870	21
2010/2011	64,670	15
2011/2012	12,120	12
2012/2013	25,245	11
2013/2014	51,495	26
2014/2015	48,455	14

2015/2016	26,075	11
2016/2017	8,833	11

The 2017/2018 revised estimate and 2018/2019 budget each include \$50,000 for contracted snow removal in the downtown area.

GOAL STATEMENT

To provide a safe street system during the winter months through efficient and effective snow and ice removal and control procedures.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Number of Storms	14	11	11	12	12
Tons of Salt Used (includes 50/50 mix)	2,060	1,672	1,200	1,650	1,650
Tons of Sand Used	187	34	0	75	75
Gallons Calcium Chloride Used	1,955	1,600	1,200	1,600	1,600

RECENT ACCOMPLISHMENTS

The first winter storm took place on December 4, 2016, which dropped 6 inches of wet heavy snow on city streets. There were five snowstorms during December with a total of 12 inches of snow. January produced three storms, February two storms, and there was one storm in March. This totaled 11 storms during the 2016/2017 winter which was considered a mild winter compared to the average Midwest winter.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To work with the Central Business District snow removal contractor to streamline the snow removal process. The contractor has improved in recent years but the cost has gone up. Public Works staff will review what streets and parking lots are done by the contractor to see if costs can be reduced.
- * Continue to hold pre-event and post-event meetings for every winter storm, which will include public safety personnel, city maintenance staff, snowplow drivers, and Muscatine school maintenance staff.
(Council and Management Continuous Service Improvement Goal)
- * To pre-treat arterial and collector streets, bridge decks, and hills.

Function:
Public Works

Department:
Public Works

Activity:
Snow and Ice Control

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 54,472	\$ 40,197	\$ 84,600	\$ 84,100	\$ 84,600	0.00%
Commodities	123,578	217,362	273,200	68,200	243,200	-10.98%
Contractual Services	61,415	40,253	120,400	105,400	120,400	0.00%
Capital Outlay	-	81,021	-	-	38,000	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 239,465</u>	<u>\$ 378,833</u>	<u>\$ 478,200</u>	<u>\$ 257,700</u>	<u>\$ 486,200</u>	1.67%
Funding Sources						
Road Use Taxes	\$ 235,648	\$ 374,894	\$ 473,200	\$ 253,700	\$ 482,200	1.90%
Reimbursement of Expenses	<u>3,817</u>	<u>3,939</u>	<u>5,000</u>	<u>4,000</u>	<u>4,000</u>	-20.00%
Total Funding Sources	<u>\$ 239,465</u>	<u>\$ 378,833</u>	<u>\$ 478,200</u>	<u>\$ 257,700</u>	<u>\$ 486,200</u>	1.67%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Equipment Operator III	N/A	N/A	N/A	N/A	N/A	
Equipment Operator II	N/A	N/A	N/A	N/A	N/A	
Equipment Operator I	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
Total	N/A	N/A	N/A	N/A	N/A	\$ 45,000
Employee Benefits						<u>39,600</u>
Total Personal Services						<u>\$ 84,600</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Anti-Ice System	1	No	\$ 25,000
Hydraulic Remote Pump System	1	No	2,500
10' Snow Bucket for Wheel Loader	1	No	10,500
			<u>\$ 38,000</u>

Function:
Public Works

Department:
Public Works

Activity:
Street Cleaning

GENERAL INFORMATION

The Street Cleaning activity involves the operation of the City's street sweepers and the leaf collection program. The street cleaning operation functions primarily on streets with curbs and gutters and in the downtown commercial areas. Two (2) employees are involved in the operation utilizing two (2) machines. One machine is operated in the Central Business District, alleys, and narrow locations with the other machine used in other areas of the City. During the winter season the equipment operators supplement the snow and ice removal crews. The City's Street Cleaning operation is hindered substantially in its effectiveness as a result of the amount of on-street parking permitted throughout the City and the elimination of the night sweeping program because of machine noise. Further, the addition of new curb and guttered hard surface streets adds to the miles of streets which require street sweeping maintenance.

The City has four leaf vacuum units in addition to four leaf boxes, which can be mounted on existing dump trucks. This equipment has greatly improved the City's ability to pick up leaves as a service to residents and has helped keep leaves out of the City's sewer system. This service continues to be very popular.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate is under the budgeted amount by \$3,200 due savings in personal services costs.

The 2018/2019 budget is \$4,800 (2.3%) more than the 2017/2018 budget due to increased personal services costs. The 2018/2019 budget again includes funds to rent one additional street sweeper in the spring of 2019.

GOAL STATEMENT

To contribute to the health, welfare and appearance of the City through a systematic program of street sweeping and leaf removal.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Miles of Streets Cleaned with Sweeper	89	88	88	88	88
Employee Hours for Leaf Program	904	875	648	800	800
Temporary Employee Hours for Leaf Program	1,737	1,534	1,105	1,460	1,460
Fall Leaf Loads	265	340	117	240	240
Spring Leaf Loads	10	9	10	10	10

RECENT ACCOMPLISHMENTS

The Public Works department did not need to rent an additional sweeper to help clean up debris from the 2016/2017 winter. Because of the nice weather early in the year, crews were able to start spring sweeping the first week in April. Crews collected 650 tons of debris from city streets. The department was able to train three additional street sweeper operators and train one operator to help maintain the new sweeper. Crews were able to sweep every street three times this past year and additional sweepings were done in the areas of City construction projects.

Spring Leaf Pick Up started April 3 and continued through April 14. Crews also picked up leaves on Friday, April 21 from residents who had called in to request this service. This service helps keep leaves from plugging storm inlets.

Fall Leaf Pick Up started October 16, 2017. City staff was able to phase in leaf pick up this fall. One truck was used through October and another was added on November 1. Staff added the 3rd truck in the middle of November, and the 4th truck at the end of November. As of December 4, crews had made five complete passes throughout the city.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To train three additional employees to operate the new street sweeper and one additional operator to help maintain and change out worn out brooms.
- * To evaluate and plan for future street cleaning operations in the Central Business District. With the upcoming re-opening of Mississippi Drive and the traffic changes resulting from that project, a plan will be developed to regularly sweep that area. There may be traffic issues on Mississippi Drive during the street sweeping operation since there is now only one lane in each direction on much of the new roadway.

Function:
Public Works

Department:
Public Works

Activity:
Street Cleaning

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 116,638	\$ 124,765	\$ 136,600	\$ 133,400	\$ 141,400	3.51%
Commodities	6,392	4,746	7,900	7,900	7,900	0.00%
Contractual Services	77,985	45,343	60,800	60,800	60,800	0.00%
Capital Outlay	-	197,000	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 201,015</u>	<u>\$ 371,854</u>	<u>\$ 205,300</u>	<u>\$ 202,100</u>	<u>\$ 210,100</u>	2.34%
Funding Sources						
Road Use Taxes	<u>\$ 201,015</u>	<u>\$ 371,854</u>	<u>\$ 205,300</u>	<u>\$ 202,100</u>	<u>\$ 210,100</u>	2.34%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Equipment Operator I	0.90	0.90	-	0.45	-	
Equipment Operator II	<u>1.00</u>	<u>1.00</u>	<u>1.90</u>	<u>1.45</u>	<u>1.90</u>	
Total Full Time	1.90	1.90	1.90	1.90	1.90	\$ 93,600
Employee Benefits						<u>47,800</u>
Total Personal Services						<u>\$ 141,400</u>

Function:
Public Works

Department:
Public Works

Activity:
Engineering Operations

GENERAL INFORMATION

The Engineering division currently includes the City Engineer position with the City contracting for outside engineering services for the design of major projects and also for engineering inspection services for specific projects. The costs of the contracted engineering services are charged directly to each project. The City Engineer also charges a portion of his time to the City's various capital projects and Road Use Taxes fund the portion of his time not directly charged to projects. The 2018/2019 budget includes a new Assistant City Engineer position with approximately 75% of wages and benefits of this position expected to be charged out to various capital projects. Road Use Taxes will fund the portion of wage and benefit costs not charged out to projects.

CURRENT TRENDS AND ISSUES

The revised estimate for 2017/2018 is \$25,800 more than the original budget. Increases and decreases include (1) a \$24,300 increase in personal services primarily due to a wage adjustment and extended part time intern hours to assist with project oversight for the Mississippi Drive Corridor and other projects underway in 2017, (2) a \$6,100 increase in contractual services which includes \$5,000 for contracting for drone operation services in lieu of the purchase of a drone, and (3) a \$5,000 decrease in capital outlay which was originally budgeted for a drone and training.

The budget for 2018/2019 is \$105,600 (65.5%) higher than the 2017/2018 budget. This increase is primarily due to the new Assistant City Engineer position included in the budget. As noted above, approximately 75% of the cost of this position is expected to be charged out to capital projects.

The City Engineer is also responsible for managing the three contractual engineering inspectors. The cost of those inspectors are charged directly to capital projects that they are working on.

GOAL STATEMENT

To provide technical engineering services for public works infrastructure, coordinate construction activities of existing public works features, participate in review and evaluation of requests for new services, and provide information on request where municipal engineering is involved.

PERFORMANCE MEASURES

	Actual 2014/15	Actual 2015/16	Actual 2016/17	Estimated 2017/18	Estimated 2018/2019
New Sidewalks Constructed (SY)	N/A	1,400	1,400	1,000	1,000
Percent and Amount of Billed Time to Projects (City Engineer)	N/A	25.2%/ \$30,286	29.2% \$36,635	30.0 % \$40,000	30.0 % \$40,000
Percent and Amount of Billed Time to Projects (Assistant City Engineer)	N/A	N/A	N/A	N/A	75% \$74,700

Other Performance Measures for the upcoming year:

1. Continue to pursue regional silt basin with USACE (US Army Corps of Engineers).
2. Coordinate work with USACE on levee inspections, and support Grain Processing Corporation and Muscatine Power & Water needs on the levee.
3. Begin Grandview Avenue design.
4. Perform construction management for all capital projects using the Project Management Team.
5. Develop Iowa Field into a storm water asset working with neighbors, the Water Pollution Control department, and the Parks department. Get to a concept plan to support possible funding requests.
6. Develop goals and objectives for the Assistant City Engineer.

RECENT ACCOMPLISHMENTS

There were several major construction projects in progress this past year including the first phase of the Mississippi Drive Reconstruction project, the Kent Stein Park to Deep Lakes Park Trail, and Phase 3-C of the West Hill Sewer Separation project. Planning was also underway for future projects. These projects include:

1. The start of the final design for the Grandview Avenue Reconstruction project. The consultant has been selected and design work has started. The majority of this design work will be done in the winter of 2017-2018.
2. Mississippi Drive phases 1 and 2 of Contract #1 for this project was substantially completed on December 8, 2017.
3. Kent Stein Park to Deep Lakes Park Trail construction was completed on time and on budget this construction season.
4. Assisted in getting a grant for converting a portion of Park Avenue from 4 lanes to a three lane configuration.
5. Assisted in getting a grant to build a mini round-a-bout at the Houser-Fulliam intersection to minimize traffic delay and make the intersection safer for the west leg of the intersection. This project is subject to City Council approval.

6. Continue to support implementation of components of the Riverfront Master Plan.
7. As the sponsor for the Mississippi River levee, assisted Grain Processing Corporation and Muscatine Power & Water in USACE (Army Corps of Engineers) permit requests.
8. Developed a very positive working relationship with the new Muscatine Power & Water management team and developed a model for cost sharing on future phases of the Mississippi Drive Corridor project.
9. The Grandview Avenue NEPA environmental work was completed with a very beneficial finding of a Categorical Exclusion for the project.
10. Coordinated planning for the next phase of the West Hill Sewer Separation project, making it become a SUDAS (Statewide Urban Design and Specifications) project and keeping with the adoption of this standard going forward for future phases of this project. This standardization should assist in saving money on construction bids because the work is done according to more familiar standards.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019

- * To complete the work on the first Mississippi Drive Reconstruction project contract. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To begin construction work on the Mulberry Avenue and 2nd Street intersection. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To get environmental work for the EA (Environmental Assessment) revision completed. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To serve as liaison for the Project Management Team for the Mississippi Drive Reconstruction project, the 2nd and Mulberry intersection, the West Hill Sewer Separation project, the Grandview Avenue Reconstruction project, and the Riverfront Master Plan.
- * To assist with the Port development project.
- * To assist the Street department with pavement maintenance needs.
- * To continue to serve as a member of the Traffic Committee.
- * To implement SUDAS (Statewide Urban Design and Specifications) as the City standard for all public improvement projects.
- * To develop with the Street department, a standard for city street lane closures.
- * To maintain a good working relationship with Muscatine Power & Water staff.
- * To close out the Mulberry Avenue Reconstruction project.
- * To close out the Kent Stein Park to Deep Lakes Park Trail project.

Function:
Public Works

Department:
Public Works

Activity:
Engineering Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 120,483	\$ 135,156	\$ 132,500	\$ 156,800	\$ 237,900	79.55%
Commodities	2,850	831	3,200	3,600	3,400	6.25%
Contractual Services	9,533	8,936	20,500	26,600	25,500	24.39%
Capital Outlay	-	-	5,000	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 132,866	\$ 144,923	\$ 161,200	\$ 187,000	\$ 266,800	65.51%
Funding Sources						
Engineering Fees	\$ 30,286	\$ 36,635	\$ 30,000	\$ 40,000	\$ 114,700	282.33%
Road Use Tax	102,580	108,288	131,200	147,000	152,100	15.93%
Total Funding Sources	\$ 132,866	\$ 144,923	\$ 161,200	\$ 187,000	\$ 266,800	65.51%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
City Engineer	1.00	1.00	1.00	1.00	1.00	
Assistant Engineer	-	-	-	-	1.00	
Total	1.00	1.00	1.00	1.00	2.00	\$ 168,300
Employee Benefits						69,600
Total Personal Services						\$ 237,900

Function:
Transfers

Department:
City Administrator

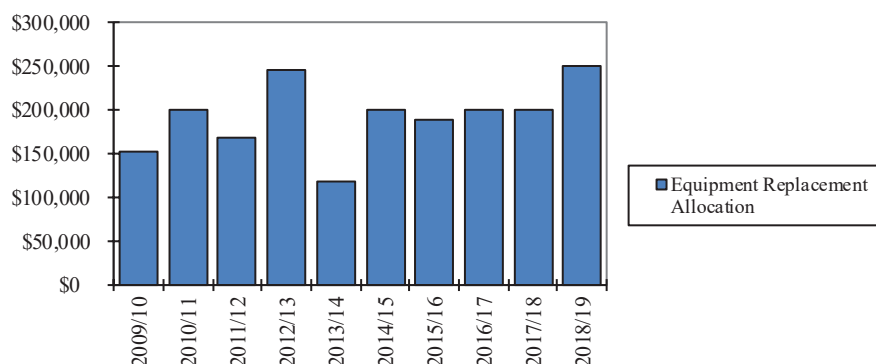
Activity:
Equipment Replacement Transfer

GENERAL INFORMATION

The Equipment Replacement Fund was established in an effort to provide a more systematic method of replacing equipment and leveling the cost of replacing such equipment. This activity has funded equipment replacements in the General Fund with the exception of equipment eligible for Road Use Tax funding. Equipment to be replaced in the Enterprise Funds is funded directly from each Enterprise activity.

A comprehensive inventory of all equipment currently owned by the City including autos, pickup trucks, dump trucks, heavy equipment, and other miscellaneous equipment has been completed in an effort to assess the overall condition of the City's inventory. Staff has developed a replacement and cost schedule for each piece of equipment. An equipment maintenance cost program has also been developed and is used in conjunction with the replacement schedule to determine the most cost effective and economical time to replace City equipment.

Annual funding transfers have normally been made from the General Fund to fund current requirements and to anticipate and prepare for future equipment replacement needs. Over the last ten years these amounts have ranged from \$117,000 in 2013/2014 to \$250,000 budgeted for 2018/2019. A history of funding levels is shown in the following chart. It should be noted that this chart only reflects the regular transfers to the Equipment Replacement Fund. As such, it does not include the funding transfer in 2012/2013 specifically designated for the purchase of a new fire engine at a total cost of \$497,000 and the \$148,500 allocation for a new ambulance in 2015/2016.



CURRENT TRENDS AND ISSUES

In 2009/2010 a funding allocation of \$152,300 was included in the budget and the funding transfer increased to \$200,000 in 2010/2011, decreased to \$168,900 in 2011/2012, increased to \$245,000 for 2012/2013, decreased to \$117,000 for 2013/2014, increased to \$200,000 for 2014/2015, decreased to \$188,000 for 2015/2016, and increased to \$200,000 for 2016/2017. The budgeted transfer for 2017/2018 is \$200,000 and for the 2018/2019 budget the transfer is budgeted to increase to \$250,000.

Purchases from the Equipment Replacement Fund in 2017/2018 total \$104,100 which includes \$38,800 for two used police detective vehicles, \$28,800 for a used mower for the Cemetery, \$20,000 for a used pickup truck for Kent Stein Park, and \$16,500 for a utility vehicle for Soccer.

Purchases from the Equipment Replacement Fund in the 2018/2019 budget total \$377,600 and include five new Police patrol vehicles (Tahoes for \$238,600), a new Police vehicle for the Drug Task Force funded from monthly payments from the HIDTA grant (\$35,000), a $\frac{3}{4}$ ton pickup truck for the Fire department (\$39,000), a zero-turn mower for the Cemetery (\$10,000), a boom lift for Park Maintenance (\$30,000), and a used utility van for Building and Grounds (\$25,000). The balance in the Equipment Replacement Fund on June 30, 2019 is estimated at \$59,121.

Additional information on the Equipment Replacement Fund is included in the Special Revenue Funds section of this document.

Function:
Transfers

Department:
City Administrator

Activity:

Equipment Replacement Transfer

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>336,500</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>250,000</u>	25.00%
Total Expenditures	<u>\$ 336,500</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	25.00%
Funding Sources						
General Revenues	<u>\$ 336,500</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	25.00%

Function:
Transfers

Department:
City Administrator

Activity:
Transit Subsidy

GENERAL INFORMATION

The Muscatine City Transit System has provided public transportation for all citizens of the community since 1981. State law permits the City to levy up to \$.95 per \$1,000 of assessed valuation for Public Transportation outside the \$8.10 General Fund limitation. Tax monies are transferred to the Transit System Enterprise Fund to support transit operations.

CURRENT TRENDS AND ISSUES

The 2017/2018 budget included a tax levy of \$.11240 per \$1,000 of valuation for public transportation which will generate \$100,000 (including the utility replacement excise tax and the commercial/industrial State reimbursement).

The transit tax levy rate for 2018/2019 has been decreased to \$.05710 per \$1,000 of valuation which will generate \$50,000 (including the utility replacement excise tax and the commercial/industrial State reimbursement). This lower tax rate is possible due to (1) increased federal and state grant funding, (2) reduced bus maintenance costs, (3) the transit fare increase effective July 1, 2015, and (4) having a sufficient Transit fund balance to use for the local share of bus and other capital purchases.

More information on the Transit Operation is included in the Enterprise Funds section of this document.

Function:
Transfers

Department:
City Administrator

Activity:
Transit Subsidy

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>250,653</u>	<u>200,745</u>	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>	-50.00%
Total Expenditures	<u>\$ 250,653</u>	<u>\$ 200,745</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	-50.00%
Funding Sources						
Transit Tax Levy	\$ 237,761	\$ 190,827	\$ 95,297	\$ 95,297	\$ 47,511	-50.14%
Utility Tax Replacement						
Excise Tax	1,134	697	344	344	176	-48.84%
Commercial/Industrial						
State Reimbursement	<u>11,758</u>	<u>9,221</u>	<u>4,359</u>	<u>4,359</u>	<u>2,313</u>	-46.94%
Total Funding Sources	<u>\$ 250,653</u>	<u>\$ 200,745</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	-50.00%

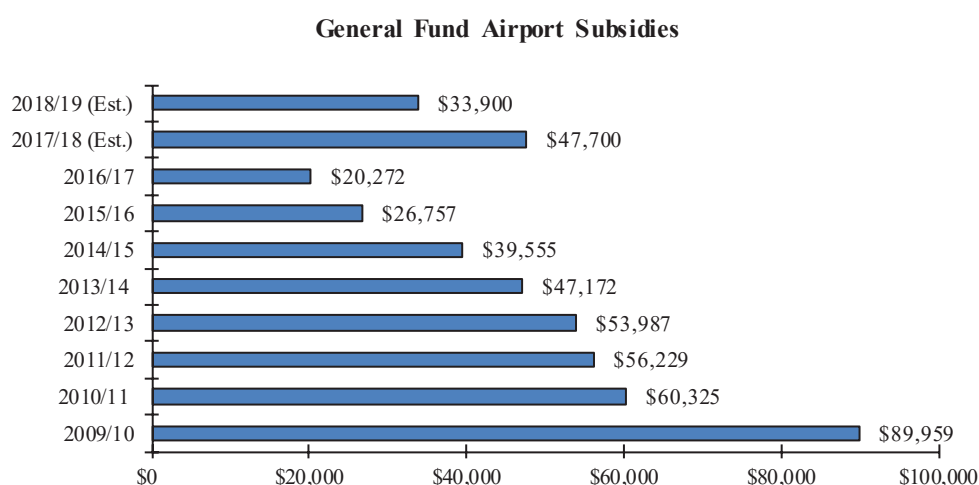
Function:
Transfers

Department:
City Administrator

Activity:
Airport Operations Subsidy

GENERAL INFORMATION

The Municipal Airport operation has been designated as an Enterprise Fund for budgeting purposes. As such, it has been necessary to make subsidy transfers from the General Fund as expenses incurred exceed revenues received from the operation. A summary of General Fund transfers since fiscal year 2009/2010 follows:



The General Fund subsidy has ranged from approximately \$20,300 to \$90,000 during the past ten years. The fluctuations in the subsidies were due to costs of repair and maintenance of airport facilities and navigational equipment, capital outlay costs, and changes in farm prices which are linked to the rental land which helps support the Airport Operation.

CURRENT TRENDS AND ISSUES

The 2017/2018 revised estimate subsidy of \$47,700 is \$11,600 more than the original budget due to increased airport expenditures. The increase in expenditures is primarily due the need for a new lawn mower for the Airport estimated at \$10,100. Other increases include insurance (\$900) and an increase in permit fees (\$600). The revised estimate revenues remained the same as the original budget.

The budgeted subsidy for fiscal year 2018/2019 of \$33,900 is \$2,200 (6.1%) less than the original 2017/2018 budget. A full review of the airport operation is included in the Airport Operations budget in the Enterprise Funds section of this document.

As the Municipal Airport is an integral part of the community and plays an important role in the economic development of the City, it is anticipated that the General Fund will continue to subsidize this operation in the future.

Function:
Transfers

Department:
Community Development

Activity:
Airport Operations Subsidy

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>26,757</u>	<u>20,272</u>	<u>36,100</u>	<u>47,700</u>	<u>33,900</u>	-6.09%
Total Expenditures	<u>\$ 26,757</u>	<u>\$ 20,272</u>	<u>\$ 36,100</u>	<u>\$ 47,700</u>	<u>\$ 33,900</u>	-6.09%
Funding Sources						
General Revenues	<u>\$ 26,757</u>	<u>\$ 20,272</u>	<u>\$ 36,100</u>	<u>\$ 47,700</u>	<u>\$ 33,900</u>	-6.09%

Function:**Transfers****Department:****City Administrator****Activity:****Levee Project Subsidy****GENERAL INFORMATION**

The State Code of Iowa allows cities in the State to levy up to \$.0675 per \$1,000 of valuation for a levee improvement fund in special charter cities. A project was completed in 2000 which increased flood protection along the Mississippi River in Muscatine. The U.S. Army Corps of Engineers contracted for the improvements and provided funding of 80% of project costs with the remaining costs funded by the City of Muscatine. The levee tax levy has been used since 1996/97 to generate tax funding for a portion of the local costs of this project and was also used to fund a portion of the local cost of the Mad Creek Flood Control/Levee project completed in December of 2012.

CURRENT TRENDS AND ISSUES

From 1996/97 through 2015/2016 the City of Muscatine levied the maximum tax rate of \$.0675 per \$1,000 of valuation to fund a portion of the local costs of the levee improvement projects. For 2016/2017 the City was able to reduce the levee tax rate to \$.01923 per \$1,000 of valuation which generated \$16,932 (including the utility replacement excise tax and the commercial/industrial State reimbursement). The 2017/2018 levee rate was increased to the maximum tax rate of \$.0675 per \$1,000 of valuation which will generate \$60,051 (including the utility replacement excise tax and the commercial/industrial State reimbursement). At the time the 2017/2018 budget was prepared, it was thought that a levee toe repair project may be needed. After review of the study for this project, the Corps of Engineers determined the project was not needed. For 2018/2019 the City was able to eliminate this levy since there are no known levee projects and the collections from the 2017/2018 levy will allow funds for routine levee maintenance in both 2017/2018 and 2018/2019. Levee taxes are required to be received in the General Fund and transferred to levee improvement capital project funds.

Function:
Transfers

Department:
City Administrator

Activity:
Levee Project Subsidy

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>55,872</u>	<u>16,732</u>	<u>60,051</u>	<u>60,051</u>	<u>-</u>	-100.00%
Total Expenditures	<u>\$ 55,872</u>	<u>\$ 16,732</u>	<u>\$ 60,051</u>	<u>\$ 60,051</u>	<u>\$ -</u>	-100.00%
Funding Sources						
Levee Tax Levy	\$ 52,998	\$ 15,905	\$ 57,227	\$ 57,227	\$ -	-100.00%
Utility Tax Replacement						
Excise Tax	253	58	207	207	-	-100.00%
Commercial/Industrial						
State Reimbursement	<u>2,621</u>	<u>769</u>	<u>2,617</u>	<u>2,617</u>	<u>-</u>	-100.00%
Total Funding Sources	<u>\$ 55,872</u>	<u>\$ 16,732</u>	<u>\$ 60,051</u>	<u>\$ 60,051</u>	<u>\$ -</u>	-100.00%

Function:
Transfers

Department:
City Administrator

Activity:
Assigned Funding Allocations

GENERAL INFORMATION

Governmental Accounting Standards Board Statement 54 was effective for the City's fiscal year ended June 30, 2011. This Statement provided for clearer, more structured fund balance classifications and clarified the definitions of each fund type. This statement provides that the fund balances of governmental funds, including the General Fund of governmental entities, be classified into nonspendable, restricted, committed, assigned, and unassigned amounts.

The 2012/2013 General Fund budget included three assigned funding allocations (1) COPS grant future funding commitment, (2) Fire engine replacement, and (3) City financial software replacement. The Fire engine and the financial software were purchased in 2012/2013. The funding assignments in 2013/2014 and 2014/2015 were for the COPS grant future funding commitment. The funding assignments for the COPS grant were expended in fiscal year 2015/2016.

Merit Allowance Funding Assignment

The 2015/2016 budget included an assigned funding allocation of \$12,300 to allow for merit increases for fulltime non-union employees. This was the first year of this program which allowed for employees in this group to progress above the mid-point of their pay ranges based on merit performance in their positions. The budget amount was based on an estimated 30% of the employees in this group being eligible for merit pay of up to 1% of their annual salary. While these funds were budgeted in the Assigned Funding allocation for 2015/2016, actual merit increases were reflected in the respective department budgets. The 2016/2017 budget also included \$12,300 to allow for merit increases up to 1% for fulltime non-union employees.

The 2017/2018 budget included \$50,000 to allow for pay increases in the non-union pay plan. This amount allowed for merit increases of up to 3% and included funds to allow for several positions to be placed on different grades in the pay plan based on market surveys. While these funds were budgeted in the Assigned Funding allocation, the revised estimate in this budget is zero since actual merit increases have been reflected in the respective department budgets. The 2018/2019 budget again includes \$50,000 to allow for merit increases up to 3% for employees in the non-union pay plan. Since the employees receiving merit pay have not yet been determined, the budget estimate is again being reflected as an assigned funding allocation for 2018/2019.

Function:
Transfers

Department:
Non-Department

Activity:
Assigned Funding Allocations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	0.00%
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	0.00%
Funding Sources						
General Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	0.00%

ENTERPRISE FUNDS

AIRPORT OPERATIONS

GENERAL INFORMATION:

The Muscatine Municipal Airport provides a non-commercial facility for use by the entire community. Because the Airport is heavily utilized by private companies and individuals, this facility assists in generating additional business and promotes industrial and commercial growth in the City. The facility includes a terminal building, four (4) corporate hangars, twenty (20) T-hangars, a maintenance building, and a community hangar that can store approximately fifteen (15) to twenty (20) small airplanes. The Airport has a 5,500 foot main runway and a 4,000 foot crosswind runway.

The Airport property consists of approximately 680 acres; however, only 394 acres are used for the aviation operation. The remaining 286 acres are leased for farming purposes with the income assisting in the support of the Airport operation. Early in 2012 the lease for the farm land surrounding the airport was re-negotiated which increased the annual airport farm revenue to \$34,000 beginning in 2012/2013.

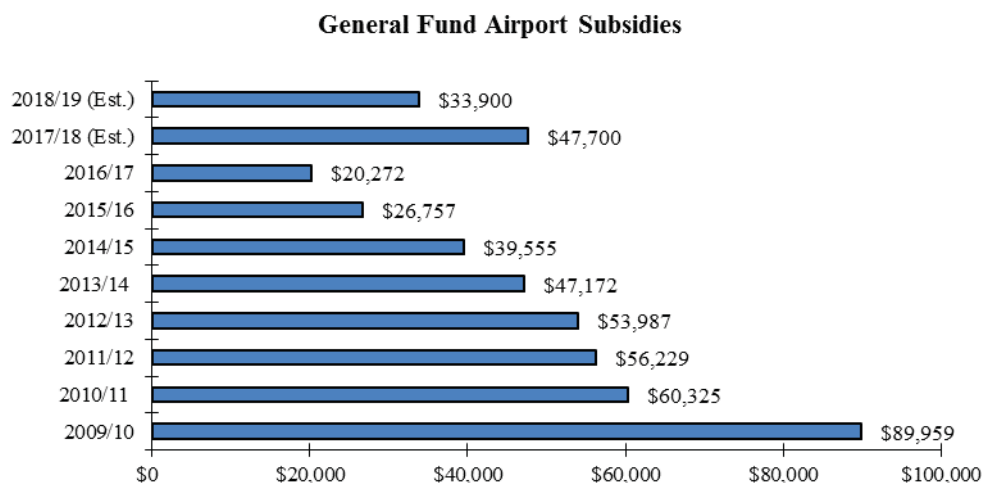
The facility is operated through a contractual agreement by the Airport Manager who oversees the general operation of the facility. The City also has a Fixed Base Operator (FBO) who provides various business functions and services to the users of the Airport. The FBO provides airplane maintenance, charter services, and flight training in addition to the sale of airplanes, fuel, and other general services required by the aviation industry. The current contracts are with Carver Aero Inc. for both the Airport Management and FBO activities. These contracts run through June 30, 2020. The amount paid to Carver Aero for airport management fees for both 2017/2018 and 2018/2019 is \$46,500. Carver Aero, as fixed base operator (FBO), will make payments to the City of \$11,100 in 2017/2018 and \$11,400 in 2018/2019.

The City has completed a variety of improvements at the Municipal Airport in recent years. These improvements have been made in conjunction with the receipt of Federal Aviation Administration (FAA) or State grants. The Airport Security and T-Hangar Drainage Improvement project, with 85% State and 15% local funding, was completed in 2013/2014. Also in 2013/2014 the petrographic analysis of the pavement on runway 6/24 and the parallel taxiway serving that runway was completed. Based on the results of that analysis, engineering design for the runway rehabilitation/replacement was completed in 2014/2015 with project construction substantially completed in calendar year 2016. An FAA grant funded 90% of the overall costs of this project with a 10% local match required. Engineering design for a T-hangar connector road was also completed in 2014/2015 and project construction was completed in 2015/2016. This project received 85% State funding with a 15% local match. The Airport Electrical Upgrade project was completed in 2015/2016 with 85% State and 15% local funding. In October of 2016 the City was awarded funding for the design of a new T-Hangar and for apron expansion. The design work and apron expansion is expected to be completed by the end of the 2017/2018 fiscal year and will be 85% funded by a State grant with a 15% local match. The Airport Master Plan update is also underway this year with 90% FAA and 10% local funding. The City also accepted State grants for Phase II of the Apron Expansion project and for T-Hangar construction.

The City completed construction of the airport terminal building in 2004. This project was financed from tax increment revenue bonds. Incremental taxes from the Southend TIF area fund the annual principal and interest requirements on this issue.

CURRENT TRENDS AND ISSUES:

The Airport Operation was established as an Enterprise Fund in order to segregate revenues and expenditures of the operation and as a result of efforts to generate additional revenues for this facility. As revenues from the Airport are less than expenditures for the operation, a General Fund subsidy is required annually to balance the budget. A history of the General Fund Airport subsidies is shown in the following graph:



The 2017/2018 revised estimate subsidy of \$47,700 is \$11,600 more than the original budget due to increased airport expenditures. The increase in expenditures is primarily due to the need for a new lawn mower for the Airport estimated at \$10,100. Other increases include insurance (\$900) and an increase for storm water discharge permit fees (\$600). The revised estimate revenues remained approximately the same as the original budget.

The budgeted subsidy for fiscal year 2018/2019 of \$33,900 is \$2,200 (6.1%) less than the original 2017/2018 budget. The 2018/2019 budgeted expenditures are \$2,500 (2.2%) more than the original 2017/2018 budget. This expenditure increase is primarily due to (1) a \$1,600 increase in insurance costs, (2) a \$600 increase for storm water discharge permit fees, and (3) a \$300 increase in administrative fees. Airport revenues are budgeted to increase by \$4,700 primarily due to increased rental fees from the new hangars.

GOAL STATEMENT:

To provide safe and efficient aviation facilities and services to the community which will promote the commercial and industrial growth and stability of the City, and provide for the needs of the recreational and leisure activities involving aviation.

PERFORMANCE MEASURES:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
T-Hangars Maintained	20	20	20	20	23
Hangar Spaces Rented	20	20	20	20	23
Airport Advisory Meetings	8	8	7	7	8
Hangar Rentals	\$21,641	\$21,532	\$22,226	\$24,000	\$28,300
FBO Lease	\$9,900	\$10,500	\$10,815	\$11,139	\$11,473
Gallons of Fuel Dispensed by FBO	98,361	See Breakout Below	See Breakout Below	See Breakout Below	See Breakout Below
Gal. 100LL Fuel Dispensed by FBO	N/A	9,479	11,464	12,000	13,000
Fuel Commission 100LL (\$.08/gal)	NA	\$758	\$917	\$900	\$1,040
Gal. Jet Fuel Dispensed by FBO	N/A	72,322	79,941	87,000	87,000
Fuel Commission Jet Fuel (\$.10/gal)	N/A	\$7,232	\$7,994	\$8,700	\$8,700
Total Fuel Commission	\$2,634	\$7,166	\$8,911	\$9,600	\$9,700
Farm Lease Revenue	\$34,139	\$34,139	\$34,100	\$34,100	\$34,000
General Fund Subsidy	\$39,555	\$26,757	\$20,272	\$47,700	\$33,900

RECENT ACCOMPLISHMENTS:

Staff continues to meet with representatives of the FAA and the State of Iowa Division of Aviation to discuss airport improvement projects primarily focused around the Runway 6/24 Reconstruction project, the reconstruction of Taxiway A, and future T-Hangar construction. Staff attended the 4 States Central Region FAA Conference and the Iowa Public Airports Association (IPAA) Conference.

The hangar inspection program continued this year with the third round of inspections completed. The Muscatine Fire department also completed inspections of the facility and hangars.

Phase I of the apron expansion project has been completed and the Iowa Department of Transportation awarded the grant for the construction of row 4 hangars. Staff is also working with a private development group to construct a large hangar at the Muscatine Airport.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To complete the row 4 hangar construction.
- * To make application for a state grant for a new aviation fuel system which would allow for self-fueling.
- * To construct an aviation fuel system.
- * To market the airport industrial park.
- * To paint the apron and the crosswind taxiway and runway.

Airport Operations

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Fixed Base Operator Fee	\$ 10,500	\$ 10,815	\$ 11,100	\$ 11,100	\$ 11,400
Hangar Rentals	21,532	22,226	24,000	24,000	28,300
Reimbursement of Costs	1,043	1,062	1,000	1,000	1,000
Farm Leases	34,139	34,000	34,100	34,000	34,000
Fuel Commissions	7,166 (1)	8,911 (1)	9,500	9,600	9,700
State Grant	2,901	0	0	0	0
Transfers In					
General Fund Subsidy	<u>26,757</u>	<u>20,272</u>	<u>36,100</u>	<u>47,700</u>	<u>33,900</u>
Total Revenues	<u>\$ 104,038</u>	<u>\$ 97,286</u>	<u>\$ 115,800</u>	<u>\$ 127,400</u>	<u>\$ 118,300</u>
Funds Available	\$ 104,038	\$ 97,286	\$ 115,800	\$ 127,400	\$ 118,300
Expenditures	<u>104,038</u>	<u>97,286</u>	<u>115,800</u>	<u>127,400</u>	<u>118,300</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Increase (Decrease) in					
Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

1. Fuel commissions in 2015/2016 and 2016/2017 were lower due to the Runway Reconstruction project in the summer of 2016.

Function:
Business Type

Department:
Community Development

Activity:
Airport Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	2,762	1,468	5,700	5,700	5,700	0.00%
Contractual Services	81,966	84,270	100,700	102,200	102,900	2.18%
Capital Outlay	10,510	2,450	-	10,100	-	
Transfers	<u>8,800</u>	<u>9,100</u>	<u>9,400</u>	<u>9,400</u>	<u>9,700</u>	3.19%
Total Expenditures	<u>\$ 104,038</u>	<u>\$ 97,288</u>	<u>\$ 115,800</u>	<u>\$ 127,400</u>	<u>\$ 118,300</u>	2.16%
Funding Sources						
Airport Revenues	\$ 77,281	\$ 77,016	\$ 79,700	\$ 79,700	\$ 84,400	5.90%
General Fund Operating Subsidy	<u>26,757</u>	<u>20,272</u>	<u>36,100</u>	<u>47,700</u>	<u>33,900</u>	-6.09%
Total Funding Sources	<u>\$ 104,038</u>	<u>\$ 97,288</u>	<u>\$ 115,800</u>	<u>\$ 127,400</u>	<u>\$ 118,300</u>	2.16%

TRANSIT SYSTEM

GENERAL INFORMATION:

The City Transit System (MuscaBus) operates with eleven (11) small buses, all equipped with wheelchair lifts. Personnel supporting the transit system are a full-time Transit Supervisor, three (3) part-time dispatchers, 18 part-time drivers, and one part-time vehicle service worker. The system currently consists of three (3) fixed routes for the general public, a paratransit system for senior citizens and the disabled, an evening service for individuals to travel to employment and employment-related destinations, and an evening service two nights a week primarily for the disabled. Since 2007 there has been a fourth fixed route each week day during peak travel times. Appointed by the City Council, the Transportation Advisory Commission assists the Council and Transit Supervisor in establishing operating policies and procedures for the system.

The breakdown of the ridership for the system since 2011/2012 on a fiscal year basis is as follows:



The City receives both Federal and State funding for the transit operation. Federal operating assistance is received annually and is estimated at \$408,600 for 2018/2019. Additional federal grants were awarded under the Job Access and New Freedoms grant programs. These funds were received in fiscal years 2016/2017 and 2017/2018, and will be received for the first half of the 2018/2019 year in the amount of \$28,200 for the Job Access service and \$7,000 for the New Freedoms service. Grant funding for these services will end December 31, 2018. The budget allows for these services to continue after expiration of the grants. Federal capital support has also been used, primarily to purchase buses. The 2018/2019 budget includes \$163,400 in federal capital grants, which is the estimated federal share (85%) of the cost of two new buses. The bus purchases are subject to the award of this federal funding. The State of Iowa also provides transit funding assistance from a portion of the motor vehicle use tax. These funds are allocated by a formula to the thirty-five (35) public transit systems in the State by the Iowa Department of Transportation, Air and Transit

Division. In fiscal year 2018/2019 it is anticipated that the City will receive \$243,800 in State operating funding for the Transit operation.

The State of Iowa allows cities to levy up to \$.95 per \$1,000 of assessed value to support a transportation system. For fiscal year 2017/2018 the City's transit levy rate was set at \$.11240 per \$1,000 of valuation which will generate \$100,000 (including the State reimbursement for the commercial and industrial property rollback). For 2018/2019 the transit tax levy rate is budgeted to decrease to \$.05710/\$1,000 of valuation which will generate \$50,000 (including the State reimbursement). This lower tax rate is possible due to (1) increased federal and state grant funding, (2) reduced bus maintenance costs, (3) the transit fare increase effective July 1, 2015, and (4) having a sufficient Transit fund balance to use for the local share of bus purchases. On July 1, 2015 fares for the regular routes increased from \$.75 per ride to \$1.00 and fares for the shuttle service increased from \$1.00 to \$2.00. Monthly flash pass fees also increased from \$28 to \$32. These rates will continue in the 2018/2019 budget.

The Transit Division is located in the Public Works Facility on Washington Street. A transfer point for this operation is located at City Hall.

CURRENT TRENDS AND ISSUES:

The revised estimate expenditures for 2017/2018 are under the original budget by \$96,200. This is primarily due to (1) a \$37,000 reduction in personal services costs primarily due to a vacancy in the Transit Supervisor position, the new Supervisor starting at a lower step in the pay plan, and the new hire also waived health insurance through December, and (2) a \$61,800 reduction in capital outlay. The original 2017/2018 budget included \$195,500 for two buses (80% grant funded) and \$58,000 for ten new bus shelters, with these purchases subject to grant funding. Grant funding was not awarded for replacement of the bus shelters. The revised estimate includes two buses for \$192,300 (85% grant funded).

The 2018/2019 budget is \$65,800 (5.0%) less than the original 2017/2018 budget. This overall decrease is due to (1) a \$61,800 decrease in capital outlay, (2) a \$4,400 decrease in personal services, (3) a \$1,200 decrease in commodities, (4) a \$1,000 increase in contractual services, and (5) a \$600 increase in administrative fees. The capital outlay allocation of \$192,300 is for the purchase of two buses. The bus purchases are subject to grant funding which is estimated at \$163,400 (85%) in federal funding.

As noted previously, the transit tax levy has been reduced from \$100,000 to \$50,000 for 2018/2019. Lowering the transit tax levy rate allowed the City to maintain the same overall tax rate for 2018/2019.

Transit charges for services which includes fares, passes, and waivers, is estimated at \$163,000 for 2018/2019, which is \$77,000 lower than the original budget of \$240,000 for 2017/2018. The reduction is due to changes in payments from Managed Care Organizations (MCO's), insurance providers in the state of Iowa. There were many changes effective in November 2017 that will lead to changes in ridership beginning in December 2017. The MCO's have changed their authorizations for transportation, removing the funding for passengers living in Supported Community Living (SCL). MuscaBus staff is working with the providers of the SCL's to ensure the passengers continue to have transportation and to retain Muscabus ridership.

The Transit fund shows a balance at the end of 2018/2019 of \$431,682. This ending balance would be needed if there are increases in fuel or bus maintenance costs, and it would allow matching funds for additional bus purchases if additional grant funds would become available. Staff will continue to closely monitor transit grant funding as well as fuel, maintenance, and other transit operating costs.

GOAL STATEMENT:

To provide an opportunity to all citizens for safe and efficient public transportation with special services provided for senior citizens and handicapped residents

PERFORMANCE MEASURES:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Buses Used and Maintained	11	11	11	11	11
Fixed Bus Routes (Weekdays)	3 (4 for 9 hrs of the day, M-F)	3 (4 for 9 hrs of the day, M-F)	3 (4 for 9 hrs of the day, M-F)	3 (4 for 9 hrs of the day, M-F)	3 (4 for 9 hrs of the day, M-F)
Fixed Bus Routes (Saturdays)	2	2	2	2	2
Fixed Route Passengers	135,903	128,781	126,388	121,300	116,400
Paratransit Passengers	35,888	32,163	34,546	33,300	32,000
JARC for Work (Night Service)	6,870	6,311	5,759	5,500	5,200
New Freedom (Night Service)	1,729	1,457	996	1,200	1,500
Total Passengers	180,390	168,712	167,689	161,300	155,100

RECENT ACCOMPLISHMENTS:

MuscaBus saw a .6% decrease in rides provided in fiscal year 2016/2017. Ridership was down 1,023 rides compared to the previous year. A total of 167,689 rides were provided in 2016/2017 compared to the previous year's 168,712. There was a 31.6% decrease in New Freedom (Tuesday and Thursday evening) rides, and there was a 7.4% increase in Paratransit (6:30 am to 5:00 pm) ridership. There was a 7.1% increase in revenue miles driven, from 268,635 miles to 273,145 miles. The increase in Paratransit rides is the main contributor to an increase in revenue miles. The Paratransit service picks up passengers at their homes and takes them to their destination, usually with only one or two other passengers. The nature of this transportation requires more miles than a fixed route system.

The Transit Supervisor position was filled on July 31, 2017 and the new Supervisor attended several training programs including PASS (Passenger Assistance Sensitivity and Safety) training, Transit Manager Training, Alcohol & Drug Free Training, Security Awareness and Active Shooter Training, and Managing Community Mobility. The training information is being passed on to the drivers and dispatchers. The PASS training was implemented by pairing up the drivers and having them secure one driver in a mobility device and taking them for a drive on the bus.

MuscaBus participates in community events by providing transportation. Muscabus provided 164 rides to and from the outer parking lot for the Community Block Party hosted at the Discovery Center and provided 30 guided rides for the Cemetery Walk held at Greenwood Cemetery. In October 2017, the transit division assisted the Junior Achievement program at Central Middle School with 176 fixed route rides. These types of special services will continue to be offered.

MuscaBus had an Iowa Department of Transportation (IDOT) Compliance Review on August 31, 2017. The IDOT staff spent the day reviewing the transit system to ensure compliance with State and Federal regulations. They made suggestions on how to update policies and practices in order to be in line with new guidelines. The department will use these suggestions to update practices in the near future.

MuscaBus received three new buses in July and sold the three old buses in November through the City's on-line public auction.

MuscaBus was selected by the IDOT to participate in a new GTFS (General Transit Feed Specification) project. This is an IDOT funded project to create, maintain, and share GTFS data in order to increase public transportation resources for Iowa's travelling public. The public will be able to go to Google Maps and find information on using the public transit system as a way to travel in Muscatine.

MuscaBus is continuing to navigate the ever changing landscape of the MCO's (Managed Care Organizations), insurance providers in the state of Iowa. There were many changes in November 2017 that lead to a decrease in ridership during the month of December and that decrease will continue in the future. The MCO's have changed their authorizations for transportation, removing the funding for passengers living in Supported Community Living (SCL). MuscaBus is working with the providers of the SCL's to ensure the passengers continue to have transportation and to retain Muscabus ridership.

OBJECTIVES TO BE ACCOMPLISHED 2018/2019:

- * To continue the fixed route service evaluation with the implementation of a passenger survey to determine optimum routes and services. **(Council and Management Continuous Service Improvement Goal)**
- * To continue to comply with new directives implemented by the Managed Care Organizations in order to continue to provide transportation services to their clients.
- * To continue to incorporate Lean concepts and practices to improve Transit operations for passengers. **(Council and Management Continuous Service Improvement Goal)**
- * To evaluate the possible use of dispatch software and driver tablets to improve Transit operations. **(Council and Management Continuous Service Improvement Goal)**

Transit System

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 216,499	\$ 366,957	\$ 418,257	\$ 588,882	\$ 614,582
Revenues	<u>1,095,295</u> (2)	<u>1,453,716</u> (3)	<u>1,247,900</u> (4)	<u>1,247,100</u> (4)	<u>1,068,900</u> (5)
Funds Available	\$ 1,311,794	\$ 1,820,673	\$ 1,666,157	\$ 1,835,982	\$ 1,683,482
Expenditures (1)	<u>944,837</u>	<u>1,231,791</u>	<u>1,317,600</u>	<u>1,221,400</u>	<u>1,251,800</u>
Ending Balance, June 30	<u><u>\$ 366,957</u></u>	<u><u>\$ 588,882</u></u>	<u><u>\$ 348,557</u></u>	<u><u>\$ 614,582</u></u>	<u><u>\$ 431,682</u></u>

Increase (Decrease) in					
Fund Balance	\$ 150,458	\$ 221,925	\$ (69,700)	\$ 25,700	\$ (182,900)

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. The 2015/2016 Transit tax levy was \$250,000.
3. The 2016/2017 Transit tax levy was \$200,000.
4. The Transit tax levy for 2017/2018 is \$100,000.
5. The Transit tax levy for 2018/2019 is \$50,000.

Explanation of Decrease in Fund Balance:

The balance in this fund has been fluctuating primarily due to capital purchases, primarily transit buses, and bus maintenance costs.

Transit System

Summary of Revenues

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Transit Charges	\$ 239,599	\$ 373,600	\$ 240,000	\$ 255,000	\$ 163,000
Transit Grants					
Operating Subsidies:					
Federal Operating Grant	\$ 376,028	\$ 642,833	\$ 380,000	\$ 401,500	\$ 408,600
Federal Job Access Grant	0	0	56,500	56,500	28,200
New Freedoms Grant	0	0	28,000	14,000	7,000
State Vehicle Use Tax	227,441	235,163	232,000	248,100	243,800
Capital Grants:					
State PTIG Grant - Bus Shelters	0	0	46,400	0	0
Federal Funds - Buses	0	0	158,800	163,400	163,400
Subtotal - Grants	<u>\$ 603,469</u>	<u>\$ 877,996</u>	<u>\$ 901,700</u>	<u>\$ 883,500</u>	<u>\$ 851,000</u>
General Fund Support:					
Transit Tax Levy	250,653	200,745	100,000	100,000	50,000
Sale of Vehicles	0	0	6,000	7,500	4,000
Interest	243	1,365	100	1,000	800
Donations	0	0	100	100	100
Other	<u>1,331</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u><u>\$ 1,095,295</u></u>	<u><u>\$ 1,453,716</u></u>	<u><u>\$ 1,247,900</u></u>	<u><u>\$ 1,247,100</u></u>	<u><u>\$ 1,068,900</u></u>

Function:
Business Type

Department:
Public Works

Activity:
Transit System

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 693,878	\$ 685,691	\$ 734,100	\$ 697,100	\$ 729,700	-0.60%
Commodities	73,859	74,204	105,500	104,300	104,300	-1.14%
Contractual Services	155,843	185,678	204,800	208,600	205,800	0.49%
Capital Outlay	-	266,635	254,100	192,300	192,300	-24.32%
Transfers	18,100	18,600	19,100	19,100	19,700	3.14%
Total Expenditures	<u>\$ 941,680</u>	<u>\$ 1,230,808</u>	<u>\$ 1,317,600</u>	<u>\$ 1,221,400</u>	<u>\$ 1,251,800</u>	-4.99%
Funding Sources						
Transit Charges	\$ 239,599	\$ 373,600	\$ 240,000	\$ 255,000	\$ 163,000	-32.08%
Transit Grants	603,469	877,996	901,700	883,500	851,000	-5.62%
Transit Tax Levy	250,653	200,745	100,000	100,000	50,000	-50.00%
Sale of Vehicles	-	-	6,000	7,500	4,000	-33.33%
Interest	243	1,365	100	1,000	800	700.00%
Donations	-	-	100	100	100	0.00%
Other	1,331	10	-	-	-	
Total Funding Sources	<u>\$ 1,095,295</u>	<u>\$ 1,453,716</u>	<u>\$ 1,247,900</u>	<u>\$ 1,247,100</u>	<u>\$ 1,068,900</u>	-14.34%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Transit Supervisor	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.20	0.20	0.20	0.20	0.20	
Total Full Time	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	
Part Time Positions:						
Transit Driver	11.81	11.67	11.72	11.13	11.08	
Transit Dispatcher	1.38	1.48	1.45	2.02	2.09	
Transportation Serviceperson	0.63	0.63	0.63	0.64	0.63	
Total Part Time	<u>13.82</u>	<u>13.78</u>	<u>13.80</u>	<u>13.80</u>	<u>13.80</u>	
Total	15.02	14.98	15.00	15.00	15.00	\$ 581,600
Employee Benefits						<u>148,100</u>
Total Personal Services						<u>\$ 729,700</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Light Duty Buses	2	Yes	<u>\$ 192,300</u>

PARKING SYSTEM

GENERAL INFORMATION:

The Parking System Enterprise Fund accounts for all metered, leased, and free parking provided by the City of Muscatine in the central business district. These parking spaces are located both on and off-street and involve four (4) specific activities including parking operations, parking enforcement, downtown landscaping, and development of new parking. The City maintains 1,384 parking spaces in the downtown commercial area distributed as follows:

		<u>Lot #1</u>	<u>Lot #2</u>	<u>Lot #4</u>	<u>Lot #6</u>	<u>Lot #7</u>	<u>Lot #8</u>		
	<u>On-Street</u>	<u>Chestnut</u>	<u>W. 2nd</u>	<u>Sycamore</u>	<u>W. 3rd</u>	<u>E. 3rd</u>	<u>Cedar</u>	<u>Levee</u>	<u>Totals</u>
		<u>Street</u>	<u>Street</u>	<u>Street</u>	<u>Street</u>	<u>Street</u>	<u>Street</u>		
Free Parking	163	0	16	13	0	0	5	465	662
			(4 hour)	(3 hour)			(3 hour)	(24 hour)	
2 Hour Meters	273	0	5	0	0	0	0	0	278
Handicapped	15	1	1	3	1	0	2	18	41
10 Hour Meters	47	19	15	39	0	9	0	0	129
Leased/Reserved	<u>0</u>	<u>7 R</u>	<u>4 L</u>	<u>40 L</u>	<u>24 R</u>	<u>149 L</u>	<u>50 L</u>	<u>0</u>	<u>274</u>
Totals	<u>498</u>	<u>27</u>	<u>41</u>	<u>95</u>	<u>25</u>	<u>158</u>	<u>57</u>	<u>483</u>	<u>1,384</u>

The four largest off street lots are located on 3rd Street across from City Hall, adjacent to Mississippi Drive at Sycamore, 2nd and Pine streets, and at the corner of 3rd and Cedar streets. These lots have a combination of leased parking spaces, and short and long-term meters. In September, 2007 on-street parking and off-street parking lot metered rates were increased from \$.20 to \$.30 per hour for short-term (two hour) meters and from \$.10 to \$.20 per hour for long-term (10 hour) meters. In 2013/2014 the meter rates were increased to \$.50 per hour for two hour meters and to \$.25 per hour for ten hour meters.

The parking enforcement program provides control of the parking spaces in the central business district. This program is intended to insure that parking restrictions are enforced in order to meet the goals of the program. The primary goal is to provide short-term parking for customers in the downtown business district. The enforcement program is also involved in controlling loading zones, alley parking, and other parking regulations in the downtown area.

The downtown landscaping program was initiated in conjunction with the reconstruction of Second Street which was funded as part of a Community Development Block Grant Program. This landscaping program has added aesthetically to the business environment to assist in promoting a healthy economic state in the downtown business district. One-half of a groundskeeper position is allocated to this budget and this individual is responsible for maintenance and landscaping in the downtown area with supervision through the Park Maintenance division of the Parks and Recreation department.

Numerous modifications were implemented in the Parking operation in past years. An Administrative Review Panel was formed to hear appeals of parking violations. A standardized alley parking program was established for the downtown area to improve traffic movement, the conditions for delivery to

merchants, and public safety response for fire and emergency medical services. Also, handicapped parking has been provided throughout the downtown area. Since 1985 the City has been providing free parking in all areas on Saturdays.

In 2007 the Mayor appointed a Parking Task Force which was given the responsibility to evaluate and make recommendations on changes to the downtown parking program. These recommendations were to include both operational and financial changes with the goal that revenues from the parking operation would fund costs associated with the system. The significant changes recommended by the Task Force were subsequently adopted by City Council and fully implemented by September 1, 2007. These included the following:

1. Removing 20 10-hour meters in Lot 4 and changing these to leased spaces.
2. Increasing leased parking rates from \$225 to \$300 if paid annually and from \$300 to \$350 if paid quarterly.
3. Removing the meters on Second Street and providing free parking up to 3 hours once per day in each space.
4. Changing metered parking rates from \$.20 to \$.30 for 2-hour meters and from \$.10 to \$.20 per hour for 10-hour meters.
5. Changing the daily beginning enforcement time from 9:00 a.m. to 8:00 a.m.
6. Increasing the fines for expired meter tickets from \$3.00 if paid within 72 hours to \$5.00 and from \$5.00 if paid after 72 hours to \$10.00.
7. Elimination of free holiday parking in the downtown area.
8. Increasing the ticket fee to \$25 per ticket after 20 tickets are issued each calendar year.
9. Adding 2-hour parking meters on 4th Street between Iowa and Chestnut Street.
10. Removing or changing time limits for parking in various other areas.
11. Purchasing electronic meters and phasing out the mechanical meters that were still in use.

As noted previously, meter rates were further increased to \$.50 per hour for 2-hour meters and to \$.25 per hour for 10-hour meters effective July 1, 2013.

At the October 19, 2017 City Council meeting, Council passed a resolution changing parking restrictions on 2nd Street from “Free parking up to 3 hours once per day in each space” to “Free parking up to 2 hours once per day in each block”. The purpose of this change was to increase the turnover of vehicles in on-street parking spaces on 2nd Street.

CURRENT TRENDS AND ISSUES:

The revised estimate expenditures are over the budgeted amount in total by \$5,500. This overall increase is primarily due to (1) a \$3,600 decrease in personal services costs due to a change in meter attendants with the new employee at a lower step in the pay plan, (2) an \$1,100 increase in commodities primarily for signs for the new leased spaces on Sycamore Street between 4th and 5th street, (3) an \$1,100 increase in repair and maintenance services to repair lights in Lot #4, and (4) a \$6,900 increase in capital outlay to replace both hand-held ticket/printer devices. The old devices were not repairable and the new devices include the printer as part of the unit and the ability to take photos of violations.

Revised estimate revenues are projected to be \$4,000 more in total than the original budget. This overall increase includes estimated increases of \$5,000 in leased parking fees and \$1,000 in meter hood rentals, and a decrease of \$2,000 in parking fines. The decrease in parking fines is based on a decrease in the number of tickets issued with the spaces on Mississippi Drive not available due to construction.

The expenditures in the budget for 2018/2019 are \$800 (.4%) higher than the original budget for 2017/2018. This is due to (1) a \$400 decrease in personal services, (2) a \$500 increase in contractual services, and (3) a \$700 increase in administrative transfers.

Parking revenues for 2018/2019 are projected at \$211,100, which is \$3,500 more than the original 2017/2018 budget. Leased parking revenues are projected to be \$5,000 higher than, fines \$2,000 less than, and meter hoods \$500 higher than the prior year budget.

The 2018/2019 budget continues to include the parking-related costs now allocated to this budget including contracted snow removal costs for downtown parking lots (\$7,500) and parking lot striping (\$1,000). The Parking fund balance at the end of 2018/2019 is estimated at \$48,983.

PERFORMANCE MEASURES:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Metered Parking Spaces	433	433	426 (2)	407 (2)	407
Leased Parking Spaces	174	174	168 (3)	167	187 (4)
Reserved Parking Spaces (1)	107	107	107	107	107
Free Parking Spaces	659	659	659	662	662 (5)
Handicapped Parking Spaces	41	41	41	41	41
Total Parking Spaces	1,414	1,414	1,401	1,384	1,404 (5)
Overtime Parking Tickets Issued	10,098	10,495	9,046	9,100	9,100
Overtime Tickets Paid or Dismissed	8,241	8,598	7,573	7,553	7,553
Percent Paid or Dismissed	81.61%	81.92%	83.72%	83%	83%
Handicapped Tickets Issued	51	67	59	60	60
Handicapped Tickets Paid or Dismissed	45	58	50	52	52
Percent Paid or Dismissed	88.24%	86.57%	84.75%	86.67%	86.67%
Other Parking Tickets Issued	2,040	1,648	1,654	2,000	2,000
Other Tickets Paid or Dismissed	1,466	1,157	1,233	1,500	1,500
Percent Paid or Dismissed	71.86%	70.21%	74.55%	75%	75%
Overall Collection Rate	80.01%	80.37%	82.31%	81.59%	81.59%
Leased Parking Spaces Available	174	174	168 (3)	167	186 (4)
Spaces Leased	105	130	154	159	167
Percentage Leased	60.34%	74.71%	91.67%	95.21%	90%
Fines Collected by County Treasurer	\$16,645	\$19,856	\$23,587	\$23,600	\$23,600
Courtesy Tickets Issued	815	505	436	450	450

1. Reserved spaces include those reserved for the Library, Clark House and CBI Bank and Trust.
2. In 2016/2017 as part of the new hotel project, 10 metered spaced were eliminated on Mississippi Drive and on Chestnut Street. Three new metered spaces were added in other areas

of the downtown. In 2017/2018 metered spaces along Mississippi Drive were eliminated as part of the reconstruction of that roadway.

3. In 2016/2017 six leased spaces were eliminated in Lot 4 in conjunction with the CDBG Downtown Revitalization project.
4. Midway through 2017/2018, nineteen (19) leased spaces were added on Sycamore Street between 4th and 5th Street near the new Kum & Go Convenience Store.
5. The number of spaces for 2018/2019 has not yet been finalized due to the project currently underway to reconstruct Mississippi Drive. Back-in angle parking is being provided with these spaces designated as “Free up to 2 Hour” parking.

GOAL STATEMENT:

To provide attractive, convenient, low-cost parking in order to aid in the growth and improvement of the Central Business District and adjacent commercial areas.

RECENT ACCOMPLISHMENTS:

The meter enforcement staff continues to enforce downtown parking ordinance requirements as well as provide parking-related information to those parking in the downtown area. There were 9,046 expired meter tickets issued in 2016/2017. This was 1,449 (13.8%) less than the prior year number of 10,495. This decrease can be attributed in part to the construction in the downtown area in 2016 and 2017 which included the new hotel and the reconstruction of Mississippi Drive. The decrease in tickets issued may also be partially attributed to the increase in the number of leased spaces leased.

The number of leased spaces rented increased from 105 in 2014/2015 to 130 in 2015/2016 (74.71% of available spaces compared to 60.34% in the prior year). This increase is in part due to construction of the new hotel which displaced some private parking in the downtown. The number of spaces leased increased to 154 in 2016/2017 which was 91.67% of the 168 available spaces. Spaces leased further increased to 159 in 2017/2018 which is 95.21% of the 167 available spaces. The number of leased spaces available will increase to 186 midway through the 2017/2018 year with the leased spaces added on Sycamore Street between 4th and 5th Street. The increases in 2016/2017 and 2017/2018 can be in part attributed to the Mississippi Drive reconstruction project currently under construction. Efforts will continue to market the availability of leased spaces in the upcoming year.

At the September 21, 2017 meeting, City Council approved the resolution designating parking on Mississippi Drive as Free Parking with a 2 hour limit (at least initially) and also that the new parking on the east side of Sycamore Street between 4th and 5th Street be designated as leased parking.

A “Lean” initiative in prior years in the Parking division was the system to allow for the electronic transfer of the names and addresses of vehicle owners with unpaid tickets into the Parking software system. The City entered into an agreement with the Iowa Department of Transportation Motor Vehicle Division which allows City parking staff to electronically send lists of license plates with unpaid tickets to that office who would then send this information back electronically in a format which can be uploaded into the parking software system. A total of \$11,795 of ticket fines were collected by the County Treasurers Office for the City in 2012/2013 and this increased to \$14,360 in 2013/2014, to \$16,645 in 2014/2015, to \$19,856 in 2015/2016, and to \$23,587 in 2016/2017. Efforts will continue to look for other “Lean” initiatives in the Parking division.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To continue to frequently send notices and perform other follow-up procedures for parking fine collections including forwarding unpaid tickets to the County Treasurer's Office to be placed as a required charge to be paid in order to renew the vehicle registration.
- * To continue to increase marketing efforts for leased parking spaces available in the various City lots and other locations. The number of spaces leased increased to 154 in 2016/2017 which was 91.67% of the 168 available spaces. Spaces leased further increased to 159 in 2017/2018 which is 95.21% of the 167 available spaces. The number of leased spaces available increase to 186 midway through the 2017/2018 year with the leased spaces added on Sycamore Street between 4th and 5th Street. The goal is to maintain, at a minimum, a 90% leased rate.
- * To meet with parking meter vendors to gather information on meter enhancements which would allow for acceptance of debit/credit card payments at the meters. Cost of new meters, transaction costs for accepting these payments, and impact on meter rates would be evaluated. **(Council and Management Continuous Service Improvement Goal)**
- * To review Parking processes for additional "Lean" efficiencies. **(Council and Management Continuous Service Improvement Goal)**

Parking System

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 51,949	\$ 68,655	\$ 55,955	\$ 78,383	\$ 61,583
Revenues					
Parking Fees (2)	\$ 113,831	\$ 113,229	\$ 110,000	\$ 110,000	\$ 110,000
Parking Permits	31,797 (3)	37,914 (3)	32,000	37,000	37,000
Meter Hoods	1,944	3,526	1,500	2,500	2,000
Fines	66,793	63,033	64,000	62,000	62,000
Interest	112	368	100	100	100
Insurance Reimbursement	4,014	0	0	0	0
Miscellaneous	45	40	0	0	0
Total Revenues	<u>\$ 218,536</u>	<u>\$ 218,110</u>	<u>\$ 207,600</u>	<u>\$ 211,600</u>	<u>\$ 211,100</u>
Funds Available	\$ 270,485	\$ 286,765	\$ 263,555	\$ 289,983	\$ 272,683
Expenditures (1)	<u>201,830</u>	<u>208,382</u>	<u>222,900</u>	<u>228,400</u>	<u>223,700</u>
Ending Balance, June 30	<u><u>\$ 68,655</u></u>	<u><u>\$ 78,383</u></u>	<u><u>\$ 40,655</u></u>	<u><u>\$ 61,583</u></u>	<u><u>\$ 48,983</u></u>

Increase (Decrease) in Fund Balance	\$ 16,706	\$ 9,728	\$ (15,300)	\$ (16,800)	\$ (12,600)

- Expenditures include changes in compensated absences and other post-employment benefits.
- In 2013/2014 parking meter rates were increased from \$.30 to \$.50/hour for 2-hour meters and from \$.20 to \$.25/hour for 10-hour meters. These rates have been continued in the 2018/2019 budget.
- A leased parking "special" was offered for 2014/2015 through 2016/2017 which provided a reduced rate for parking leases paid in advance for the full fiscal year. While these generated a number of new leases, others discontinued leasing spaces which offset a portion of the number of new leases added with the "special". Leased spaces are nearly at capacity in 2016/2017 and 2017/2018 in part due to the construction in the downtown area. No special was offered for 2017/2018.

Explanation of Changes in Fund Balances:

In 2012/2013 City Council chose to begin including all parking-related costs in this budget including contracted snow removal costs, parking lot striping, and 50% of the employee insurance costs for the Parks Groundskeeper charged 50% to this budget. In 2013/2014 meter rates were increased which assisted in reducing the amount of the annual fund balance decrease.

Function:
Business Type

Department:
Finance

Activity:
Parking System

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 150,596	\$ 161,315	\$ 172,000	\$ 168,400	\$ 171,600	-0.23%
Commodities	3,366	1,987	3,200	4,300	3,200	0.00%
Contractual Services	19,877	14,041	21,900	23,000	22,400	2.28%
Capital Outlay	5,559	4,973	1,900	8,800	1,900	0.00%
Transfers	<u>22,500</u>	<u>23,200</u>	<u>23,900</u>	<u>23,900</u>	<u>24,600</u>	2.93%
Total Expenditures	<u>\$ 201,898</u>	<u>\$ 205,516</u>	<u>\$ 222,900</u>	<u>\$ 228,400</u>	<u>\$ 223,700</u>	0.36%
Funding Sources						
Parking Fees	\$ 147,572	\$ 154,669	\$ 143,500	\$ 149,500	\$ 149,000	3.83%
Parking Fines	66,793	63,033	64,000	62,000	62,000	-3.13%
Interest	112	368	100	100	100	0.00%
Miscellaneous	45	40	-	-	-	
Insurance Reimbursement	<u>4,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Funding Sources	<u>\$ 218,536</u>	<u>\$ 218,110</u>	<u>\$ 207,600</u>	<u>\$ 211,600</u>	<u>\$ 211,100</u>	1.69%

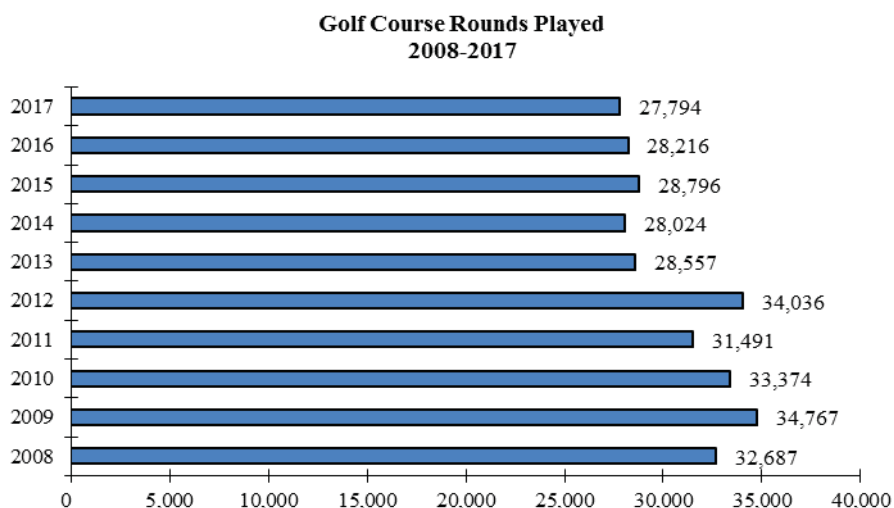
Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Finance Director	0.05	0.05	0.05	0.05	0.05	
Parking Meter Repairperson	0.10	0.10	0.10	0.10	0.10	
Groundskeeper	0.50	0.50	0.50	0.50	0.50	
Finance Secretary/Parking Coordinator	0.50	0.50	0.50	0.50	0.50	
Office Assistant	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	1.40	1.40	1.40	1.40	1.40	
Part Time Positions:						
Meter Attendant	<u>1.46</u>	<u>1.46</u>	<u>1.46</u>	<u>1.46</u>	<u>1.46</u>	
Total	2.86	2.86	2.86	2.86	2.86	\$ 125,400
Employee Benefits						<u>46,200</u>
Total Personal Services						<u>\$ 171,600</u>

Capital Outlay			
Item:	Quantity	Replacement	Amount
Electronic Meters	10	Yes	<u>\$ 1,900</u>

GOLF COURSE FUND

GENERAL INFORMATION:

The Golf Course Enterprise Fund was established July 1, 1977. This fund functions as a self-supporting operation without General Fund tax support. Play at the 18-hole Municipal Golf Course, located north of the City limits, decreased in the years from 1998 through 2007. This decreased play followed a national trend and competition from other area courses may also have had an impact. Play, however, increased by 6.4% to 34,767 rounds in 2009. For 2010 play decreased by 4.0% to 33,374 and decreased another 5.6% to 31,491 rounds in 2011. Rainy weather and extreme heat were contributing factors in the decreases in rounds in 2010 and 2011. Play increased to 34,036 (8.1%) in 2012 which was in part due to favorable weather conditions. Play decreased to 28,557 (by 16.1%) in 2013 and further decreased to 28,024 (by 1.9%) in 2014. Play increased to 28,796 (by 2.8%) in 2015, decreased to 28,216 (2.0%) in 2016, and decreased to 27,794 (1.5%) in 2017. The following is a summary of the rounds during the past ten years:



The fees at the Municipal Golf Course have increased several times in recent years as reflected below. The fees shown include the state and local option sales tax, currently 7%. Rates were increased for the 2007 and 2008 golf seasons. No increases were budgeted for 2009, 2010 or 2011. Rates were increased for 2012 and those rates were continued in 2013. Rates were increased for the 2014 season and those rates were maintained for the 2015 and 2016 golf seasons. Rates increased for the 2017 golf season and those rates are budgeted to remain the same for the 2018 golf season as shown below.

<u>WEEK DAYS</u>	<u>2007</u>	<u>2008-2011</u>	<u>2012-2013</u>	<u>2014-2016</u>	<u>2017-2018</u>
Adults					
9 holes	\$ 13.00	\$ 13.00	\$ 14.00	\$ 15.00	\$ 16.00
18 holes	\$ 16.00	\$ 17.00	\$ 18.00	\$ 19.00	\$ 20.00
Senior Citizens					
9 holes	\$ 12.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00
18 holes	\$ 14.00	\$ 15.00	\$ 16.00	\$ 17.00	\$ 18.00
Junior					
9 holes	\$ 11.00	\$ 11.00	\$ 5.00	\$ 5.00	\$ 5.00
18 holes	\$ 11.00	\$ 11.00	\$ 5.00	\$ 5.00	\$ 5.00

<u>WEEK DAYS</u>	<u>2007</u>	<u>2008-2011</u>	<u>2012-2013</u>	<u>2014-2016</u>	<u>2017</u>
Adults 1-3 p.m.					
9 holes	N/A	N/A	\$ 9.00	\$ 10.00	\$ 11.00
18 holes	N/A	N/A	\$ 11.00	\$ 12.00	\$ 13.00
Senior Citizens 1-3 p.m.					
9 holes	N/A	N/A	\$ 8.00	\$ 9.00	\$ 10.00
18 holes	N/A	N/A	\$ 10.00	\$ 11.00	\$ 12.00

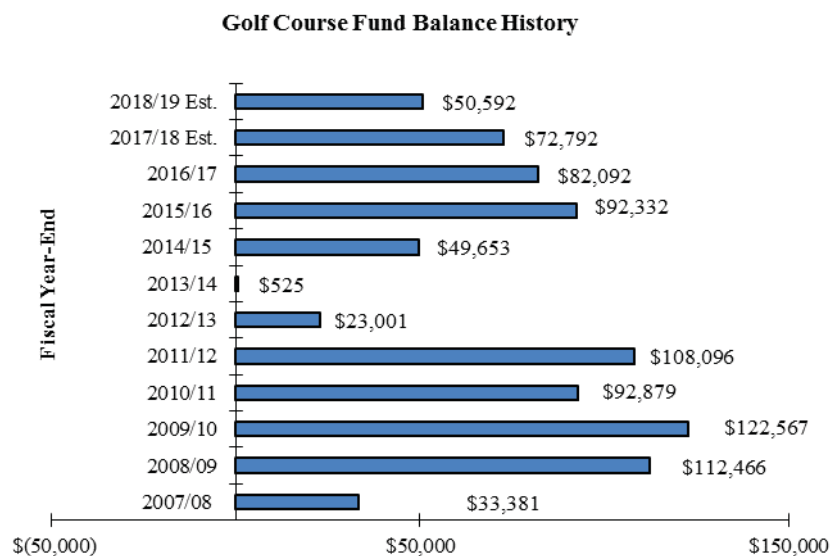
WEEKENDS AND HOLIDAYS

18 Holes					
Adult	\$ 18.00	\$ 19.00	\$ 20.00	\$ 21.00	\$ 22.00
Senior Citizens	\$ 16.00	\$ 17.00	\$ 18.00	\$ 19.00	\$ 20.00
Juniors	\$ 13.00	\$ 14.00	\$ 5.00	\$ 6.00	\$ 6.00

SEASON PASSES

Adults	\$ 485.00	\$ 525.00	\$ 550.00	\$ 580.00	\$ 605.00
Juniors	\$ 160.00	\$ 160.00	\$ 90.00	\$ 90.00	\$ 90.00
Senior Citizens	\$ 405.00	\$ 440.00	\$ 465.00	\$ 490.00	\$ 515.00
College Student Pass	N/A	\$ 335.00	\$ 300.00	\$ 300.00	\$ 325.00
Family Pass	N/A	\$ 875.00	\$ 915.00	\$ 960.00	\$ 985.00

The Golf Course fund balance has varied in recent years due to the amount of capital expenditures each year and also due to fluctuations in play over the past ten years. There was a deficit balance at the end of 2006/2007 and small balance at the end of 2007/2008 which were due to the maintenance building fire. The decreases in fund balance since 2011/2012 are due to the fairway irrigation system project which was completed in 2013. The total cost of this project was \$330,164 and it was financed with an internal loan from other City funds. In 2012/2013 a \$60,000 down payment was made on the internal loan and it was originally estimated that payments of \$60,000 per year in 2013/2014 through 2016/2107 and a \$30,164 payment in 2017/2018 would complete the financing of this project. In 2013/2014 the Golf Course fund balance did not allow for the \$60,000 payment and the payment was reduced to \$45,000. The 2014/2015, 2015/2016, 2016/2017, and 2017/2018 budgets continued to include the lower \$45,000 payment on the internal loan. The final loan payment in the amount of \$45,200 will be made in the 2018/2019 budget. The fund balance history is shown below.



Prior to 2007 the City had a contractual agreement with a golf professional to provide various services during the golf season. Effective as of the start of the 2007 season, the golf professional and all of the clubhouse staff are now employees of the city.

CURRENT TRENDS AND ISSUES:

Golf Clubhouse

A separate Golf Clubhouse activity within the Golf Fund was established at the time the City changed from a contracted golf professional to a City employee golf professional. This budget includes wages and benefits for staff, food and beverage items for resale, golf merchandise for resale, lease of golf carts, and various other items needed for the clubhouse.

Revised estimate expenditures are \$10,700 less in total than the original budget. This overall decrease is due to (1) a \$7,500 decrease in personal services costs due to a change in the Golf Pro position with the new hire at a lower step in the pay plan, and (2) a \$3,200 decrease in contractual services which includes decreases in insurance, repair and maintenance services, and sales tax.

The budgeted expenditures for 2018/2019 are \$2,800 (.7%) less than the original 2017/2018 budget. Personal services decreased by \$600 due to the lower rate for the new Golf Pro. Contractual services decreased by \$2,200 which includes decreases in sales tax and repair and maintenance services. Since this budget includes numerous items for resale, actual expenditures will be impacted by the volume of food and beverage items as well as golf merchandise sold.

Golf Course Operations

As discussed above, the fairway irrigation system project was completed in 2013 at a cost of \$330,164 and it is being financed with an internal loan. These types of loans have been used in the past at the golf course for the golf clubhouse, the water hole renovation, and the new maintenance building.

The 2017/2018 revised estimate is \$18,700 less than the original budget. This overall decrease is primarily due to a \$20,100 decrease in capital outlay. The original budget included \$40,000 for a new greens mower. The department, however, was able to find a used mower for \$19,900 which accounted for the capital outlay savings. There was a net increase of \$1,400 in other budget line items which included an increase in repair and maintenance services.

The 2018/2019 budget is \$3,200 (.7%) higher than the original 2017/2018 budget. Personal services costs increased by \$8,000 (3.8%) which includes full time wage and benefit increases as well as an increase in the part-time wage rates for the seasonal Equipment Operators that are being moved from Grade 2 to Grade 3 in the Seasonal Pay Plan. The seasonal wage increase is to assist the department in attracting and retaining quality seasonal staff. Other budget changes include (1) a \$300 increase in contractual services, (2) a \$7,000 decrease in capital outlay, and (3) a \$1,900 increase in administrative and other transfers.

Summary Information

Based on budget assumptions, it is estimated that the fund balance in the Golf Course fund, including inventory, at the end of 2017/2018 will be \$72,792 compared to the original budget of \$66,532. A portion of this higher balance is from purchasing the used greens mower instead of a new mower. The fund balance at the end of 2018/2019 is estimated at \$50,592. As noted previously the 2017/2018 revised estimate includes a \$45,000 payment on the internal loan for the irrigation system and the 2018/2019 budget includes the final payment of \$45,200. A number of factors, however, can continue to impact revenues at the course, especially the weather.

Fees were increased for the 2017 golf season. No change in daily golf fees or season pass fees are included in the 2017/2018 revised estimate or 2018/2019 budget. The budget, however, includes a \$1.00 increase in the 9-hole and 18-hole cart rental fees to be effective for the 2018 golf season. This is estimated to increase revenues by \$6,000 in the revised estimate and \$17,900 in the 2018/2019 budget.

The 2017 season will be the 12th year of the City-operated clubhouse. During the upcoming year, staff is looking to maintain a quality golf course as well as increase food sales, lessons, and winter use of the clubhouse facility.

GOAL STATEMENT:

To provide and maintain a setting for the enjoyment and challenge by the public of the game of golf for both playability and aesthetics, including a regulation 18-hole course, driving range, clubhouse, and related facilities.

PERFORMANCE MEASURES:

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Estimated 2018
Golf Maintenance Operations:					
Top Dressed Greens	7	7	9	9	9
Stimped Greens	12	12	15	15	15
Aerified Greens	2	2	2	3	4
Acres Maintained	170	170	170	170	170
Acres Mowed Per Week	263	263	260	260	257
New Trees Planted	20	0	0	6	3
Bluebirds Fledged	20	31	14	14	20
Rolled Greens	15	20	20	27	20
Verti-cut Greens	7	7	7	7	8

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Estimated 2018
Clubhouse Operations:					
Rounds Played	28,024	28,796	28,216	27,794	29,000
Events	45	44	45	46	46
Leagues	9	9	10	10	10
Season Passes Sold	228	243	241	220	230
Driving Range Tokens Sold	4,057	4,631	4,175	4,193	4,200
Gift Cards Sold (\$)	\$36,587	\$40,890	\$38,200	\$37,013	\$38,000
Lesson Hours	150	48	74	92	150
Total Beer Sales (Units)	35,693	36,980	39,748	39,614	40,000
Total Food and Beverage (Units)	30,199	30,223	28,478	24,697	26,000
Simulator Usage (\$)	\$3,000	\$1,510	\$2,540	\$1,970	\$4,000
Merchandise Sales (\$)	\$48,822	\$48,545	\$47,429	\$40,833	\$50,000

RECENT ACCOMPLISHMENTS:**Golf Course Operations**

The course was able to open on February 24 as the winter was mild and the course had no damage due to snow or wind. Weather was very mild through most of the spring. The new irrigation system continues to be a success and it allows more efficient water use and more specific target watering. This has been very helpful and will continue to be. The conditions this year on the course were good all season long. The course was in great shape at the end of the season and should be in great shape starting next spring.

Golf maintenance staff continued to make progress behind number 2 green clearing timber and keeping the underbrush and scrub trees mowed down to allow more air movement and visibility in the corner of the course. This has been well received by the golfers and work will continue in this area as time allows. Work was also done to expand the senior tee on hole #15 and to level the senior/ladies tee on hole #11. These changes resulted in many positive comments.

The driving range mats continue to be a success. The grass tee only closed 2 days this past year because of wetness. Some golfers prefer the pad and some did not. This worked out well as it took some of the pressure

off the turf from a long season. The pad will be utilized in the spring if conditions are wet or frosty in the early mornings or until the turf starts to grow.

Work continues on removing dead or dying trees. There were three trees taken down this fall and staff planted six new trees from the nursery. The nursery has basically been emptied of trees as it was time to get them out. Staff will be replenishing the nursery with trees this winter and spring so they are ready when needed.

Foot Golf continues to be a success. There seemed to be no issues with golfers and Foot golfers utilizing the facility at the same time.

Golf Course Clubhouse

The new Golf Professional accepted his position in March of 2017 and started employment on April 3, 2017. The season started in February for golfers that walked. The golf carts arrived in March, and the course was open throughout the month of March. The weather was good for most of the season except for a few weeks where there was rain on weekends. Throughout the summer weather was favorable and allowed for outings and leagues to occur. Weather at the end of October and into November, however, was not favorable and resulted in lower than expected rounds to be played during that time period. The course stayed open through December 5, 2017.

During the season efforts were made to engage golfers and to bring more people to play. Events included a Mother's Day Special, a Solar Eclipse Special, and an "All You Can Play" special during the off-peak times of the season. The course also partnered with the Iowa Section PGA to implement rates through the G.I.V.E Program (Golf for Injured Veterans Everywhere) to Disabled Veterans and a colleague.

The Golf Pro is currently working on bringing in Demo Sets with top brand golf vendors for 2018, which will help increase merchandise sales throughout the year. The course is also entering the PGA Trade-In Network which allows for players to trade their clubs in for credit at the Pro Shop which will increase equipment sales. Staff recently liquidated golf clubs and head covers that had been at the golf course for several years. This liquidation resulted in revenue to the facility and freed up space which can be used for new updated merchandise.

OBJECTIVES TO BE COMPLETED IN 2018/2019:

Golf Course Operations

- * To continue renovation of the #9 and #15 greens.
- * To repair some existing cart paths (#10, #2, and #18) and add continuous cart paths to #3 and #17.
- * To continue to pursue bunker repairs and/or renovations as needed.
- * To continue to work on the #3 tee box to improve the soil conditions and playability.
- * To continue to work within the approved budget.
- * To continue to listen to golfer suggestions, input, and ideas that may help improve the Golf Course.

- * To replace any trees that die that may impact the playability of the golf course.
- * To continue to clean out the wooded areas around #2 green and #6 back tee boxes.
- * To add nature areas to #11 and #12 rough areas
- * To explore new tee box signage and a new entrance sign by the road. The old ones are starting to show deterioration and age.
- * To build a new senior tee on #11 to make the hole more enjoyable.
- * To look at replacing the mat on #3 tee with a more permanent solution.

Golf Course Clubhouse

- * To continue to improve and enhance the products and services available to customers.
- * To increase merchandise sales through active selling, modern selection, and appropriate point of sale pricing.
- * To continue to evaluate and adjust the food and beverage offerings.
- * To utilize social media, the Internet, and other ways of promoting the golf course, events, and programs.
- * To restructure the junior program and lesson program.
- * To continue to recruit and train seasonal staff on proper money handling, facility guidelines, and positive public relations.
- * To continue to promote and offer non-traditional golf programs to attract greater participation at the facility.
- * To continue to promote the use of the golf simulator.

Golf Course Operations

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 11,440	\$ 53,965	\$ 47,265	\$ 48,758	\$ 39,458
Revenues	<u>770,586</u>	<u>748,405</u>	<u>841,900</u>	<u>822,300</u>	<u>839,200</u>
Funds Available	<u>\$ 782,026</u>	<u>\$ 802,370</u>	<u>\$ 889,165</u>	<u>\$ 871,058</u>	<u>\$ 878,658</u>
Expenditures:					
Golf Course Maintenance					
Operations	\$ 389,656 (2)	\$ 435,675 (2)	\$ 478,900 (2)	\$ 460,200 (2)	\$ 482,100 (2)
Golf Clubhouse Operations	<u>338,405</u>	<u>317,937</u>	<u>382,100</u>	<u>371,400</u>	<u>379,300</u>
Total Expenditures (1)	<u>\$ 728,061</u>	<u>\$ 753,612</u>	<u>\$ 861,000</u>	<u>\$ 831,600</u>	<u>\$ 861,400</u>
Ending Balance, June 30	\$ 53,965	\$ 48,758	\$ 28,165	\$ 39,458	\$ 17,258
Allowance for Inventory	<u>38,367</u>	<u>33,334</u>	<u>38,367</u>	<u>33,334</u>	<u>33,334</u>
Net Balance, June 30	<u><u>\$ 92,332</u></u>	<u><u>\$ 82,092</u></u>	<u><u>\$ 66,532</u></u>	<u><u>\$ 72,792</u></u>	<u><u>\$ 50,592</u></u>

Increase (Decrease) in					
Fund Balance	\$ 42,525	\$ (5,207)	\$ (19,100)	\$ (9,300)	\$ (22,200)

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. The 2015/2016, 2016/2017, and 2017/2018 expenditures included \$45,000 payments on the internal loan for the Irrigation System. The 2018/2019 expenditures include the final irrigation payment of \$45,200.

Golf Course

Summary of Revenues

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Season Passes	\$ 99,468	\$ 100,265	\$ 111,000	\$ 110,000	\$ 110,000
Greens Fees	219,486	207,011	253,700	235,000	235,000
Interest	136	433	100	200	200
Rental of Buildings	0	250	100	200	200
Lessons	2,420	1,043	5,000	5,000	5,000
Golf Cart Rental	202,878	192,072	210,000	216,000 *	227,900 *
Pull Cart Rental	799	740	2,000	1,500	1,500
Driving Range Fees	19,187	16,755	22,000	21,000	22,000
Simulator Fees	2,470	2,444	4,000	3,000	4,000
Catering Fee	16	25	200	200	200
Beer Sales	91,047	94,395	92,000	100,000	100,000
Food and Beverage Sales	54,135	47,239	55,000	50,000	53,000
Merchandise Sales	47,543	41,637	55,000	50,000	50,000
Miscellaneous Sales	2,117	1,768	2,000	2,000	2,000
Rebate - Soft Drink Supplier	2,000	2,000	2,000	2,000	2,000
Cashier Overages	0	423	0	0	0
Sales Tax	23,881	22,852	27,400	25,800	25,800
Donation	2,078	590	0	0	0
Miscellaneous	925	16,463	400	400	400
Total Revenues	<u>\$ 770,586</u>	<u>\$ 748,405</u>	<u>\$ 841,900</u>	<u>\$ 822,300</u>	<u>\$ 839,200</u>

* Cart rental fee rates are budgeted to increase by \$1.00 for both 9 holes and 18 holes for the 2018 golf season.

Function:
Business Type

Department:
Parks and Recreation

Activity:
Golf Maintenance Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 185,611	\$ 194,066	\$ 209,200	\$ 208,300	\$ 217,200	3.82%
Commodities	61,822	61,399	82,600	82,600	82,600	0.00%
Contractual Services	38,496	42,087	45,900	48,200	46,200	0.65%
Capital Outlay	-	35,574	40,000	19,900	33,000	-17.50%
Transfers	98,100	99,600	101,200	101,200	103,100	1.88%
Total Expenditures	<u>\$ 384,029</u>	<u>\$ 432,726</u>	<u>\$ 478,900</u>	<u>\$ 460,200</u>	<u>\$ 482,100</u>	0.67%
Funding Sources						
Golf Funds	<u>\$ 384,029</u>	<u>\$ 432,726</u>	<u>\$ 478,900</u>	<u>\$ 460,200</u>	<u>\$ 482,100</u>	0.67%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Golf Course Supervisor	1.00	1.00	1.00	1.00	1.00	
Groundskeeper	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total Full Time	2.00	2.00	2.00	2.00	2.00	
Part Time:						
Seasonal Equipment Operator	<u>2.56</u>	<u>2.56</u>	<u>2.56</u>	<u>2.56</u>	<u>2.56</u>	
Total	4.56	4.56	4.56	4.56	4.56	\$ 162,900
Employee Benefits						<u>54,300</u>
Total Personal Services						<u>\$ 217,200</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Triplex Mower	1	Yes	<u>\$ 33,000</u>
Capital Project Funding Transfer			
Golf Irrigation System Internal Loan Payment (Final)			<u>\$ 45,200</u>

Function:
Business Type

Department:
Parks and Recreation

Activity:
Golf Clubhouse Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 150,720	\$ 145,179	\$ 172,700	\$ 165,200	\$ 172,100	-0.35%
Commodities	100,345	89,834	115,000	115,000	115,000	0.00%
Contractual Services	84,775	82,923	94,400	91,200	92,200	-2.33%
Capital Outlay	2,671	535	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 338,511</u>	<u>\$ 318,471</u>	<u>\$ 382,100</u>	<u>\$ 371,400</u>	<u>\$ 379,300</u>	-0.73%
Funding Sources						
Golf Fees and Sales	<u>\$ 338,511</u>	<u>\$ 318,471</u>	<u>\$ 382,100</u>	<u>\$ 371,400</u>	<u>\$ 379,300</u>	-0.73%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Golf Professional	1.00	1.00	1.00	1.00	1.00	
Part Time:						
Clubhouse Supervisor	1.47	1.47	1.47	1.47	1.47	
Cashier	1.09	1.09	1.09	1.09	1.09	
Laborer/Ranger	<u>0.71</u>	<u>0.71</u>	<u>0.71</u>	<u>0.71</u>	<u>0.71</u>	
Total Part Time	<u>3.27</u>	<u>3.27</u>	<u>3.27</u>	<u>3.27</u>	<u>3.27</u>	
Total	4.27	4.27	4.27	4.27	4.27	\$ 133,200
Employee Benefits						<u>38,900</u>
Total Personal Services						<u>\$ 172,100</u>

BOAT HARBOR OPERATIONS

GENERAL INFORMATION:

The Boat Harbor budget accounts for revenues and expenditures of the municipal boat harbor. Maintenance of the park levee is assigned to several City departments under the supervision of the Parks and Recreation department. Weed and vegetation control are a focus of this maintenance activity. All costs associated with the operation of Riverside Park are reflected in the Park Maintenance budget.

CURRENT TRENDS AND ISSUES:

The 2017/2018 revised estimate is \$500 more than the original budget primarily due to supplies needed for dock repairs. The 2018/2019 budget totals \$27,100, which is \$800 (3.0%) more than the original 2017/2018 budget. Personal services costs increased by \$600 and administrative transfers increased by \$200.

The 2017/2018 revised estimate and 2018/2019 budget include a boat slip rental fee increase to be effective for the 2018 boating season. Based on the increased rates and expected increase in the number of slips rented due to the dock renovations in 2017, boat slip rental revenues are estimated to increase to \$30,000 for both the 2017/2018 revised estimate and 2018/2019 budget. The Boat Harbor fund ended the 2016/2017 fiscal year with a fund balance deficit of \$6,863 (excluding the storm damages to be reimbursed by insurance). Based on the increased revenue, the previous deficit balance is projected to be eliminated by the end of the 2018/2019 fiscal year and a small fund balance of \$138 is projected for June 30, 2019.

The number of boat slip rentals and the corresponding revenue is dependent on river conditions each year and other factors. In 2011 forty-eight (48) boat slips were rented. The number increased in 2012 to sixty-nine (69), decreased to forty-six (46) in 2013, decreased to forty-five (45) in 2014, and further decreased to thirty-four (34) in 2015. The number of slip rentals increased to thirty-nine (39) in 2016 and decreased to 31 in 2017. The 2013 and 2014 decreases were due to high water levels early in the season. In 2017 the long dock was replaced as part of a capital project funded by a Resource Enhancement and Protection (REAP) grant from the Iowa Department of Natural Resources (IDNR). Increased slip rentals are expected with completion of the dock renovation project.

Slip rental rates were increased by \$40 per slip for the 2010 season and were not increased for the 2011, 2012, 2013, or 2014 boating seasons. The Parks department conducted a survey of area boat harbors and based on the survey, slip rental rates were increased for the 2015 boating season. A non-resident fee was also implemented beginning in 2015. Another fee survey was done by the Parks department early in 2018. Based on the survey results, fees are budgeted to increase for the 2018 season as shown in the following chart:

TYPE OF BOAT

	<u>2010-2014</u>	<u>2015-2017</u>		<u>2018</u>	
		<u>Residents</u>	<u>Non-Residents</u>	<u>Residents</u>	<u>Non-Residents</u>
17 feet or less	\$ 338.00	\$350.00	\$ 400.00	\$ 400.00	\$ 450.00
18 to 25 feet	439.00	450.00	500.00	500.00	550.00
26 to 32 feet	539.00	550.00	600.00	600.00	650.00
33 feet and up	887.00*	991.00*	1,040.00 *	1,091.00 *	1,140.00

* Plus a surcharge of \$5.00 per foot over 40 feet.

GOAL STATEMENT:

To establish and maintain a usable and aesthetically compatible riverfront area for the use of the general public in the City of Muscatine including a municipal harbor and launching ramp.

PERFORMANCE MEASURES:

Calendar Year Basis	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Boat Slips Rented*	34	39	31	47	47
Rented Boat Slips Available*	84	84	58**	58	58
Percent Rented	40%	46%	53%	81%	81%
Courtesy Boat Slips Available	8	8	12***	12	12

* Includes the Long Dock and House Boat slips.

** A REAP grant funded the renovation of 52 boat slips on the Long Dock. A storm in 2017 damaged the house boat dock and 10 new slips were re-built with funding from the insurance reimbursement.

*** Four additional courtesy dock slips were added to the Long Dock as part of the REAP grant.

RECENT ACCOMPLISHMENTS:

With the funding from a State REAP grant, several projects were completed in the Boat Harbor in 2017. The long dock was completely renovated with new metal spine sections and new water and electric pedestals. The gangway leading down to the long dock was replaced with a longer and wider gangway for a safe and quality entrance onto the dock. The fingers on the dock were replaced with new decking, new floats, and new bumpers. The anchoring system was completely renovated with new concrete anchors dropped to the bottom of the harbor, new chains attached to the anchors, and a new spud pole attached to the wall.

The 2017 spring storm caused the Pearl Button Boat to break free of its tie downs which caused damage to both the transient and house boat docks. The transient dock was repaired with funding from an insurance reimbursement. The house boat dock had severe damage to both the fingers and the spine sections. The electric lines and water lines were also broken from the impact. Three spine sections damaged by the storm were replaced with new metal frame sections with new decking and new floats. Staff decided with the damaged dock system, to reduce the number of slips from 18 to 10. New electric and water pedestals were added to the house boat dock and a new electric line was run. A new water line will be installed this spring.

With the assistance of the Water Pollution Control department, the boat harbor was dredged this fall including the areas in front of the transient dock and at the mouth of the harbor. With the renovation of the house boat dock, the current dock was moved down the harbor so that the area directly underneath the house boat dock was also dredged. Further dredging will take place this coming spring as river levels allow.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

* To continue to improve weed control along the banks of the harbor.

* To complete the house boat dock repairs.

- * To better educate harbor users and enforce boat harbor usage policies.
- * To replace the anchoring system on the house boat dock (subject to funding).
- * To continue to market the boat harbor and increase the number of slip rentals.
- * To continue to provide support to the Water Pollution Control harbor dredging operation.

Boat Harbor Operations

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance (Deficit), July 1	\$ 6,050	\$ 3,065	\$ 2,665	\$ (98,562)	\$ (2,762)
Revenues					
Boat Slip Rentals	\$ 21,287	\$ 15,197	\$ 25,000	\$ 30,000 (2)	\$ 30,000 (2)
Overnight Slip Rentals	0	24	200	0	0
Interest	2	1	0	0	0
Sale of Equipment	0	0	0	900	0
Insurance Reimbursement	0	0	0	91,700	0
Other	6	21	0	0	0
Total Revenues	<u>\$ 21,295</u>	<u>\$ 15,243</u>	<u>\$ 25,200</u>	<u>\$ 122,600</u>	<u>\$ 30,000</u>
Funds Available	\$ 27,345	\$ 18,308	\$ 27,865	\$ 24,038	\$ 27,238
Expenditures (1)	<u>24,280</u>	<u>116,870</u>	<u>26,300</u>	<u>26,800</u>	<u>27,100</u>
Ending Balance (Deficit), June 30	<u><u>\$ 3,065</u></u>	<u><u>\$ (98,562) (3)</u></u>	<u><u>\$ 1,565</u></u>	<u><u>\$ (2,762)</u></u>	<u><u>\$ 138</u></u>
Increase (Decrease) in Fund Balance	\$ (2,985)	\$ (101,627)	\$ (1,100)	\$ 95,800	\$ 2,900

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Boat dock rental rates are budgeted to increase for the 2018 boating season.
3. The deficit at the end of the 2016/2017 fiscal year includes \$91,699 in encumbrances for storm damage repairs. These repairs were completed in 2017/2018 and reimbursed by insurance. The deficit without the storm damage encumbrance is \$6,863.

Function:
Business Type

Department:
Parks and Recreation

Activity:
Boat Harbor Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 14,064	\$ 14,699	\$ 15,200	\$ 15,100	\$ 15,800	3.95%
Commodities	1,144	958	1,200	1,800	1,200	0.00%
Contractual Services	2,868	3,395	3,700	3,700	3,700	0.00%
Capital Outlay	-	91,679	-	-	-	
Transfers	<u>5,800</u>	<u>6,000</u>	<u>6,200</u>	<u>6,200</u>	<u>6,400</u>	3.23%
Total Expenditures	<u>\$ 23,876</u>	<u>\$ 116,731</u>	<u>\$ 26,300</u>	<u>\$ 26,800</u>	<u>\$ 27,100</u>	3.04%
Funding Sources						
Boat Harbor Revenues	<u>\$ 23,876</u>	<u>\$ 116,731</u>	<u>\$ 26,300</u>	<u>\$ 26,800</u>	<u>\$ 27,100</u>	3.04%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Maintenance Repairperson	0.25	0.25	0.25	0.25	0.25	\$ 13,000
Employee Benefits						<u>2,800</u>
Total Personal Services						<u>\$ 15,800</u>

MARINA OPERATIONS

GENERAL INFORMATION:

The operation of the gas barge on the City's riverfront began in the spring of 1995. Fuel, oil and ice were available for sale to area boaters. In its first two years, the marina operated on a deficit basis due to overhead costs, a relatively low volume of fuel sales, and the limited number of items available for sale. Revenues exceeded expenditures by \$773 in 1997/98, \$2,171 in 1998/99 and \$95 in 1999/2000. Expenditures, however, exceeded revenues by \$287 in 2000/2001, \$1,920 in 2001/2002, \$1,593 in 2002/2003, and \$1,301 in 2003/2004. The marina did not open during the 2004 season primarily due to construction on the riverfront. In 2004/2005 a General Fund subsidy transfer was made to eliminate the \$13,823 accumulated deficit in this fund. General Fund subsidy transfers were also made in 2005/2006, 2006/2007, 2007/2008, 2008/2009, and 2011/2012, to eliminate deficits of \$560, \$1,708, \$1,740, \$4,363, and \$775, respectively. There was no General Fund subsidy transfer needed in 2012/2013; however, transfers were made in 2013/2014, 2014/2015, 2015/2016, and 2016/2017 to eliminate deficit balances of \$436, \$400, \$620, and \$1,224, respectively.

CURRENT TRENDS AND ISSUES:

The 2017/2018 revised estimate and 2018/2019 budget allow for fuel purchases and fuel sales to continue at recent year levels. The budget projection shows this operation having a minimal fund balance of \$500 as of June 30, 2019. As in previous years, if there are shortfalls, it is proposed that they be eliminated by funding transfers from the General Fund on an annual basis.

GOAL STATEMENT:

To provide fuel and related items for sale to boaters on the Mississippi River.

PERFORMANCE MEASURES:

	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019
Gallons of Gasoline Sold	2,487	2,365	2,750	2,750	2,750
Gallons of Diesel Fuel Sold	579	3 *	0 *	250	250
Hours Open	157	173	178	180	180

- * The Pearl Button paddlewheel boat did not have regular operations in the summer of 2016 and ceased operation in 2017.

RECENT ACCOMPLISHMENTS:

The Marina operations had a successful year in 2017 due in part to the low water levels in the spring. The Parks and Recreation department continues to look at hiring and properly training seasonal staff on the maintenance of the gas dock. Staff was available at the gas dock to help serve boaters during scheduled hours as well as by appointments made through the Parks office. The replacement of the long dock and house boat docks in 2017 should attract more boaters to the harbor, which in turn should help to increase revenues for the marina operations.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To continue to hire quality seasonal staff and provide training for both the safe operation of the gas dock and the proper documentation of fuel sales.
- * To continue to provide a service to the boaters for refueling and pump out services as the marina is the only source for these services in this pool of the river.
- * To continue to operate within state and federal regulations.
- * To continue to improve the infrastructure of the gas dock.
- * To develop a marketing plan and provide public awareness of the Marina operations.

Marina Operations

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance (Deficit), July 1	\$ (4,504)	\$ (5,006)	\$ (4,606)	\$ (3,630)	\$ (3,330)
Revenues					
Fuel Sales	\$ 11,214	\$ 6,150	\$ 12,000	\$ 12,000	\$ 12,000
Miscellaneous	227	116	100	100	100
Transfer from General Fund: Subsidy to Eliminate Deficit	620	1,224	0	0	0
Total Revenues	<u>\$ 12,061</u>	<u>\$ 7,490</u>	<u>\$ 12,100</u>	<u>\$ 12,100</u>	<u>\$ 12,100</u>
Funds Available	\$ 7,557	\$ 2,484	\$ 7,494	\$ 8,470	\$ 8,770
Expenditures	<u>12,563</u>	<u>6,114</u>	<u>11,800</u>	<u>11,800</u>	<u>11,900</u>
Ending Balance (Deficit), June 30	\$ (5,006)	\$ (3,630)	\$ (4,306)	\$ (3,330)	\$ (3,130)
Allowance for Inventory	<u>5,006</u>	<u>3,630</u>	<u>4,600</u>	<u>3,630</u>	<u>3,630</u>
Net Balance (Deficit), June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 294</u>	<u>\$ 300 (1)</u>	<u>\$ 500 (1)</u>

Increase (Decrease) in Net Fund Balance	\$ (502)	\$ 1,376	\$ 300	\$ 300	\$ 200

1. Although minimul fund balances are projected with the allowance for inventory, any shortfalls are proposed to to be funded from transfers from the General Fund on an annual basis.

Function:
Business Type

Department:
Parks and Recreation

Activity:
Marina Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 1,533	\$ 1,868	\$ 1,800	\$ 1,700	\$ 1,800	0.00%
Commodities	10,105	3,523	9,100	9,100	9,100	0.00%
Contractual Services	925	723	900	1,000	1,000	11.11%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 12,563</u>	<u>\$ 6,114</u>	<u>\$ 11,800</u>	<u>\$ 11,800</u>	<u>\$ 11,900</u>	0.85%
Funding Sources						
Fuel Sales	\$ 11,214	\$ 6,150	\$ 12,000	\$ 12,000	\$ 12,000	0.00%
Miscellaneous Revenue	227	116	100	100	100	0.00%
Subsidy to Eliminate Deficit	<u>620</u>	<u>1,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Funding Sources	<u>\$ 12,061</u>	<u>\$ 7,490</u>	<u>\$ 12,100</u>	<u>\$ 12,100</u>	<u>\$ 12,100</u>	0.00%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Part Time:						
Seasonal Laborer	0.09	0.09	0.09	0.09	0.09	\$ 1,600
Employee Benefits						<u>200</u>
Total Personal Services						<u>\$ 1,800</u>

AMBULANCE OPERATIONS FUND

GENERAL INFORMATION:

Through June 30, 2000, ambulance service for the City of Muscatine and surrounding townships was provided by a private ambulance service under contracts between the City and each respective township, and the ambulance service. The agreement with the previous ambulance provider expired on June 30, 2000. This agreement provided for a City subsidy to the ambulance service of \$90,500 per year and subsidies from the townships that totaled \$24,500 per year.

In August of 1998, the City contracted with an outside consultant to provide a thorough analysis of the City's system of pre-hospital care involving the Muscatine Fire Department and Muscatine Ambulance, Inc. The consultant's report was used as a basis for development of specifications and a request for proposals (RFP) for potential providers of ambulance services upon the expiration of the ambulance contract on June 30, 2000. After reviewing two proposals, the City Council selected the Muscatine Fire Department to provide this service. In order to account for revenues and expenditures of the Fire Department Ambulance Service, this operation was established as an enterprise fund of the City.

In 1999/2000, \$289,690 was expended for purchasing and equipping three (3) new ambulances and purchasing the necessary supplies to begin providing services effective July 1, 2000. The original budget for the 2000/2001 fiscal year included costs and cost allocations to fund this new operation. Five new firefighter positions, one-half of a Fire Mechanic position and a half-time equivalent clerical position were included in this budget. Additionally, as part of the Ambulance Operation's administrative fee, 50% of an Assistant Fire Chief and 25% of the Fire Chief's costs were also charged to this budget. The budget also included funds for supplies and services associated with this service including funds to contract for ambulance billing services.

Since the ambulance service became a city operation in 2000, the city has been able to allocate the cost of firefighters and administrative positions to this operation. This amount has varied based upon revenues generated and fund balances at the end of each fiscal year. This allows the city to relieve the General Fund of these expenses.

Effective for the 2007/2008 year, the City made a number of changes to employee allocations to address decreases in fund balance in the Ambulance Fund as well as assisting with balancing the General Fund budget. These changes included transferring the 6.5 fulltime equivalent firefighter/mechanic positions from the Ambulance Fund to the Fire Department budget in the General Fund. Funding transfers are now being made from the Ambulance Fund to the General Fund for a percentage of the total wage and benefit costs for the overall fire department staff. Benefit costs for these positions are funded from the Employee Benefits tax levy for General Fund Employees. Also in 2007/2008, a decision was made to use bond financing for the refurbishment of two ambulances (\$160,000).

A rate increase was implemented April 1, 2006 which increased the base rate from \$450 to \$485. This was the first increase in the base rate since the Fire department began providing ambulance services in 2000. Rates were again increased effective April 1, 2007 due to reduced revenues to the Ambulance fund. Under the new rate structure fees vary by level of ambulance service with the BLS (Basic Life Support) rate increasing to \$525, the ALS1 (Advanced Life Support) to \$575, and the ALS2 to \$675. Rates were again adjusted in January, 2009. The rates for ALS1 increased from \$575 to \$586 and for Skilled Care Transports (SCT) from \$775 to \$1,002. Effective July 1, 2010 the rates for ALS1 increased to \$616, ALS2 to \$891, and SCT to \$1,053. Effective July 1, 2011, the base rate was increased to \$560, ALS1 increased to \$665, ALS2 increased to \$962 and SCT increased to \$1,137. The mileage rate and "ALS Services with no Transport"

rates changed effective July 1, 2012; the other rates continued at their 2011 levels. Effective July 1, 2014 rates were again adjusted to \$565 for BLS calls, \$672 for ALS1 calls, \$972 for ALS2 calls, and \$1,149 for SCT calls. The mileage rate was also increased to \$14 per loaded mile. Effective July 1, 2015 rates were again adjusted to \$576 for BLS calls, \$684 for ALS1 calls, \$990 for ALS2 calls, and \$1,169 for SCT calls. The mileage rate remained at \$14 per loaded mile. Effective July 1, 2016 rates were set at \$582 for BLS calls, \$691 for ALS1 calls, \$1,001 for ALS2 calls, and \$1,182 for SCT calls. The mileage rate remained at \$14 per loaded mile. Effective July 1, 2017 rates were set at \$588 for BLS calls, \$698 for ALS1 calls, \$1,011 for ALS2 calls, and \$1,194 for SCT calls. The mileage rate also increased to \$15 per loaded mile. These rate adjustments corresponded to the increases in the amounts allowed by Wellmark for these types of transports.

CURRENT TRENDS AND ISSUES:

Beginning in 2008/2009 and continuing through 2018/2019, personnel costs in the Fire Department budget are being allocated to the Ambulance budget on a percentage basis rather than by computing a specific number of fire positions and position allocations. This percentage was 25.5% for 2013/2014, it increased slightly to 25.7% for 2014/2015, decreased to 23% in 2015/2016, further decreased to 22.5% in 2016/2017, remained at 22.5% for 2017/2018, and will increase to 24.5% for 2018/2019. The transfer for 2017/2018 at the allocation rate of 22.5% was \$926,000. The transfer for 2018/2019 at the allocation rate of 24.5% will be \$1,047,200 which is a \$121,200 (13.1%) increase from the 2017/2018 budget. As close to 90% of Fire department calls are medical, this percentage allocation is appropriate and at the same time maintains an adequate balance in the Ambulance fund.

The revised estimated expenditures for 2017/2018 are \$27,600 higher than the original budget. The most significant increase is in transfers due to the addition of a \$14,700 transfer to fund the negotiated settlement with the architect for the Southend Fire Station. This transfer will fund the settlement and related legal costs accounted for in the Southend Fire Station capital project fund. There was also a net increase in other areas of the budget with the most significant (1) a \$7,900 increase for medical equipment funded from a grant, and (2) a \$3,000 increase for ambulance billing services due to increased ambulance runs.

The budgeted expenditures for 2018/2019 are \$5,100 (.3%) more than the original 2017/2018 budget. This overall increase is primarily due to the net effect of (1) a \$135,900 decrease in capital outlay with the 2017/2018 budget including replacement of an ambulance, (2) a \$122,300 increase in funding transfers for 24.5% of fire personnel costs, (3) a \$4,400 increase in fuel costs, (4) a \$5,000 increase in ambulance billing services, (5) a \$2,700 increase in annual software maintenance costs, (6) a \$1,600 increase in insurance costs, and (7) a \$2,900 increase in personal services costs.

Ambulance service fees are estimated at \$1,525,000 for 2017/2018 and \$1,550,000 for 2018/2019. These amounts are based on recent and projected numbers of ambulance runs. Usage and revenues have fluctuated in prior years, however, and staff will continue to monitor trends in the ambulance runs. Based on the projected revenues and expenditures, the fund balance at the end of 2018/2019 is projected at \$202,564. This balance is sufficient to fund the scheduled replacement of an ambulance in the 2019/2020 fiscal year budget.

GOAL STATEMENT:

To provide high performance paramedic transport services in the Muscatine area, responding to all emergency calls with a transport unit in less than 9 minutes on not less than 95% of all response requests within the “Urban Zone” and less than 15 minutes on not less than 95% of all response requests within the “Suburban/Rural Zone.”

PERFORMANCE MEASURES

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Estimated 2018
Urban Zone Medical Responses	2,377	2,506	2,705	2,703	2,900
Suburban/Rural Zone Medical Responses	431	463	401	474	450
Out of Territory Medical Responses	60	43	49	32	40
Interfacility Transfers	1,012	1,070	1,084	1,301	1,470
Total EMS Calls	3,880	4,082	4,239	4,510	4,860
EMS Calls as % of Total Fire Calls	87.9%	90.1%	90.0%	88.4%	90.0%
EMS Training Hours	1,932	1,961	1,677	1,911	1,800
Urban Response Time Compliance (8:59 minutes or less on at least 90% of calls)	93.2%	93.3%	89.7%*	91.0%	95.5%
Suburban/Response Time Compliance (14:59 minutes or less on at least 90% of calls)	94.4%	94.4%	93.2%	94.3%	94.5%

* Decrease in response time due to the detour for the Mulberry Avenue reconstruction project.

RECENT ACCOMPLISHMENTS:

The ambulance operation continues the cardiac enzyme blood testing pilot project and remains the only ambulance service in Iowa with this type of testing capabilities. Test results are used to help determine transport destinations for cardiac patients.

The receipt of grant funding raised four paramedics to the Critical Care Paramedic level. The ambulance operation hosted the 8th Annual EMS (Emergency Medical Services) Saturday conference at Discovery Park. This event draws participants from throughout Eastern Iowa as well as serving Fire department personnel. The department also hosted the 19th Annual Muscatine County EMS Day at Farm & Fleet.

In 2017 the department saw a 6.4% increase in total medical calls compared to 2016. Staff continues to work with the contracted billing company in an effort to improve cost recovery. The Fire department also provides tactical medic services to the Muscatine Police department and the Muscatine County Sheriff's Office special response teams.

The department organized and assisted in the annual 'Remembering Our Own' memorial at the Iowa EMS Association annual conference. Muscatine's members are critical to this event, from the video production through staffing the honor guard for memorial presentations.

The ambulance operation began implementation of hands-only CPR training, which is the latest improvement for civilian response to sudden cardiac events; certified members in Pediatric Advanced Life Support, department wide; and certified or recertified 5 members as CPR Instructors and two individuals as Advanced Cardiac Life Support instructors.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To obtain formal Tactical EMS Certification for all tactical medics. **(Continuous Service Improvement Goal)**
- * To continue to review medical equipment storage and usage in order to better utilized critical storage space. **(Continuous Service Improvement Goal)**
- * To field test new medication and IV containers and equipment for improved efficiency and security. **Continuous Service Improvement Goal)**

Ambulance Operations

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 100,921	\$ 264,098	\$ 186,498	\$ 285,164	\$ 242,064
Revenues					
Ambulance Fees	\$ 1,393,764	\$ 1,506,658	\$ 1,450,000	\$ 1,525,000	\$ 1,550,000
Ambulance Fees (Prior Year Amount Over (Under) Accrual)	83,460	4	0	36,000	0
Township Subsidies	31,400	31,400	31,400	31,400	31,400
Interest	133	544	100	500	500
Local Grant/Reimbursement	37,500	9,899	0	7,900	0
Other	3,280	0	0	0	0
Total Revenues	<u>\$ 1,549,537</u>	<u>\$ 1,548,505</u>	<u>\$ 1,481,500</u>	<u>\$ 1,600,800</u>	<u>1,581,900</u>
Funds Available	\$ 1,650,458	\$ 1,812,603	\$ 1,667,998	\$ 1,885,964	1,823,964
Expenditures (1)	<u>1,386,360 (2)</u>	<u>1,527,439 (3)</u>	<u>1,616,300</u>	<u>1,643,900 (4)</u>	<u>1,621,400</u>
Ending Balance, June 30	<u><u>\$ 264,098</u></u>	<u><u>\$ 285,164</u></u>	<u><u>\$ 51,698</u></u>	<u><u>\$ 242,064</u></u>	<u><u>\$ 202,564</u></u>

Increase (Decrease) in Fund Balance	\$ 163,177	\$ 21,066	\$ (134,800)	\$ (43,100)	\$ (39,500)

- Expenditures include changes in compensated absences and other post-employment benefits.
- In 2015/2016 a new ambulance was budgeted to be purchased from the Equipment Replacement fund since sufficient funds were not available in the Ambulance fund. The budget included an increased General Fund transfer to the Equipment Replacement fund specifically for this purchase (\$148,500).
- The expenditures for 2016/2017 included a transfer of \$80,590 to close out the Southend Fire Station capital project.
- The 2017/2018 revised estimate includes an additional \$14,700 for the settlement agreement and legal costs for the Southend Fire Station architect.

Explanation of Changes in Fund Balances:

Fluctuations in the Ambulance fund balance are primarily due to the capital outlay purchases each year.

Function:
Business Type

Department:
Fire

Activity:
Ambulance Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 194,210	\$ 179,048	\$ 175,000	\$ 167,800	\$ 177,900	1.66%
Commodities	93,143	94,975	103,800	115,800	108,200	4.24%
Contractual Services	164,160	202,315	206,700	215,300	218,100	5.52%
Capital Outlay	59,681	41,147	166,000	165,500	30,100	-81.87%
Transfers	869,800	1,009,291	964,800	979,500	1,087,100	12.68%
Total Expenditures	<u>\$ 1,380,994</u>	<u>\$ 1,526,776</u>	<u>\$ 1,616,300</u>	<u>\$ 1,643,900</u>	<u>\$ 1,621,400</u>	0.32%
Funding Sources						
Ambulance Fees	\$ 1,477,224	\$ 1,506,662	\$ 1,450,000	\$ 1,561,000	\$ 1,550,000	6.90%
County Subsidy	31,400	31,400	31,400	31,400	31,400	0.00%
Interest	133	544	100	500	500	400.00%
Local Grant/Reimbursements	37,500	9,899	-	7,900	-	
Other	3,280	-	-	-	-	
Total Funding Sources	<u>\$ 1,549,537</u>	<u>\$ 1,548,505</u>	<u>\$ 1,481,500</u>	<u>\$ 1,600,800</u>	<u>\$ 1,581,900</u>	6.78%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Ambulance Billing Manager	1.00	1.00	1.00	1.00	1.00	
Part Time:						
Ambulance Attendants	1.32	0.88	0.83	0.70	0.73	
Office Coordinator	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total	2.57	2.13	2.08	1.95	1.98	\$ 127,000
Employee Benefits						50,900
Total Personal Services						<u>\$ 177,900</u>

Capital Outlay			
Item:	Quantity	Replacement	Amount
Aero Clave Decontamination System	1	No	\$ 15,600
Ballistic Vests	13	No	5,700
Vacuum Mattress	5	No	2,800
Surface Pro Computers	5	Yes	6,000
Total			<u>\$ 30,100</u>

MUSCATINE CONVENTION AND VISITORS BUREAU (CVB)

GENERAL INFORMATION:

The Muscatine Convention and Visitors Bureau (CVB) was part of the Greater Muscatine Chamber of Commerce and Industry through June 30, 2013. In 2012/2013 the Convention and Visitors Bureau (CVB) took steps to become a separate nonprofit entity and in July of 2013 they officially became an entity separate from the Chamber. A CVB Board was established and the CVB Director relocated to an office in the lower level of City Hall. The City provided accounting services for the CVB operation and through June 30, 2015 the CVB's funds were accounted for as a discretely presented component unit of the City.

With the change in the CVB operation, the City changed the CVB's funding allocation from a fixed amount each year to 25% of actual Hotel/Motel tax receipts. The CVB Board and the City have agreed that the annual allocations to the CVB would be 25% of the prior fiscal year's actual hotel/motel tax receipts.

As of July 1, 2015, the CVB dissolved their nonprofit entity, became part of the City, and a new CVB Board was appointed. The CVB is now accounted for as an enterprise fund of the City. In March of 2017 the City contracted with the Greater Muscatine Chamber of Commerce and Industry for staffing of the CVB.

CURRENT TRENDS AND ISSUES:

The original CVB budget for 2017/2018 was \$123,400 and the revised estimate decreased by \$7,900 to \$115,500. In December of 2016, the previous CVB Director left her position with the City. In March of 2017, the City entered into an agreement with the Greater Muscatine Chamber of Commerce and Industry (GMCCI) to perform professional and administrative functions involving planning, organizing, coordinating, and directing the activities of the Conventions and Visitor's Bureau (CVB) that market and support the Muscatine area. The GMCCI designated an employee to perform these duties and to use the City's financial system to process purchase orders and make other purchases following the City's purchasing policies. Payments of \$5,000 are made monthly (\$60,000 annually) to GMCCI in 2017/2018 for this service. This agreement resulted in a realignment of costs in the CVB budget. Personal services costs of \$60,200 were eliminated and replaced by the \$60,000 contractual amount paid to the GMCCI for this service. The overall decrease in the revised estimate is primarily due to the CVB no longer managing the 2nd Saturday events in Downtown Muscatine held in the months of June through October. These events were "revenue neutral" to the CVB budget as donations and sponsor fees funded the costs for the events.

The 2018/2019 budget for the CVB totals \$119,100 which is \$4,300 (3.5%) less than the original 2017/2018 budget. The overall decrease includes (1) a decrease of \$9,500 with the "2nd Saturday" events no longer managed by the CVB, and (2) a \$5,000 increase (to \$65,000) in the contractual payment to the GMCCI for staffing the CVB. The budget continues the allocation of \$36,600 for marketing of the community by the CVB. The marketing budget allocation includes continuing to use the McDaniels Marketing Agency for digital marketing on Facebook and Google.

The 2017/2018 revised estimate hotel/motel tax funding (25% of prior year actual hotel/motel taxes) has been increased from the \$90,500 originally budgeted to \$110,300 since actual 2016/2017 hotel/motel tax revenues were more than budgeted. The 2018/2019 budget reflects an increase in hotel/motel tax funding to \$120,000. This increase is based on quarterly payments received to date in 2017/2018 which included payments for prior year hotel/motel taxes not paid until the current year. The actual funding amount, however, will be 25%

of actual 2017/2018 hotel/motel tax revenues. The CVB fund is projected to have a fund balance of \$114,688 as of June 30, 2019.

PERFORMANCE MEASURES

Guides

Metrics Measured	Actual 2015/2016	Actual 2016/2017	Goal 2017/2018	2017/2018 Year to Date	Goal 2018/2019
Requests for Mailings	N/A	70	80	62	80
Visitor Guides Distributed	6,604	8,000	8,000	600+ (est.)	5,000
Dining and Lodging Guides Distributed	2,915	5,000	5,000	50	0

Social Media

Metrics Measured	Actual 2015/2016	Actual 2016/2017	2017/2018 Year to Date	Goal 2018/2019
Facebook Likes	1,382	1,800	1,612	2,000
Twitter Followers	515	625	609	700
Instagram Followers	214	250	267	300

Other Social Media

Metrics Measured	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	2017/2018 Year to Date	Goal 2018/2019
Highest Facebook Post Reach	6,824	6,037	5,656	4,645	7,000
Highest Tweet Impressions	N/A	2,348	N/A	679	3,200
Most Likes on an Instagram Post	6	21	N/A	26	40

CVB Website

Metrics Measured	Actual 2015/2016	Actual 2016/2017	2017/2018 Year to Date	Goal 2018/2019
Visitors	23,058	18,000	13,891	60,000
Page Views	46,644	80,000	27,290	90,000

E-Newsletter

Metrics Measured	Actual 2015/2016	Actual 2016/2017	Goal 2017/2018	2017/2018 Year to Date	Goal 2018/2019
Subscribers	356	N/A	450	358	500
Open Rate (Average)	39.1	N/A	38	34	40
Click Thru Rate (Average)	14.6	N/A	20	N/A	N/A

Blog

Metrics Measured	Actual 2015/2016	Goal 2016/2017	Goal 2017/2018	2017/2018 Year to Date	Goal 2018/2019
Views	2,246	1,125	4,000	0	To be det.
Visitors	1,400	1,000	2,000	0	To be det.
Posts (Total)	11	36	20	0	To be det.
Posts from Outside Contributors	1	16	5	0	To be det.

Groups

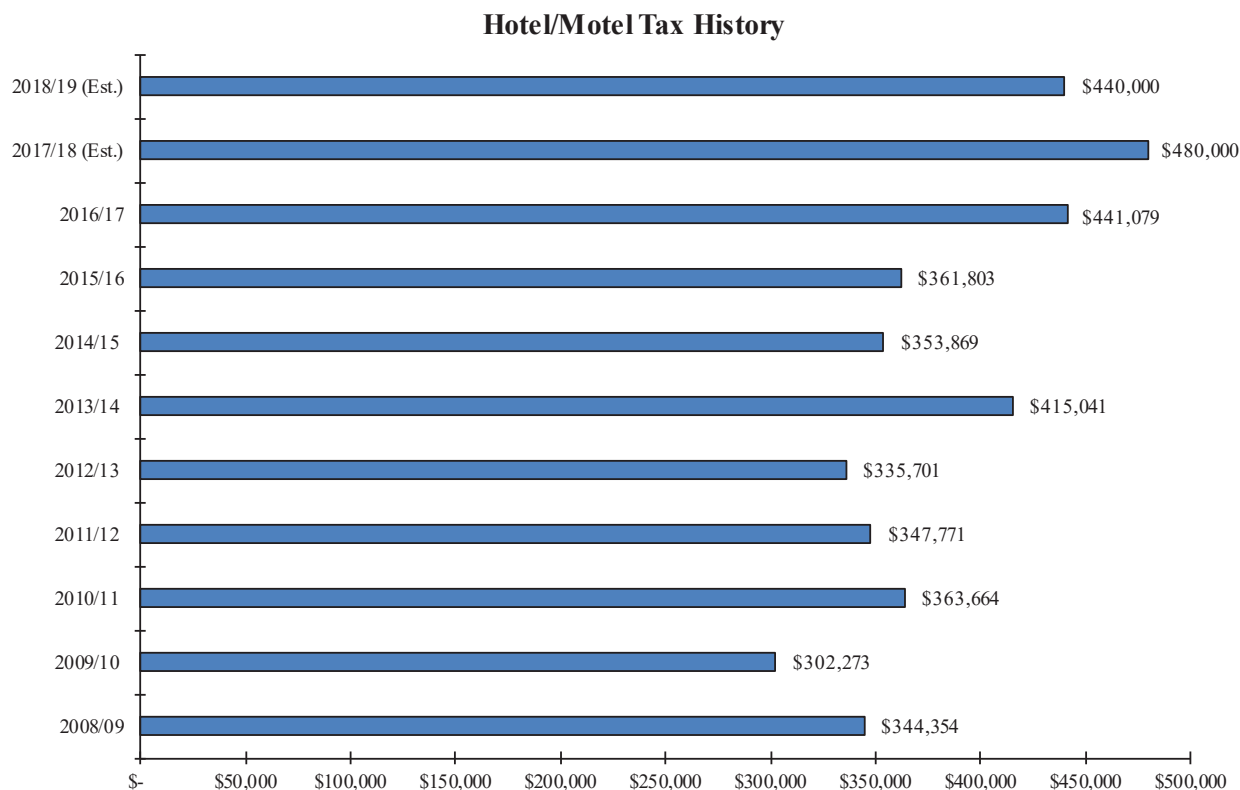
Metrics Measured	Actual 2015/2016	Actual 2016/2017	Goal 2017/2018	2017/2018 Year to Date	Goal 2018/2019
Groups Booked	5	10	15	3	10
Group Leads	N/A	25	25	N/A	10

Hotel/Motel

Metrics Measured	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017
Revenue	\$7,453,888	\$7,425,590	\$8,836,452
Occupancy (Average per Month)	53.3	52.4	N/A - working on
Tax	\$353,869	\$361,803	\$441,079

Economic Impact of Tourism in Muscatine County

Metrics Measured	Actual 2014	Actual 2015	Actual 2016
Amount Spent in Travel	\$80.25 million	\$79.99 million	\$80.39 million
Travel Tourism Jobs	700	700	710



RECENT ACCOMPLISHMENTS:

The CVB lead a committee in the coordination of the FireBall Run, an Amazon Prime series that filmed in Muscatine in September. Ten minutes of the episode was dedicated to the Muscatine filming. Four million viewers could be exposed to the Muscatine attractions that were filmed.

The CVB staff visited with local hotels to develop a relationship with hotel workers and owners. Hospitality meetings have been held with a goal to have them quarterly.

The CVB staff is the administrator of Visit Muscatine Facebook, Twitter and Instagram accounts. Staff also created a brochure to promote the Muscatine Soccer College Search Kickoff.

The CVB continued working with McDaniels Marketing Agency for digital marketing on Facebook and Google.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- To develop and disseminate targeted promotional and informational material directed to individuals, groups, networks of hospitality professionals, sports groups, tour companies, local attractions, and event coordinators.

- To ensure maintenance of current and accurate information on the Muscatine CVB website pages—especially the area calendar of events that relate to Muscatine area tourism, conventions, and trade shows.
- To serve as public relations leader to promote all Muscatine CVB activities at the local, regional, and state level.
- To maintain tracking instruments to measure results of marketing efforts.
- To prepare and administer the budget for the Muscatine CVB and report budget information and financial status as required by the Board.
- To capitalize on visitors while they are here (weddings, soccer tournaments, baseball/softball tournaments, business conferences).
- To increase communication and effectiveness with hospitality professionals in Muscatine.
- To cultivate and maintain relationships with visiting sports teams to ensure they have a quality visit and return to Muscatine in the future.
- To prepare for Chinese tourism by developing itineraries with community partnerships.
- To integrate the new Muscatine branding initiative into Muscatine CVB deliverables.

Muscatine Convention and Visitors Bureau (CVB)

Budget Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 98,847	\$ 108,332	\$ 91,932	\$ 118,088	\$ 113,488
Revenues					
County Contribution	\$ 1,250	\$ 1,000	\$ 2,500	\$ 0	\$ 0
Special Event Contributions	3,350	2,992	4,500	0	0
Special Event Vendor Fees	850	1,525	5,000	300	0
Misc. Sales	160	210	500	0	0
Interest	129	409	100	300	300
Transfers In					
General Fund - Hotel/Motel Tax (1)	88,467	90,451	90,500	110,300	120,000
Total Revenues	\$ 94,206	\$ 96,587	\$ 103,100	\$ 110,900	\$ 120,300
Funds Available	\$ 193,053	\$ 204,919	\$ 195,032	\$ 228,988	\$ 233,788
Expenditures (2)	\$ 84,721	\$ 86,831	123,400	\$ 115,500	119,100
Ending Balance, June 30	\$ 108,332	\$ 118,088	\$ 71,632	\$ 113,488	\$ 114,688
Increase (Decrease) in Fund Balance	\$ 9,485	\$ 9,756	\$ (20,300)	\$ (4,600)	\$ 1,200

1. The City hotel/motel tax allocation is budgeted to be 25% of the actual hotel/motel tax receipts from the previous fiscal year paid in equal quarterly installments the first quarter of each month.

Function:
Business Type

Department:
Muscatine Convention and Visitors Bureau

Activity:

Muscatine Convention and Visitors Bureau

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 48,009	\$ 26,826	\$ 60,200	\$ -	\$ -	-100.00%
Commodities	301	61	4,400	3,700	3,700	-15.91%
Contractual Services	29,655	58,962	54,700	107,700	111,200	103.29%
Capital Outlay	-	-	-	-	-	
Transfers	3,900	4,000	4,100	4,100	4,200	2.44%
Total Expenditures	<u>\$ 81,865</u>	<u>\$ 89,849</u>	<u>\$ 123,400</u>	<u>\$ 115,500</u>	<u>\$ 119,100</u>	-3.48%
Funding Sources						
City Hotel/Motel Tax						
Allocation	\$ 88,467	\$ 90,451	\$ 90,500	\$ 110,300	\$ 120,000	32.60%
County Contribution	1,250	1,000	2,500	-	-	-100.00%
Special Event Revenue	4,200	4,517	9,500	300	-	-100.00%
Other	289	619	600	300	300	-50%
General Revenues	<u>\$ 94,206</u>	<u>\$ 96,587</u>	<u>\$ 103,100</u>	<u>\$ 110,900</u>	<u>\$ 120,300</u>	16.68%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
CVB Director	1.00	0.67 *	1.00	- *	- *	
Employee Benefits						-
Total Personal Services						<u>\$ -</u>
* On March 2, 2017 the City entered into a contract with the Greater Muscatine Chamber of Commerce and Industry to provide staffing for the CVB; these costs are now reflected as contractual services in the CVB budget.						

SOLID WASTE MANAGEMENT FUNDS

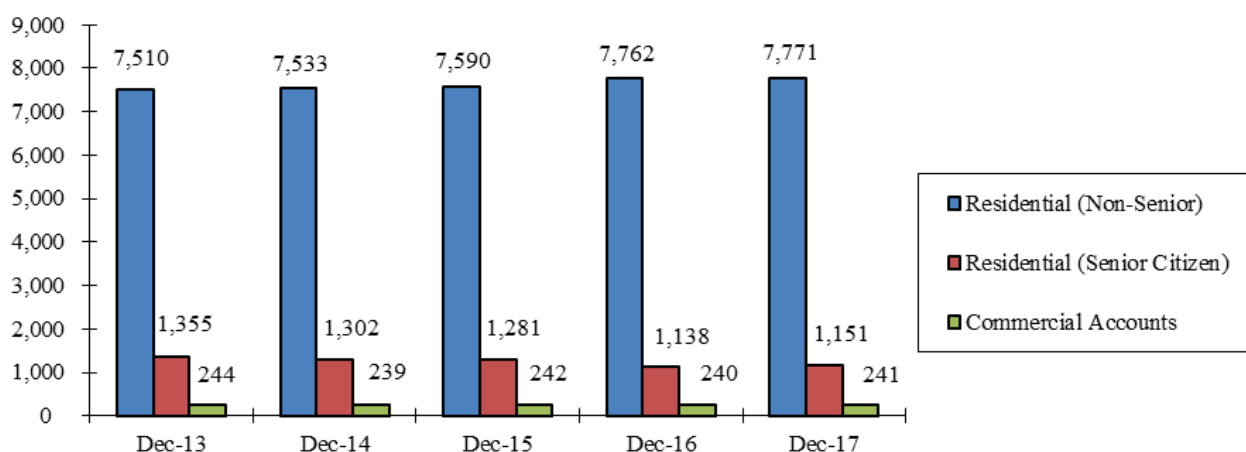
REFUSE COLLECTION

GENERAL INFORMATION:

The Solid Waste Management functions of the City are accounted for in three (3) separate funds - Landfill Operations, Transfer Station Operations, and Refuse Collection. Separating the three activities is required to properly analyze the fee structure and costs within each of the operations. The Landfill operation and Transfer Station operation are detailed in separate budgets which follow.

The Refuse Collection activity involves the pickup of solid waste by refuse trucks in the City of Muscatine. Refuse at residential dwellings is collected once each week. The department also collects refuse from some apartment complexes, commercial businesses, and industrial customers. Non-residential refuse collection is made only upon request, as many businesses contract with private haulers for this service. The breakdown of the number of customers in December for the last five years is as follows:

Refuse Customers by Type



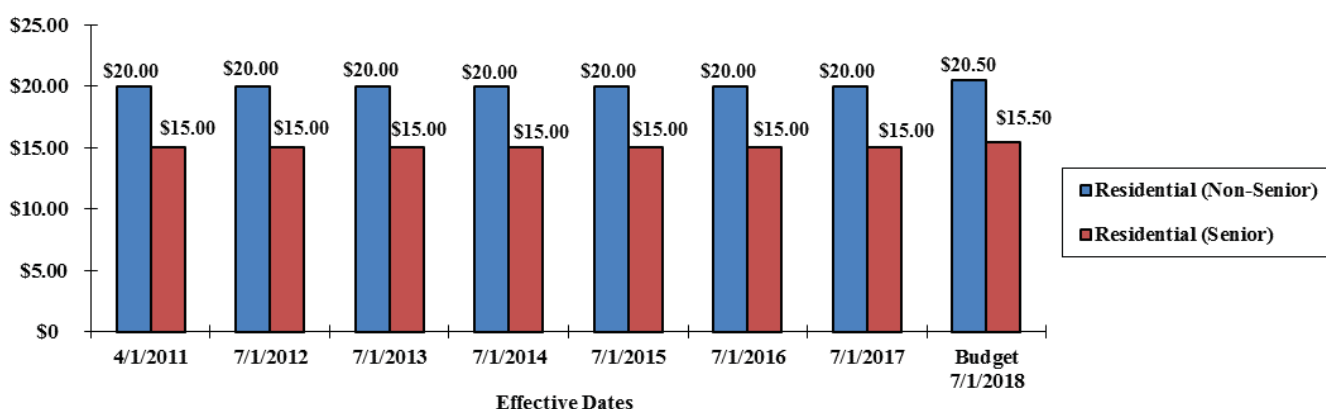
In April 2011 the City began a contracted single-sort curbside recycling program for all residential refuse collection customers. Allied Waste was selected as the contractor. This replaced the previous program which involved recycling trailers located throughout the community. Funding for the curbside recycling program has been incorporated into the refuse collection rates. The cost per customer per month for the curbside recycling program was \$3.05 in the first year of the contract. The contract provided for increases to \$3.14, \$3.23, \$3.33, and \$3.43, respectively, for the 2nd through the 5th years of the contract. Allied Waste provided the containers for each customer as part of that fee.

The final year of the original contract with Allied Waste (now Republic Services) was scheduled to end on March 31, 2016. In December 2015 City Council approved a 5-year extension to this contract. For the first year of the new contract the rate remained at \$3.43 per customer per month. For the 2nd through the 5th year of the new contract the per-customer per-month rate will increase to \$3.53, \$3.64, \$3.75, and \$3.86. The \$3.53 rate went into effect April 1, 2017, the \$3.64 rate will go into effect April 1, 2018, and the \$3.75 rate will go into effect April 1, 2019.

In calendar year 2016 the Refuse Collection activity was performed by five (5) full-time refuse drivers, one (1) solid waste lead worker, a Solid Waste Supervisor, and temporary refuse collection workers. Effective January 1, 2017 the number of full-time drivers was reduced to four (4). The City's first automated truck was placed in service in December 2015 and the 2nd automated vehicle was placed in service in late December of 2016. With the 2nd automated vehicle, one less fulltime driver is needed. In addition to regular weekly garbage pickup service, the City provides a curbside pickup service for large refuse items.

As an enterprise fund, it has been necessary to increase rates to assure the service fees properly cover the cost of this operation. The following chart reflects fee charges on a monthly basis for residential customers. The rates increased to \$20.00 and \$15.00 respectively, for regular and senior customers, effective April 1, 2011 when the single sort curbside recycling program was implemented. The rates for both regular residential customers and the senior rates are budgeted to increase by \$.50 per month effective July 1, 2018. The rate increase is needed in order to generate funds to replace one of the regular refuse collection vehicles in 2019/2020. The rate increase is also necessary since the monthly rate for the curbside recycling program increases each year, which impacts the funds available for the regular refuse collection service.

Refuse Collection Rate History (Rates Per Month)



CURRENT TRENDS AND ISSUES:

All refuse from the City's refuse collection division is delivered to the Transfer Station, compacted, and then taken to the landfill. The 2017/2018 and 2018/2019 budgets each include \$498,000 for Transfer Station fees for disposal of an estimated 8,300 tons of waste at the budgeted rate of \$60.00 per ton.

The 2014/2015 budget included funding to begin implementation of a long-term plan to convert to automated refuse vehicles. The 2014/2015 budget included \$240,000 for one automated refuse collection vehicle and \$150,000 for approximately 3,000 carts for residential customers. This was the first phase of the transition to the automated refuse collection program. The first automated truck was ordered in April of 2015 and encumbered to the 2014/2015 fiscal year budget. With the lead-time on the order, however, the vehicle was not delivered until December of 2015.

The original 2015/2016 budget included a \$130,000 capital outlay allocation for 2,800 additional refuse carts, but it did not include funding for the 2nd automated refuse collection vehicle. The 2015/2016 budget, however, was amended to include the 2nd automated truck. Again, with the long lead time on the order, it was not delivered until late December 2016. The remaining capital costs of implementing the automated refuse collection program were incurred in 2016/2017 with the purchase of 2,600 refuse carts at a cost of \$117,520. With the 2nd automated truck in service and all of the carts purchased, the savings from this program began to be fully realized beginning in January of 2017.

With ordering the 2nd automated vehicle in the 2015/2016 fiscal year, the revised estimate ending fund balance for 2015/2016 was projected to be a deficit of \$232,706 primarily due to the encumbrance for the 2nd automated vehicle (\$220,000). The actual fund balance deficit at the end of 2015/2016, however, was \$91,009 higher at \$323,715. This was due to (1) \$35,214 for chipping services at the compost site, (2) \$28,226 for increased vehicle maintenance, (3) \$17,985 for increased tipping fees, (4) \$13,775 for increased temporary wages, and (5) \$13,951 for increased overtime. These increases were partially offset by net decreases in other line items in the budget.

The revised estimate ending balance for 2016/2017 was projected to be a deficit of \$260,615. This deficit was a planned deficit due to the implementation of the automated refuse collection program. The actual deficit balance was \$236,908, which was \$23,707 less of a deficit than the estimated amount.

Revised estimate expenditures for 2017/2018 are \$32,300 higher than the original budget. There were increases and decreases throughout the budget but the overall increase was due to (1) a \$24,400 increase in vehicle and equipment repair and maintenance services costs, and (2) an \$8,700 increase in technical services which includes a correction to the originally budgeted amount for curbside recycling services.

The budgeted expenditures for 2018/2019 are \$30,400 (1.5%) more than the original 2017/2018 budget. There were increases and decreases throughout the budget but the overall increase is due to (1) a \$23,100 (3.4%) increase in personal services costs which includes increases in fulltime wages and benefits and an increase in temporary part-time hours and wage rates to allow for staffing 2-person refuse trucks while the automated refuse collection vehicles are being serviced, and (2) an \$11,000 increase in the curbside recycling charges.

Refuse collection charges for services revenue in the revised estimate for 2017/2018 is estimated at \$2,200,000 and it is projected to increase to \$2,253,000 for 2018/2019. As noted above, for the 2018/2019 budget, the rates for both regular residential customers and the senior rates are budgeted to increase by \$.50 per month effective July 1, 2018. The rate increase is needed in order to generate sufficient funds to replace one of the regular refuse collection vehicles in 2019/2020. The rate increase is also needed since the monthly rate for the curbside recycling program increases each year, which impacts the funds available for the regular refuse collection operation. Residential refuse collection rates have not been increased since April 1, 2011.

The original budget for 2017/2018 projected a deficit fund balance at the end of the year of \$99,915. This was a planned deficit due to the capital costs to implement the automated refuse collection program. The deficit in the revised estimate is slightly higher at \$107,608. The rate increase for 2018/2019 is projected to generate \$53,500 in additional revenues and a positive ending balance of \$77,092 is projected for June 30, 2019. This balance will be needed in order to replace one of the older 2-person refuse collection vehicles in the 2019/2020 budget.

The 2017/2018 and 2018/2019 budgets continue to include 75% of the two half-time Community Services Officer positions that deal with nuisance complaints include garbage and junk removal orders.

The budget also continues to fund the City of Muscatine's portion of the Solid Waste Management Agency annual assessment which began in 2008/2009 (\$64,800).

GOAL STATEMENT:

To provide efficient and cost effective solid waste collection and recycling systems providing once per week pickup in all residential areas and providing service upon request to commercial and industrial customers to provide a clean and healthy environment for the residents of Muscatine.

PERFORMANCE MEASURES:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Tons of Refuse Collected	8,280	8,400	8,235	8,300	8,300
Regular Residential Customers - December	6,982	6,954	7,141	7,150	7,150
Senior Residential Customers - December	1,302	1,281	1,138	1,151	1,150
Commercial and Industrial Customers - December	239	242	240	241	245
Ripley's Mobile Home Court – Residential Units	305	285	279	285	285
Fruitland Residential Customers – December	336	336	336	336	336
Cleanup Week Collections (Tons)	574	700	774	800	800
Number of Recycling Trailers	5	5	4	4	4
Recycling Trailer Collections (Tons)	230	76 *	98 *	100 *	100 *
Single Sort Curbside Recycling (Tons)	1,251	1,325	1,418	1,510	1,600
Curbside Pickups (calendar year)	1,402	1,530	1,458	1,500	1,525

* Recycling trailers are now only located at the Transfer Station.

RECENT ACCOMPLISHMENTS:

In 2017, the Compost Site was impacted by the March 3rd tornado, the June 17th hail storm, and the July wind storm. The Compost Site was opened on March 6th before the scheduled opening date to accommodate the influx of brush. Brush was hauled into the Compost Site from residential, commercial, and Public Works employees cleaning up storm debris. Brush was also received from clearing the new trail and other Public Works projects over the course of the spring and summer. The Compost Site operator worked to keep a path open for customers which was a daily challenge due to the high volume of debris.

The Iowa Department of Natural Resources (IDNR) authorized a controlled burn on June 11, 2017. This alleviated some of the brush on site. In June, August, and November, Midland Davis came to grind wood debris. In June and August, Xylem hauled away wood chips from the grinding for resale, but by November they had reached their maximum capacity. The Compost Site headed into the winter with wood chips piled in the southwest corner of the site and logs along the fence row.

The Compost Site attendant made great progress this fall turning and screening compost for residents, directing brush disposal, and pushing brush for grinding. The site was ready for leaf pick and will also provide space for snow from Public Works operations.

Refuse Collection staff have adapted well to the use of the automated one-armed trucks. Rear packer trucks continue to be used for commercial pickup, downtown service, and when the automated trucks are being serviced. The Curbside Pickup Program utilizes a one ton truck daily.

For 2017, a decision was made to change the process for tires and electronic waste disposal during Spring Clean Up Week. Instead of Refuse Collection and Street department staff picking up these items curbside, residents brought them to the Transfer Station. The amount of electronic waste (e-waste) was reduced from 5

to 3 semi-trailer loads. With tires, the decrease was also significant with 3 semi-trailer loads compared to 6 the previous year. Overall, there were 74 more tons of waste collected during Spring Clean Up Week (774 in 2017 compared to 700 in 2016). Appliance collections also increased. In 2017, there were 287 appliances collected compared to only 82 in 2016. Most of the 287 collected were microwaves. Staff speculates that due to a lower scrap metal price, dealing with a microwave is too labor intensive for the small amount of return, so the local scrap collectors left them on the curb.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To continue public outreach, beautification programs, sustainability, and other environmental programs in the community.
- * To continue to work with downtown Muscatine business owners to assist with beautification efforts.
- * To continue to evaluate and discuss Spring Cleanup Week services with City Council and staff and formalize a plan which reduces costs to the Refuse Collection operation without creating nuisance issues.
(Council and Management Continuous Service Improvement Goal)

Refuse Collection Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance (Deficit), July 1	\$ (28,406)	\$ (323,715)	\$ (260,615)	\$ (236,908)	\$ (107,608)
Revenues					
Charges for Services	\$ 2,170,040	\$ 2,182,931	\$ 2,200,000	\$ 2,200,000	\$ 2,253,500 (3)
Sales - Yard Waste Bags	13,499	15,068	21,000	21,000	21,000
Commercial Brush Fee	301	166	500	500	500
Interest	70	86	0	0	0
Sales Tax	4,317	5,371	4,500	5,400	5,400
Miscellaneous	4,440	1,109	0	0	0
Transfers In:					
Surcharge Part II	42,665	43,490	0	0	0
Total Revenues	<u>\$ 2,235,332</u>	<u>\$ 2,248,221</u>	<u>\$ 2,226,000</u>	<u>\$ 2,226,900</u>	<u>\$ 2,280,400</u>
Funds Available	\$ 2,206,926	\$ 1,924,506	\$ 1,965,385	\$ 1,989,992	\$ 2,172,792
Expenditures (1)	<u>2,530,641</u>	<u>2,161,414</u>	<u>2,065,300</u>	<u>2,097,600</u>	<u>2,095,700</u>
Ending Balance (Deficit), June 30	<u>\$ (323,715) (2)</u>	<u>\$ (236,908) (2)</u>	<u>\$ (99,915)</u>	<u>\$ (107,608) (2)</u>	<u>\$ 77,092 (3)</u>

Increase (Decrease) in Fund Balance	\$ (295,309)	\$ 86,807	\$ 160,700	\$ 129,300	\$ 184,700

- Expenditures include changes in compensated absences and other post-employment benefits.
- The fund balance deficits at the end of 2015/2016, 2016/2017, and 2017/2018 were planned deficits due to capital costs to implement the automated refuse collection program. The deficit is expected to be eliminated in 2018/2019 with savings from this program.
- A rate increase is budgeted for July 1, 2018 in order to begin to accumulate funds to replace one of the regular refuse collection vehicles (estimated at \$157,000). Rates are budgeted to increase by \$.50 per month for regular and senior residential customers to \$20.50 and \$15.50, respectively. The per-household bills to the City of Fruitland and to Ripley's Mobile Home Court will also increase by \$.50 per month per household. Commercial account rates will be evaluated separately.

Function:
Business Type Activity

Department:
Public Works

Activity:
Refuse Collection

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 715,598	\$ 638,732	\$ 677,700	\$ 674,200	\$ 700,800	3.41%
Commodities	47,667	65,702	61,200	60,200	60,200	-1.63%
Contractual Services	1,273,131	1,230,884	1,199,200	1,236,000	1,237,400	3.19%
Capital Outlay	372,712	117,520	44,000	44,000	10,000	-77.27%
Transfers	120,065	123,890	83,200	83,200	87,300	4.93%
Total Expenditures	\$ 2,529,173	\$ 2,176,728	\$ 2,065,300	\$ 2,097,600	\$ 2,095,700	1.47%
Funding Sources						
Charges for Services	\$ 2,170,040	\$ 2,182,931	\$ 2,200,000	\$ 2,200,000	\$ 2,253,500	2.43%
Sales - Yard Waste Bags	13,499	15,068	21,000	21,000	21,000	0.00%
Other Fees	301	166	500	500	500	0.00%
Sales Tax	4,317	5,371	4,500	5,400	5,400	20.00%
Interest	70	86	-	-	-	
Miscellaneous	4,440	1,109	-	-	-	
Total Funding Sources	\$ 2,192,667	\$ 2,204,731	\$ 2,226,000	\$ 2,226,900	\$ 2,280,400	2.44%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Solid Waste Manager	0.50	0.50	0.50	0.50	0.50	
Solid Waste Supervisor	1.00	0.75	0.75	0.75	0.75	
Refuse Truck Driver I	5.00	4.50	4.00	4.00	4.00	
Refuse Collection Leadworker	1.00	1.00	1.00	1.00	1.00	
Health & Housing Coordinator	0.50	0.00	0.00	0.00	0.00	
Maintenance Worker II	0.33	0.50	0.50	0.50	0.50	
Clerk	0.50	0.50	0.50	0.50	0.50	
Total Full Time	8.83	7.75	7.25	7.25	7.25	
Part Time:						
Compost Site Attendant	0.38	0.73	0.73	0.73	0.73	
Community Service Officers*	0.00	0.50	0.75	0.75	0.75	
Refuse Collection Laborers**	1.05	1.44	0.72	0.72	0.81	
Total	10.26	10.42	9.45	9.45	9.54	\$ 460,100
Employee Benefits						240,700
Total Personal Services						\$ 700,800
* 75% of two part-time Community Services Officers are being allocated to Refuse Collection to address nuisance complaints beginning in 2016/2017. In previous years 50% of a fulltime employee was allocated for this work. ** Refuse collection laborer hours decreased due to the 2nd automated refuse collection vehicle in 2016/2017; the increase in 2017/2018 is to allow more part-time hours for a 2-person refuse vehicle while the automated trucks are being serviced.						

Capital Outlay			
Item	Quantity	Replacement	Amount
Dumpsters (2 yard, 3 yard and 4 yard)	14-17	Yes	\$ 10,000

SOLID WASTE MANAGEMENT FUNDS

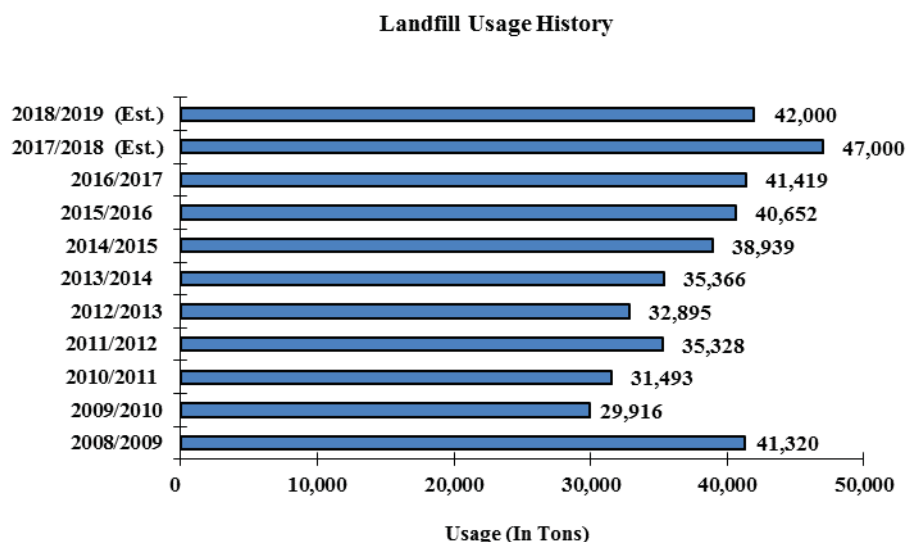
LANDFILL OPERATIONS

GENERAL INFORMATION:

The Solid Waste Management funds consist of three (3) operations, Refuse Collection, Landfill Operations, and Transfer Station Operations. The City is a member of the Muscatine County Solid Waste Management Agency. This agency contracts with the City of Muscatine to operate the landfill. The Agency is responsible for the disposal of solid waste in Muscatine County. The Transfer Station opened in August of 1995. This facility is used as a staging area for recycling, refuse collection, and the transfer of non-recyclable items to the landfill.

Under the terms of the agreement between the Solid Waste Management Agency and the City, the City is responsible for the costs incurred in the operation of the sanitary landfill, the maintenance of the entrance road, the cost of purchasing the landfill site, and certain special engineering fees. The City establishes an annual price per ton for waste disposal at the landfill. Beginning in 2008/2009 the Agency reinstated an annual assessment to each of its members in a total annual amount of \$117,200. This was to assist in reducing the accumulated deficit in this fund.

The following chart shows the tons of waste disposed of at the landfill since 2008/2009 as well as the projected waste volumes for 2017/2018 and 2018/2019.



Volumes at the landfill have fluctuated over the years shown above and the number and types of users have changed. The State of Iowa has also enacted regulations for volume reduction and restrictions on materials that can be deposited in landfills.

The following chart shows the Transfer Station regular rates since the 2008/2009 year and the portion of the transfer station fee paid to the landfill fund. In 2008/2009 \$25.00 of the \$41.00 per ton rate was paid to the landfill for material disposed of at that facility. The landfill portion of the disposal rate increased from \$25 to \$40/ton July 1, 2009 due to the significant cost of developing the next landfill cells. Effective July 1, 2016 the portion of the transfer station rate paid to the landfill was decreased from \$40 to \$32 per ton for the full

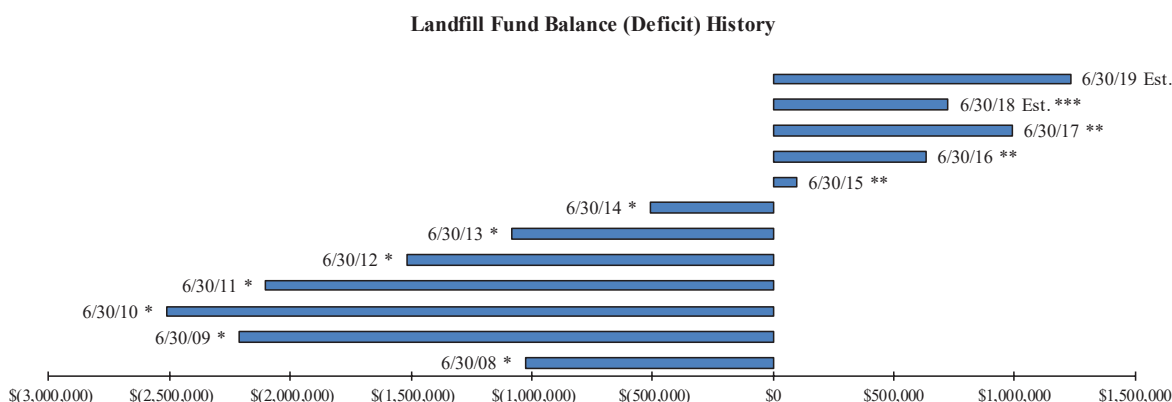
rate tonnage accepted at the Transfer Station. This allowed more funds to remain in the Transfer Station fund for needed capital expenditures for that operation. This reduction was possible due to the elimination of the deficit in the Landfill fund and the funds accumulated for construction of the next landfill cell.

Transfer Station and Landfill Rates (Per Ton)



In addition to the rates shown in the table above, in 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualified for a discounted industrial rate of \$50/ton of which \$30 of this rate was paid to the Landfill. In 2010 five new industrial contracts were negotiated which were expected to bring 5,000 tons of additional waste volume to the landfill each year. These were three year contracts with variable disposal rates. All of the industrial contracts were first extended through June 30, 2015 and have now been further extended through June 30, 2020. Under the new contracts the original industrial waste contracts were reduced by \$5/ton from \$50/ton to \$45/ton, with \$25 of the \$45 rate paid to the Landfill. The negotiated contracts were each reduced by \$2.50/ton.

The fund balance for the Landfill Operation has varied over the past ten (10) years. The following is a summary of actual and projected fund balances (deficits).



* Beginning June 30, 2003 there were interim loans to fund cell closure costs, costs to develop new cells, and other landfill capital and operating costs.

** The deficit was eliminated in 2014/2015 and funds began to be accumulated for design and construction of the next landfill cell.

*** There were sufficient funds available to fund construction of the next landfill cell in the 2017/2018 fiscal year and still keep a positive balance in this fund.

The deficit fund balances through June 30, 2014 were due to costs for capital projects at the landfill, costs to complete the purchase of landfill property formerly leased, loss of revenue due to capacity issues, and increased regulatory requirements. In 2007/2008 \$767,200 in capital expenditures were required including \$417,600 to develop the Phase II cell, \$180,000 for drainage and erosion control, \$58,000 for improvements to the side slope of Phase II, and \$35,000 for a tarp system to use as daily cover. Due in part to the June 1, 2007 tornado, the Phase I cell was at capacity and was required to be closed prior to completion of the new cell. This required waste to be hauled to the Scott County Landfill and resulted in the loss of revenue to the Muscatine Landfill of approximately \$400,000. These factors combined to result in the \$1,026,781 deficit in the landfill fund as of June 30, 2008. The deficit increased to \$2,211,935 as of June 30, 2009 and to \$2,512,600 as of June 30, 2010 due primarily to costs to develop two new cells (III and IV) which were estimated to have a combined capacity of 298,800 tons and have an expected life of 8.5 years based on estimated waste volumes. The deficit was projected to be incrementally reduced as the capacity of those cells was filled. The industrial contracts were a significant factor in the elimination of the deficit. The fund balance at the end of 2016/2017 was \$993,064. This balance plus the revenues received in 2017/2018 were sufficient to fund costs for construction of the next landfill cell and still maintain a positive balance estimated at \$724,614 as of June 30, 2018. This fund balance is projected to increase to \$1,231,814 at the end of the 2018/2019 fiscal year.

CURRENT TRENDS AND ISSUES:

The tipping fee rate at the Transfer Station was increased to \$60 per ton effective July 1, 2009 with \$40 of this rate being credited to the Landfill and the remaining \$20 to the Transfer Station. This increase was directly related to capital costs for constructing the Phase III and IV cells as well as capital costs to close previous ravines. With this increase, the landfill saw waste volume in 2009/2010 decrease to 29,916 tons. With the continuing deficit in the Landfill fund, the Solid Waste Agency and the City considered implementing flow control measures which would have required all waste generated in the Agency area to be brought to the Transfer Station and Landfill. Area businesses and the Chamber requested a committee be formed of business leaders, city staff, an Agency member, and others, to discuss the impacts that flow control

would have on area businesses and possible alternate solutions. The Committee's recommendations included allowing for additional negotiated industrial contracts which would bring additional waste volume and revenue to the Landfill and a long-term financial plan to incrementally reduce the Landfill Fund deficit with the goal of having it eliminated by the time the next landfill cell would need to be constructed. City Council approved the Committee's recommendations at their October 7, 2010 meeting and five new industrial contracts were entered into which were expected to bring in an estimated additional 5,000 tons of waste and \$180,000 of revenues annually over the three years of the agreements. These agreements, as well as the original industrial agreements, were extended through June 30, 2015 and have been further extended through June 30, 2020. The reduction in the deficit was \$411,988 in 2010/2011, an additional \$582,320 reduction in the deficit (to \$1,518,292) in 2011/2012, a further reduction of \$435,957 (to \$1,082,335) in 2012/2013, an additional \$573,309 reduction (to \$509,026) in 2013/2014, and a \$608,274 reduction (to a positive balance of \$100,576) in 2014/2015. These reductions in the deficit were slightly higher than the targeted reductions in the original financial plan.

The revised estimate expenditures for 2017/2018 are \$361,050 higher than the original budget. This overall increase is primarily due to a \$342,500 increase in capital outlay costs. The capital outlay increase is due to (1) an increase in construction and related engineering costs for the new landfill cell which totaled \$739,800 based on bids received, which was \$189,800 more than the \$550,000 in the original budget, (2) the addition of \$67,700 for moving the maintenance building which was carried forward from the prior year, (3) a reduction of \$15,000 due to not using the budgeted allocation for the maintenance building well, and (4) \$100,000 for ground water remediation work, also carried forward from the prior year. Landfill waste volume increased from the original budget of 42,000 tons to an estimated 47,000 tons. This increased tonnage resulted in a \$10,500 increase in the State Surcharge to be paid to the Iowa Department of Natural Resources (IDNR) and a \$7,800 increase in the required transfers to the Surcharge Reserve funds.

Revised estimate landfill fees are estimated at \$1,419,000, which is \$163,600 more than the originally budgeted amount of \$1,255,400. The 5,000 ton increase in waste volume is in part due to disposal of debris and building materials from the 2017 tornado, wind storm, and hail storm.

Landfill expenditures budgeted for 2018/2019 are \$579,600 (39.1%) less than the original 2017/2018 budget. There is only one capital outlay item in the 2018/2019 budget for \$15,000, compared to the \$600,000 in budgeted capital items in the 2017/2018 budget, a decrease of \$585,000. The waste volume for 2018/2019 is estimated at 42,000 tons, the same estimate used for the original 2017/2018 budget. The capital outlay request is for a side by side (4 x 4) vehicle to be used to navigate between wells and pumps at the landfill for maintenance and sampling purposes.

Landfill fees for 2018/2019 are budgeted at \$1,259,000 based on the estimated 42,000 tons. This is slightly (\$3,600) higher than the original budget for 2017/2018. This 42,000 ton waste estimate includes 26,200 tons at the full \$32 rate (\$838,400), 8,000 tons at the \$25 industrial contract rate (\$200,000), and 7,800 tons at the negotiated industrial rates (\$220,600). The industrial and negotiated industrial contract rates are the rates in the new 5-year contracts which began July 1, 2015. In the new contracts, there was a reduction in the landfill portion of the rate for the original industrial contracts from \$30/ton to \$25/ton and there was a reduction of \$2.50 per ton in the negotiated contracts. The revenue from the negotiated contracts is all credited to the Landfill fund.

With the projected landfill revenues and expenditures, the landfill fund balance is projected to decrease by \$268,450 to \$724,614 in the 2017/2018 fiscal year due capital costs including construction of the new landfill cell. The 2018/2019 fund balance is projected to increase by \$507,200 to \$1,231,814 due to minimal capital outlay costs. Having sufficient funds available for construction of the new cell in 2017/2018 without an interim loan, shows the success of the long-term deficit reduction/financing plan developed and implemented in 2010.

Private firms have been used to operate the landfill under contractual agreements with the City. The amount of the payment to the landfill operator is budgeted at \$310,000 for 2017/2018 and 2018/2019. Other significant items in the budget are leachate hauling and analysis, engineering services, and payment of the State surcharge fees.

The State landfill surcharge was reduced from \$3.75 to \$3.65 per ton in 2002/2003 since the area landfills met the State-mandated waste reduction requirements. Of the \$3.65 per ton rate, \$2.10 per ton is required to be paid to the State and the remaining \$1.55 per ton can be retained by the City in special reserves required to be used for specific purposes. Payments to the State are estimated at \$88,200 for 2018/2019 based on an estimated 42,000 tons of waste. The surcharge funds retained by the City are estimated at \$65,100 for 2018/2019. These funds are accounted for in the Landfill Surcharge Reserve Funds.

The Iowa Department of Natural Resources (IDNR) has specific requirements for the use of the local surcharge funds with the specific eligible uses of each portion of the surcharge funds to be reported quarterly to the IDNR. Part I of the retained surcharge funds are required to be used for local planning and environmental protection activities. Part II funds are required to be used for waste reduction, recycling, and small business pollution prevention purposes. In 2018/2019 it is estimated that there will be \$21,000 in Part I funds which will be transferred to the Landfill fund for qualifying expenditures and an estimated \$44,100 of Part II funds which will be transferred to the Transfer Station fund for qualifying expenditures.

The IDNR regulations also provide that funds must be set aside annually for Landfill closure and post closure costs. The estimated amount to be transferred to the Closure Reserve in both 2017/2018 and 2018/2019 is \$102,000 and the amount to be transferred to the Post-Closure Reserve for both of these years is estimated at \$28,500.

GOAL STATEMENT:

To provide a facility for the disposal of solid waste collected in Muscatine County in an efficient and effective manner and in accordance with environmentally sound practices established by the Environmental Protection Agency (EPA) and Iowa Department of Natural Resources (IDNR) and in accordance with the agreement with the Muscatine County Solid Waste Management Agency.

PERFORMANCE MEASURES:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Tons of Waste Disposed	38,939	40,652	41,419	47,000 *	42,000
Estimated Landfill Capacity Remaining (Tons)	165,643	124,991	25,000 **	319,300***	272,300
Years of Current Landfill Space Remaining (Estimate)	4.2	3.1	.5 **	8	7
Leachate Collected in Gallons	1,829,208	1,600,000	1,831,513	1,840,000	1,840,000

* The waste volume increase in 2017/2018 includes disposal of debris and damaged building materials from the 2017 tornado, wind storm, and hail storm.

** The prior year remaining capacity was found to be less than previously anticipated.

*** The Landfill capacity increased in December of 2017 with the opening of Cell 5.

RECENT ACCOMPLISHMENTS:

There was a very high level of activity and projects at the Landfill in the summer and fall of 2017. Staff released the Request for Proposals (RFP) for construction of the next landfill cell on May 26, 2017, bids were received on June 30, and the contract was awarded to Ritmer Inc. on July 6, 2017. The steel maintenance building needed to be moved before construction could begin. The City had solicited bids to construct a new building as well as estimated costs to move the existing building and it was found to be more cost effective to move the current building. The City entered into contracts for moving the building and for the necessary foundation work. This work was completed August 8, 2017.

Ritmer Inc. began construction on August 1, 2017. There were several delays in the construction. The first was in the delivery of the liner which was originally scheduled for September 11, but delayed due to the manufacturer/installer located in the Houston area being unable to produce the liner due to the impacts from Hurricane Harvey. The liner was finally delivered on October 13, but installation work did not begin until October 31. The cell was “blackout” by November 15, but the extraction testing and repair wasn’t completed until November 21. After that the contractor worked daily to apply the one foot sand layer and to install the trench to anchor the rain flap (skrim cap) which was applied to approximately 2/3 of the slope to protect the sand layer and to decrease the amount of leachate produced from storm water runoff. The rain flap installation was completed on December 7 and the final walk-through of the project was done that same day. The cell is substantially complete, with the silt fence and seeding by the lagoon to be completed in the spring.

With Cell #5 completed, the Landfill is in a good position with sufficient waste capacity for the next 8 to 9 years.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To communicate frequently with the Landfill Operator to assure compliance with Iowa Department of Natural Resources (IDNR) practices for landfill management and the long term success of the Landfill.
- * To continue implementation of corrective measures for the remedial action plan with the Iowa Department of Natural Resources in conjunction with guidance from the landfill engineering firm.
- * To continue to support and communicate with the members of the Muscatine County Solid Waste Management Agency.

Landfill Operations

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 100,576	\$ 635,191	\$ 716,191	\$ 993,064	\$ 724,614
Revenues					
Charges for Services	\$ 1,407,713	\$ 1,246,501	\$ 1,255,400	\$ 1,419,000 (3)	\$ 1,259,000 (4)
Agency Assessment (2)	117,177	117,177	117,200	117,200	117,200
Interest	2,326	8,601	1,000	5,000	2,500
Industry Contribution	10,000	10,000	10,000	10,000	10,000
Transfers In:					
Landfill Surcharge Reserve	<u>20,325</u>	<u>20,710</u>	<u>21,000</u>	<u>23,500 (5)</u>	<u>21,000 (5)</u>
Total Revenues	<u>\$ 1,557,541</u>	<u>\$ 1,402,989</u>	<u>\$ 1,404,600</u>	<u>\$ 1,574,700</u>	<u>\$ 1,409,700</u>
Funds Available	\$ 1,658,117	\$ 2,038,180	\$ 2,120,791	\$ 2,567,764	\$ 2,134,314
Expenditures (1)	<u>1,022,926</u>	<u>1,045,116</u>	<u>1,482,100</u>	<u>1,843,150</u>	<u>902,500</u>
Ending Balance, June 30	<u><u>\$ 635,191</u></u>	<u><u>\$ 993,064</u></u>	<u><u>\$ 638,691</u></u>	<u><u>\$ 724,614</u></u>	<u><u>\$ 1,231,814</u></u>
Increase (Decrease) in Fund Balance	\$ 534,615	\$ 357,873	\$ (77,500)	\$ (268,450)	\$ 507,200

- Expenditures include changes in compensated absences and other post-employment benefits.
- An Agency assessment was implemented beginning in 2008/2009 as part of the original plan to eliminate the accumulated deficit in this fund.
- The revenue estimate for 2017/2018 is based on 31,200 tons at \$32/ton plus 8,000 tons at the industrial rate of \$25/ton plus \$220,600 from the negotiated industrial contracts which is all passed through to the Landfill. The total projected waste volume is 47,000 tons compared to the originally budgeted 42,000 tons. The increase is primarily due to debris from the 2017 tornado, wind storm, and hail storm.
- The revenue estimate for 2018/2019 is based on 26,200 tons at \$32/ton plus 8,000 tons at the industrial rate of \$25/ton plus \$220,600 from the negotiated industrial contracts which is all passed through to the Landfill. The total projected waste volume is 42,000 tons for the 2018/2019 budget.
- The 2017/2018 and 2018/2019 transfers from the Landfill Surcharge Reserve are based on 47,000 and 42,000 tons, respectively, at \$.50 per ton.

Explanation of Changes in Fund Balances:

The accumulated deficit in this fund in previous years was due to the reduced waste volumes being received at the landfill as well as landfill capital costs. This deficit was eliminated during the 2014/2015 year and funds started to be accumulated for construction of the next cell. The cell construction cost and related engineering totaled \$739,800 which is included in the 2017/2018 revised estimate. These costs resulted in the fund balance decrease in 2017/2018.

Landfill Surcharge Reserve Part I

Local Planning and Environmental Protection Activities

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Transfers In					
Surcharge Fees	20,325	20,710	21,000	23,500 (1)	21,000 (2)
Funds Available	\$ 20,325	\$ 20,710	\$ 21,000	\$ 23,500	\$ 21,000
Expenditures					
Transfers to Landfill Fund	20,325	20,710	21,000	23,500	21,000
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

1. Transfers are based on 47,000 tons for the 2017/2018 Revised Estimate at \$.50/ton.
2. Transfers are based on 42,000 tons for the 2018/2019 Budget at \$.50/ton.

Landfill Surcharge Reserve Part II

Waste Reduction, Recycling, and Small Business Pollution Prevention

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Transfers In					
Surcharge Fees	<u>42,665</u>	<u>43,490</u>	<u>44,100</u>	<u>49,350</u> (1)	<u>44,100</u> (2)
Funds Available	\$ 42,665	\$ 43,490	\$ 44,100	\$ 49,350	\$ 44,100
Expenditures					
Transfers to Transfer Station Fund	<u>42,665</u>	<u>43,490</u>	<u>44,100</u>	<u>49,350</u>	<u>44,100</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

1. Transfers are based on 47,000 tons at \$1.05/ton for the 2017/2018 Revised Estimate.
2. Transfers are based on 42,000 tons at \$1.05/ton for the 2018/2019 Budget.

Landfill Closure Reserve (1)

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 705,792	\$ 796,174	\$ 791,792	\$ 897,991	\$ 999,991
Revenues					
Transfers In					
Landfill Fund	<u>90,382</u>	<u>101,817</u>	<u>86,000</u>	<u>102,000 (2)</u>	<u>102,000 (2)</u>
Funds Available	\$ 796,174	\$ 897,991	\$ 877,792	\$ 999,991	\$ 1,101,991
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 796,174</u></u>	<u><u>\$ 897,991</u></u>	<u><u>\$ 877,792</u></u>	<u><u>\$ 999,991</u></u>	<u><u>\$ 1,101,991</u></u>
Increase (Decrease) in					
Fund Balance	\$ 90,382	\$ 101,817	\$ 86,000	\$ 102,000	\$ 102,000

1. This reserve is required to be established to pay for the closure costs for the currently permitted landfill area.
2. Transfers to this reserve are determined annually based on the required annual engineering report submitted to the Iowa Department of Natural Resources. Estimated amounts are reflected since the actual amounts have not yet been determined.

Landfill Post-Closure Reserve (1)

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 872,785	\$ 912,555	\$ 952,555	\$ 940,638	\$ 969,138
Revenues					
Transfers In					
Landfill Fund	<u>39,770</u>	<u>28,083</u>	<u>40,000</u>	<u>28,500 (2)</u>	<u>28,500 (2)</u>
Funds Available	\$ 912,555	\$ 940,638	\$ 992,555	\$ 969,138	\$ 997,638
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 912,555</u></u>	<u><u>\$ 940,638</u></u>	<u><u>\$ 992,555</u></u>	<u><u>\$ 969,138</u></u>	<u><u>\$ 997,638</u></u>
Increase (Decrease) in					
Fund Balance	\$ 39,770	\$ 28,083	\$ 40,000	\$ 28,500	\$ 28,500

1. Landfill owners are required to monitor and maintain landfill sites for 30 years after landfills are closed. Funds are required to be set aside annually in order to accumulate funds for this purpose.
2. Transfers to this reserve are determined annually based on the required annual engineering report submitted to the Iowa Department of Natural Resources. Estimated amounts are reflected since the actual amounts have not yet been determined.

Function:
Business Type

Department:
Public Works

Activity:
Landfill Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 27,728	\$ 65,026	\$ 63,800	\$ 63,400	\$ 66,400	4.08%
Commodities	13,668	9,421	17,400	17,400	17,400	0.00%
Contractual Services	561,389	537,164	549,300	560,500	550,400	0.20%
Capital Outlay	93,973	180,456	600,000	942,500	15,000	-97.50%
Transfers	<u>325,553</u>	<u>248,400</u>	<u>251,600</u>	<u>259,350</u>	<u>253,300</u>	0.68%
Total Expenditures	<u>\$ 1,022,311</u>	<u>\$ 1,040,467</u>	<u>\$ 1,482,100</u>	<u>\$1,843,150</u>	<u>\$ 902,500</u>	-39.11%
Funding Sources						
Charges for Services	\$ 1,407,713	\$ 1,246,501	\$ 1,255,400	\$1,419,000	\$ 1,259,000	0.29%
Agency Assessment	117,177	117,177	117,200	117,200	117,200	0.00%
Industry Contribution	10,000	10,000	10,000	10,000	10,000	0.00%
Interest	2,326	8,601	1,000	5,000	2,500	150.00%
Transfers In:						
Surcharge Reserve	<u>20,325</u>	<u>20,710</u>	<u>21,000</u>	<u>23,500</u>	<u>21,000</u>	0.00%
Total Funding Sources	<u>\$ 1,557,541</u>	<u>\$ 1,402,989</u>	<u>\$ 1,404,600</u>	<u>\$1,574,700</u>	<u>\$ 1,409,700</u>	0.36%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Solid Waste Manager	0.25	0.35	0.35	0.35	0.35	
Solid Waste Supervisor	<u>-</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	0.25	0.60	0.60	0.60	0.60	\$ 45,900
Employee Benefits						<u>20,500</u>
Total Personal Services						<u>\$ 66,400</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Side by Side (4 x 4) Vehicle	1	No	<u>\$ 15,000</u>

SOLID WASTE MANAGEMENT FUNDS

TRANSFER STATION OPERATIONS

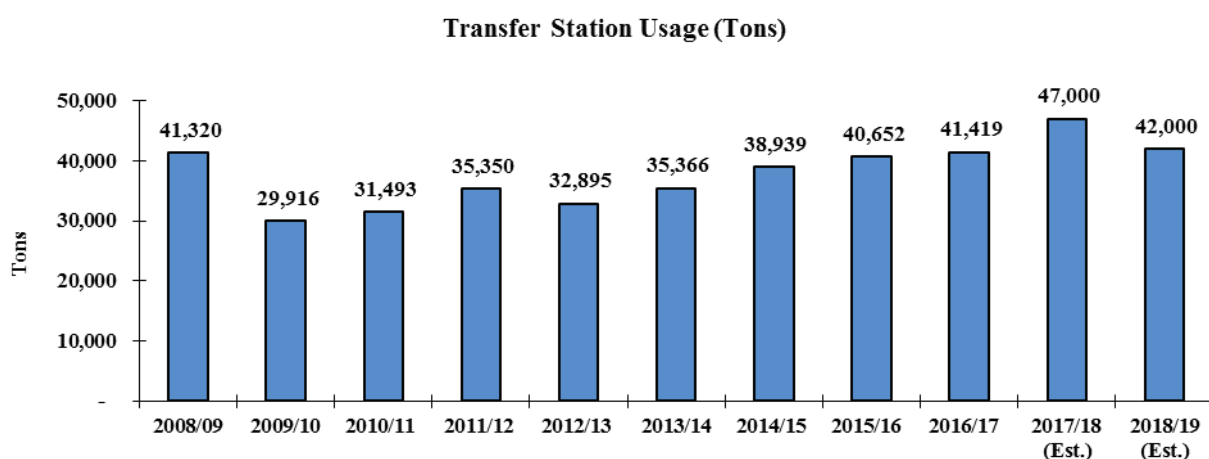
GENERAL INFORMATION:

The Transfer Station opened in August of 1995. Project costs totaled approximately \$10,128,000. Available balances funded \$1,181,000 of construction costs. Bond proceeds of \$8,778,400, a sales tax refund of \$154,600, and interest earnings funded the balance of the project costs. Two bond issues financed construction of the facility. Series A was issued November 1, 1994 in the amount of \$7,000,000 and Series B dated December 1, 1995 was in the amount of \$2,625,000. An advance refunding of the Series A issue was completed as of June 1, 1998. The Series A refunded debt and the Series B debt were advance refunded in June of 2008. Annual debt service requirements on these issues were funded from transfer station and refuse collection revenues until fiscal year 2004/2005. In 2004/2005 \$470,000 of a total of \$751,394 in transfer station debt service costs was funded from debt service taxes. Beginning in 2005/2006 and continuing through 2013/2014 100% of the debt service costs for the transfer station were funded from debt service taxes. The fiscal year 2013/2014 payments retired this issue.

The Solid Waste Manager oversees the operation of the Transfer Station. The Solid Waste Manager's primary responsibilities involve overseeing the transfer station operation as well as the overall coordination of the refuse collection, transfer station, and landfill functions.

CURRENT TRENDS AND ISSUES:

The Transfer Station opened in August 1995. Waste volumes at the Transfer Station have varied as shown in the table below. The local economy as well as the July 1, 2009 rate increase impacted the transfer station waste volume. Revenues and expenditures for the 2017/2018 revised estimate have been based on 47,000 tons of waste and the 2018/2019 budget is based 42,000 tons of waste. The higher waste volume in 2017/2018 is due to debris from the 2017 tornado, wind storm, and hail storm.



For the 2009/2010 budget, the transfer station tipping fee was increased from \$41.00 to \$60.00 per ton, primarily due to landfill cell development costs which resulted in a deficit of over \$2 million in the Landfill fund. The landfill portion of the fee was increased from \$25.00 to \$40.00 per ton. In past years rates were held at a lower level due to concerns that increasing this rate may result in the loss of waste volume to Illinois landfills which have lower tipping fees. The rate increase was needed to generate funding to reduce the accumulated deficits in both the Landfill and Transfer Station funds.

With significant deficits in both the Landfill and Transfer Station funds, the Solid Waste Agency and the City considered implementing flow control measures which would have required all waste generated in the Agency's area to be brought to the Transfer Station and Landfill. Area businesses and the Chamber requested a committee be formed of business leaders, city staff, an Agency member, and others, to discuss the impacts that flow control would have on area businesses and possible alternate solutions. The Committee's recommendations included allowing for additional negotiated industrial contracts which would bring additional waste volume and revenue to the Landfill. City Council approved the Committee's recommendations at their October 7, 2010 meeting and five new industrial contracts were entered into which were estimated to bring in an additional 5,000 tons of waste and \$180,000 of revenues annually over a three year period. These negotiated industrial contracts as well as the original industrial contracts were all extended through June 30, 2015 and have been further extended through June 30, 2020. Under the new contracts the original industrial waste contracts were reduced by \$5/ton from \$50/ton to \$45/ton, with \$25 of the \$45 rate paid to the Landfill. The negotiated contracts were each reduced by \$2.50/ton. While revenue from the negotiated industrial contracts passes through the Transfer Station budget as tipping fees, this additional revenue was directed toward the accumulated deficit in the Landfill fund and is not providing any funding for the Transfer Station.

In 2010/2011 the City took several actions to reduce the deficit in the Transfer Station fund. These included (1) reducing the allocation of the Solid Waste Manager to the Transfer Station from 33.3% to 25% for a savings of \$8,300, (2) reducing the allocation of the Clerk from 66.7% to 50% for a savings of \$9,100, (3) reducing Saturday hours to 8:00 a.m. to noon during the winter months for a savings of \$4,000 in overtime and \$1,000 in temporary services, (4) reducing overtime by an additional \$11,000 with weekday scheduling changes, (5) no longer charging e-waste, appliance, and tire disposal fees to this budget for items picked up during Cleanup Week at no charge which transferred \$23,500 of expenses from the Transfer Station to the Refuse Collection budget, (6) not including funds for any capital items, and (7) various other line item reductions totaling \$20,000. In 2010/2011 the City also made a \$200,000 transfer from the Refuse Collection fund to the Transfer Station fund to help eliminate the deficit balance. This resulted in a smaller deficit of \$12,874 at the end of 2010/2011. An additional \$50,000 transfer from the Refuse Collection fund was made in 2011/2012 which resulted in a \$15,485 positive balance in this fund at the end of 2011/2012. The Transfer Station fund balance increased to \$32,669 at the end of 2012/2013 and decreased to \$24,338 at the end of 2013/2014. There was a \$21,449 deficit in the Transfer Station fund at the end of 2014/2015, and a \$57,857 deficit at the end of 2015/2016.

As noted above, all of the revenue from the negotiated industrial contracts has been directed to the Landfill fund to reduce the accumulated deficit in that fund and those contracts have been extended through June 30, 2020. The Transfer Station has had minimal fund balances in recent years in part due to crediting all of the revenue from the negotiated contracts to the Landfill fund. As a result, the Transfer Station fund has been "absorbing" the direct and indirect costs for processing the waste from these contracts. The Transfer Station pays a contractor to haul waste from the Transfer Station to the Landfill. Hauling costs are estimated at \$386,000 for 2018/2019 and the total waste volume is estimated at 42,000, for an average of \$9.19/ton in hauling costs. Applying this rate to the estimated 7,800 tons of waste from the negotiated contracts, results in the Transfer Station "absorbing" hauling costs estimated at \$71,682 annually.

After the 2016/2017 budget was adopted the City Council approved a change in the portion of the Transfer Station fee paid to the landfill to address the deficit in the Transfer Station fund and to address equipment replacement needs at that facility. This was reviewed with the Chamber Landfill Committee at their May 13, 2016 meeting and the Committee recommended that the allocation of the \$60 full rate tipping fee be changed from \$40 Landfill/\$20 Transfer Station to \$32 Landfill/\$28 Transfer Station for a two-year period (2016/2017 and 2017/2018). This allocation change allowed for the purchase of a new track loader funded from a separate internal loan and also eliminated the budget deficit in the Transfer Station fund with a positive \$166,418 fund balance at the end of 2016/2017.

Due to continuing capital outlay and deferred maintenance needs at the Transfer Station, the allocation of the full rate waste fee is budgeted to continue at the \$32 Landfill/\$28 Transfer Station allocation rate for the 2018/2019 fiscal year. Based on an estimated 26,200 of transfer station tonnage at the full \$60 per ton rate, this results in an expenditure reduction of \$209,600 in the Transfer Station fund and a revenue reduction of that same amount in the Landfill fund. With this change the Landfill fund is still projected to have a \$1,231,814 fund balance at the end of 2018/2019. For the Transfer Station, continuing the current allocation rate allows for replacement of the exterior scale for \$105,000 and still maintains a \$33,668 positive fund balance.

The 2017/2018 revised estimate expenditures are \$287,000 more than the original budget. The revised estimate is based on an estimated 47,000 tons of waste instead of the 42,000 tons in the original budget due to the debris from the 2017 tornado, wind storm, and hail storm. Significant expenditure changes include (1) a \$155,400 increase in waste hauling services due to the increased waste volume and the higher rate in the new waste hauler contract, (2) a \$163,600 increase in landfill fees based on the increased waste volume, (3) a \$26,900 decrease in capital outlay since actual costs of purchases were less than budgeted, and (4) a net decrease of \$5,100 in other line items.

Revised estimate tipping fee revenue is estimated at \$2,452,600 which is \$297,200 more than the original budget. This increase is due to the 5,000 ton waste volume increase which includes debris from the 2017 tornado, wind storm, and hail storm.

The budgeted expenditures for 2018/2019 are \$32,000 (1.4%) less than the original 2017/2018 budget. The 2018/2019 budget is based on 42,000 tons of waste volume, the same as the original 2017/2018 budget. The \$32,000 expenditure decrease is primarily due to (1) a \$146,000 decrease in capital outlay, and (2) a \$113,400 increase in hauling costs based on the higher rates in the new hauling contract.

The 2018/2019 budgeted tipping fees are estimated at \$2,152,600, which is slightly (\$2,800) less than the original budget for 2017/2018.

Both the 2017/2018 revised estimate and 2018/2019 budget include \$75,800 payments on the internal loans used to purchase equipment for the Transfer Station since the Transfer Station operating budget has not had sufficient funds available for major capital purchases. A new crane and cab for the Transfer Station was purchased in 2013/2014 at a total cost of \$177,370. This equipment was financed with an internal loan from other City funds. A down payment of \$35,600 was made on this purchase in 2013/2014. Annual payments of \$35,600 in each of the next four fiscal years (2014/2015 through 2017/2018) will complete the financing for this equipment. The transfer trailer purchased in 2015/2016 will add two years to the internal loan, with an annual payment of \$35,600 in 2018/2019 and \$32,500 in 2019/2020. An additional internal loan for a track loader was added in the spring of 2016. Payments on this internal loan are \$40,200 beginning in 2017/2018 and continuing through 2020/2021. These amounts total to the \$75,800 in the revised estimate and 2018/2019 budget.

As noted previously, while the change in the allocation of the full rate Transfer Station tipping fee from the \$40 Landfill/\$20 Transfer Station to \$32 Landfill/\$28 Transfer Station was initially approved for only a two year period (2016/2017 and 2017/2018), the 2018/2019 budget is based on continuing this allocation rate to address capital and deferred maintenance needs at the Transfer Station.

GOAL STATEMENT:

To operate the Transfer Station/Recycling Facility in an environmentally sound and fiscally responsible manner in order to provide for solid waste handling and disposal for the City of Muscatine and the Muscatine County Solid Waste Management Agency.

PERFORMANCE MEASURES:

	Actual 2014/15	Actual 2015/16	Actual 2016/17	Estimate 2017/18	Estimate 2018/19
Tons of Waste Processed	38,939	40,652	41,419	47,000	42,000
Tons Recycled (Contractor) – Republic	5,608	1,402 *	1,418	1,435	1,450
Gallons of Waste Oil Collected (Est.)	6,000	4,237	4,840	4,900	5,050

* Beginning in 2015/2016 tons recycled include only those from the recycling trailers at the Transfer Station. In previous years the contractor provided recycling services for businesses at the Transfer Station.

RECENT ACCOMPLISHMENTS:

On March 3, 2017, Muscatine was hit by a tornado. Three months later on June 17, the city was hit with golf ball sized hail. A third storm with high winds struck in early July. During the first five months of fiscal year 2017/2018 (July – November), waste volume increased by 5,200 tons compared to the previous year. This increase is attributed to the debris from the storm events. Multiple, and in some cases all, houses in neighborhoods required replacement of their roofs and siding. There were 150 additional truckloads of waste hauled to the Landfill during those months. Some additional debris was still being brought to the Transfer Station in December.

In June of 2017, the City awarded the contract for waste hauling services from the Transfer Station to the Landfill to JJJ Hauling for a 5-year period that was effective July 1, 2017. JJJ Hauling also has the contract to haul leachate from the Landfill to the Water Pollution Control Plant.

In July of 2017 a new load out tunnel scale was ordered and installation was completed in October. Having this scale in operation ensures that all trailers going to the Landfill are fully loaded, which is a welcome operational improvement for the Transfer Station.

The new wheel loader for the tipping floor was ordered in December of 2017. It will replace the loader that has been in operation since the Transfer Station opened in 1995. It is the same size unit, but it will have increased power.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To continue to work with commercial customers for waste management audits and discussions of their refuse and recycling needs.
- * To provide safety education information to staff to maintain a safe work environment.
- * To review daily operational practices to look for ways to improve standard operating practices utilizing Lean concepts. **(Council and Management Continuous Service Improvement Goal)**
- * To continue to offer educational opportunities for student groups to learn about refuse, recycling, and composting activities.

Transfer Station Operations

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance (Deficit), July 1	\$ (21,449)	\$ (57,857)	\$ 93,743	\$ 166,418	\$ 97,168
Revenues					
Charges for Services	\$ 2,065,690	\$ 2,178,078	\$ 2,155,400	\$ 2,452,600 (2)	\$ 2,152,600 (3)
Household Hazardous Waste	18	0	300	300	300
Recycling Commissions	5,364	11,098	7,000	7,000	7,000
Recycling Center Rental Fees	21,000	20,896	21,000	21,000	21,000
Sales Tax	11,688	11,558	12,000	20,000	12,000
Electronic Waste Disposal Fees	11,522	13,958	13,000	13,000	13,000
Appliance Disposal Fees	7,225	8,394	8,300	8,500	8,500
Sale of Equipment	0	2,518	0	0	0
Other	2,557	1,466	0	0	0
Transfers In:					
Surcharge Reserve	42,665	43,490	44,100	49,350	44,100
Closure Reserve	0	4,570	0	0	0
Total Revenues	\$ 2,167,729	\$ 2,296,026	\$ 2,261,100	\$ 2,571,750	\$ 2,258,500
Funds Available	\$ 2,146,280	\$ 2,238,169	\$ 2,354,843	\$ 2,738,168	\$ 2,355,668
Expenditures (1)	2,204,137	2,071,751	2,354,000	2,641,000	2,322,000
Ending Balance (Deficit), June 30	\$ (57,857)	\$ 166,418	\$ 843	\$ 97,168	\$ 33,668
Increase (Decrease) in Fund Balance	\$ (36,408)	\$ 224,275	\$ (92,900) (3)	\$ (69,250)	\$ (63,500)

- Expenditures include changes in compensated absences and other post-employment benefits.
- The revenue estimate for 2017/2018 is based on 31,200 tons at \$60/ton plus 8,000 tons at the industrial rate of \$45/ton plus \$220,600 from the negotiated industrial contracts which is passed through to the Landfill. The total projected waste volume is 47,000 tons compared to the originally budgeted 42,000 tons. The increase is primarily due to debris from the 2017 tornado, wind storm, and hail storm.
- The revenue estimate for 2018/2019 is based on 26,200 tons at \$60/ton plus 8,000 tons at the industrial rate of \$45/ton plus \$220,600 from the negotiated industrial contracts which is passed through to the Landfill. The total projected waste volume is 42,000 tons for the 2018/2019 budget.

Explanation of Changes in Fund Balances:

The deficit balances in this fund in recent years were primarily due to reduced waste volume at this facility and crediting all of the revenue from the negotiated industrial contracts to the Landfill fund. Beginning in the 2016/2017 revised estimate, the portion of the full \$60/ton rate paid to the Landfill was decreased from \$40/ton to \$32/ton. This accounts for the increase in fund balance in 2016/2017. While the 2017/2018 revised estimate includes a decrease of \$69,250 in fund balance, the revised estimate includes a total of \$224,100 in capital outlay items. The decrease of \$63,500 in 2018/2019 is also due to \$105,000 in capital outlay.

Transfer Station Closure Reserve (1)

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 38,395	\$ 38,395	\$ 31,995	\$ 33,825	\$ 33,825
Revenues					
Transfers In					
Transfer Station Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	\$ 38,395	\$ 38,395	\$ 31,995	\$ 33,825	\$ 33,825
Transfer to Operations	<u>0</u>	<u>4,570</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 38,395</u></u>	<u><u>\$ 33,825</u></u>	<u><u>\$ 31,995</u></u>	<u><u>\$ 33,825</u></u>	<u><u>\$ 33,825</u></u>
Increase (Decrease) in Fund Balance	\$ 0	\$ (4,570)	\$ 0	\$ 0	\$ 0

1. This reserve is required according to State regulations.

Function:
Business Type

Department:
Public Works

Activity:
Transfer Station

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 251,228	\$ 241,749	\$ 253,100	\$ 249,900	\$ 258,000	1.94%
Commodities	21,893	27,452	32,200	31,100	31,100	-3.42%
Contractual Services	1,886,185	1,704,473	1,738,900	2,057,900	1,849,000	6.33%
Capital Outlay	1,531	15,077	251,000	224,100	105,000	-58.17%
Transfers	38,400	78,700	78,800	78,000	78,900	0.13%
Total Expenditures	<u>\$ 2,199,237</u>	<u>\$ 2,067,451</u>	<u>\$ 2,354,000</u>	<u>\$ 2,641,000</u>	<u>\$ 2,322,000</u>	-1.36%
Funding Sources						
Charges for Services	\$ 2,065,690	\$ 2,178,078	\$ 2,155,400	\$ 2,452,600	\$ 2,152,600	-0.13%
Recycling Commissions	5,364	11,098	7,000	7,000	7,000	0.00%
Recycling Center Rental	21,000	20,896	21,000	21,000	21,000	
Sales Tax	11,688	11,558	12,000	20,000	12,000	0.00%
Tire, E-Waste, Appliance Charges	18,747	22,352	21,300	21,500	21,500	0.94%
Sale of Equipment	-	2,518	-	-	-	
Other	2,575	1,466	300	300	300	0.00%
Transfer from Closure Reserve Fund	-	4,570	-	-	-	
Transfer from Surcharge Reserve	42,665	43,490	44,100	49,350	44,100	0.00%
Total Funding Sources	<u>\$ 2,167,729</u>	<u>\$ 2,296,026</u>	<u>\$ 2,261,100</u>	<u>\$ 2,571,750</u>	<u>\$ 2,258,500</u>	-0.11%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Solid Waste Manager	0.25	0.15	0.15	0.15	0.15	
Equipment Operator III	1.00	1.00	1.00	1.00	1.00	
Equipment Operator I	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.67	0.50	0.50	0.50	0.50	
Clerk	0.50	0.50	0.50	0.50	0.50	
Total Full Time	3.42	3.15	3.15	3.15	3.15	\$ 153,700
Employee Benefits						104,300
Total Personal Services						<u>\$ 258,000</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Scale for Exterior of Building	1	Yes	<u>\$ 105,000</u>

Funding Transfers	
Item	Amount
Annual Payment on Internal Loans for Transfer Trailer and Track Loader	<u>\$ 75,800</u>

WATER POLLUTION CONTROL FUND

GENERAL INFORMATION:

The Water Pollution Control Fund consists of two reserve funds, one bond sinking fund and five (5) operating activities. In order to provide a comprehensive picture of the financial status as an enterprise fund, it is necessary to review the reserve funds and each of the activities within the Water Pollution Control Fund.

RESERVE FUNDS

Water Pollution Control Plant (WPCP) Replacement Reserve. This reserve was known as the E.P.A. Replacement Reserve through the 2006/2007 year. This reserve was originally required under the terms and conditions of the receipt of federal funds for the construction of the Water Pollution Control Plant in 1976. The reserve is used to fund the replacement of equipment at the plant. According to the terms of the original agreement between the EPA and the City, a transfer of \$90,000 annually was required to be made from the Water Pollution Control Operating fund. The funding transfers to this reserve for 2006/2007 through 2010/2011 were each set at \$270,000. The transfer was reduced to \$200,000 in 2011/2012 and that funding amount continued through 2015/2016. This reduction was due to funding the new West Hill Sewer Separation Long-Term Financing Plan Reserve discussed below. In 2016/2017 the budgeted transfer was increased by \$500,000 (to \$700,000) so there would be sufficient funds available in this reserve for the High Strength Waste Receiving Station project as further discussed below. The \$700,000 funding transfer was continued in the 2017/2018 and 2018/2019 budgets.

In 2009/2010 through 2012/2013 a total of approximately \$2 million from this reserve was used as part of the overall financing of the Water Pollution Control Comprehensive Plant Improvement project. The primary funding source for the Comprehensive Plant Improvement project was a State Revolving Fund Loan in the amount of \$16,500,000 with the \$2,000,000 from this reserve used to reduce the overall debt financing for this project. The contract for this project was awarded in the fall of 2008 and the contract was closed out in June of 2013.

In 2011/2012 through 2013/2014 this reserve funded a total of approximately \$289,600 for the upgrade of the Slough/Sunset Park pump stations. This reserve also funded the Lab Renovation project that was completed in 2014/2015 at a total cost of \$760,400. Engineering design for the new High Strength Waste Receiving Station began in 2013/2014 and continued through 2016/2017. The total construction cost for this project is now estimated at \$3,000,000 with an additional \$800,000 needed for the digester conversion portion of the project. An estimated \$125,000 of final engineering design services and an estimated \$500,000 of construction work is projected to be completed prior to the end of the 2017/2018 fiscal year with funding from this reserve. The remaining \$2,500,000 of project costs are included in the 2018/2019 budget, also funded from this reserve. The \$800,000 cost of the digester conversion portion of the project will be included in the May 2018 bond issue. The Water Pollution Control operations budget will fund the annual debt service payments on this portion of the 2018 bond issue.

West Hill Sewer Separation Long-Term Financing Plan Reserve. In January of 2012 City staff working with Public Financial Management (PFM), the City's financial consultant, completed a long-term plan for financing the West Hill Sewer Separation project. This \$50+ million project is mandated by an E.P.A. Consent Order to be completed by 2028. This plan was updated in 2017. Plans are to complete this project in phases over the next ten years. The 80% allocation of Local Option Sales Taxes approved by voters to be

used for storm and sanitary sewer improvements will provide funding for a portion of the project costs. The referendum to extend this tax from its current expiration date of June 30, 2019 through June 30, 2034 was held on March 6, 2018, and the tax was again approved by voters with 88% voting in favor of the extension.

Beginning in 2017/2018 local option taxes will need to be supplemented with other resources to complete the scheduled work on this project. This reserve fund was established in 2011/2012 to accumulate funds to assist in financing this project. The 2011/2012 through 2018/2019 budgets each included \$200,000 in transfers from the Water Pollution Control fund. Like amounts for those same years are being transferred from the Collection and Drainage fund. Annual allocations from both of these funds are proposed to continue to be set aside each year throughout the project. Based on the assumptions used in the long-term financial plan, the Local Option Sales Tax funds and funds from this reserve are expected to be sufficient to cash flow project costs until 2023 when a State Revolving Fund (SRF) loan will be needed to fund remaining project costs. Bids will be received in the spring of 2018 for Phase 4 of this project. The amount of funding that will be needed from this reserve will be determined based on the bids received for this project.

SEWER BOND SINKING FUND

The City used the State Revolving Fund (SRF) Loan program to finance \$16.5 million of the cost for the Comprehensive Plant Facilities Improvement project. Interest is at an effective rate of 3.25%. Under the SRF Loan program, the City is required to transfer funds on a monthly basis into the Sewer Bond Sinking fund. Transfers to this fund in 2017/2018 and 2018/2019 are \$1,061,603 and \$1,063,596, respectively. Interest payments are \$404,495 in 2017/2018 and \$383,143 in 2018/2019. The principal payments on this loan are \$657,000 in 2017/2018 and \$678,000 in 2018/2019.

CONSTRUCTION FUNDS

The existing Water Pollution Control Plant was completed in the fall of 1976. A renovation project was initiated in 1984 and completed in 1989 which included major rehabilitation of the plant equipment and major changes in both the wet process and the sludge disposal program. The total cost of the project was \$8.9 million. A Plant Modifications Project was completed in 1999. This project included construction of a new grit facility for grit removal, cleaning, and storage.

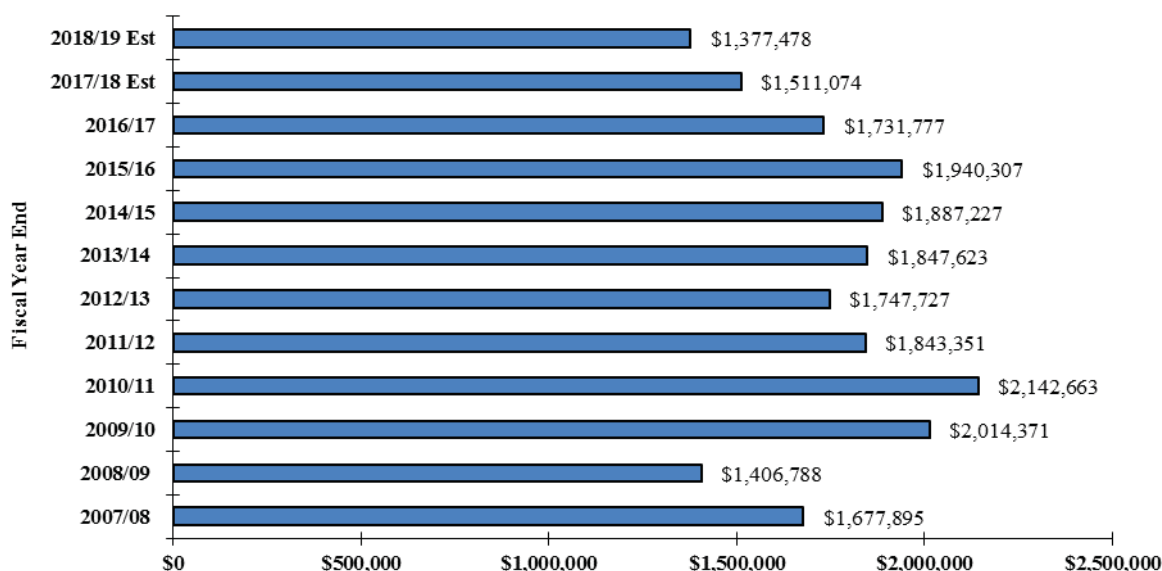
A comprehensive Water Pollution Control Plant review was completed in 2006. Recommendations from this review included reconstruction of existing processes with upgrades directed toward process optimization through equipment upgrades, operational flexibility, and optimizing energy utilization. The total cost of these improvements was approximately \$18.5 million with \$2 million funded from the WPCP Replacement Reserve and \$16.5 million from the State Revolving Fund Loan program. Construction on this project began in December, 2008 and the contract for this project was closed out in June of 2013.

Engineering design is currently underway for a High Strength Waste Receiving Station for the WPCP. This project involves the construction of two large dumping areas to accept hauled waste. One dumping area will be for septic, recreational vehicle, and City jet/vac material disposal. The other site will allow the City to accept FOG (Fats, Oils, and Grease) waste from local restaurants and other food waste. This waste helps produce methane gas in the Plant's anaerobic digesters. This gas can be used to run the boilers, heat buildings, and produce fuel. When the project is completed the City will receive disposal fees from waste haulers, greatly reduce carbon emissions, and save on energy costs at the Plant. Design is scheduled to be completed in the spring of 2018 and construction is scheduled to begin in the summer of 2018 and be completed by the end of the 2018 calendar year.

WATER POLLUTION CONTROL OPERATING FUND

As the Muscatine Water Pollution Control Plant is substantially dependent on the waste from its major industrial customers, their economic growth substantially impacts the fund balance of this fund. The following chart shows the Water Pollution Control fund balance history.

Water Pollution Control Fund Balance History



The fund balances listed above fluctuated partially as a result of variable volumes received from industrial customers. In addition, the City increased rates during this time period to cover inflationary cost increases and to ensure sufficient funds would be available for the debt service requirements on the State Revolving Fund (SRF) Loan. The fund balance increase in 2009/2010 was due to there being no debt payments that year. The prior year bond issue was retired in 2008/2009 and there was only interest due on the new State Revolving Fund (SRF) Loan in 2009/2010. In 2010/2011 there was a principal payment on the SRF loan but the interest paid was based on the loan funds drawn down through that date. The full annual debt payments on the SRF loan (approximately \$1,061,000) began in 2011/2012. The decreases in fund balance in 2016/2017, 2017/2018, and 2018/2019 are due to \$500,000 increases in the transfers to the Plant Replacement Reserve in these years. These increased transfers are needed to fund the High Strength Waste Receiving Station project.

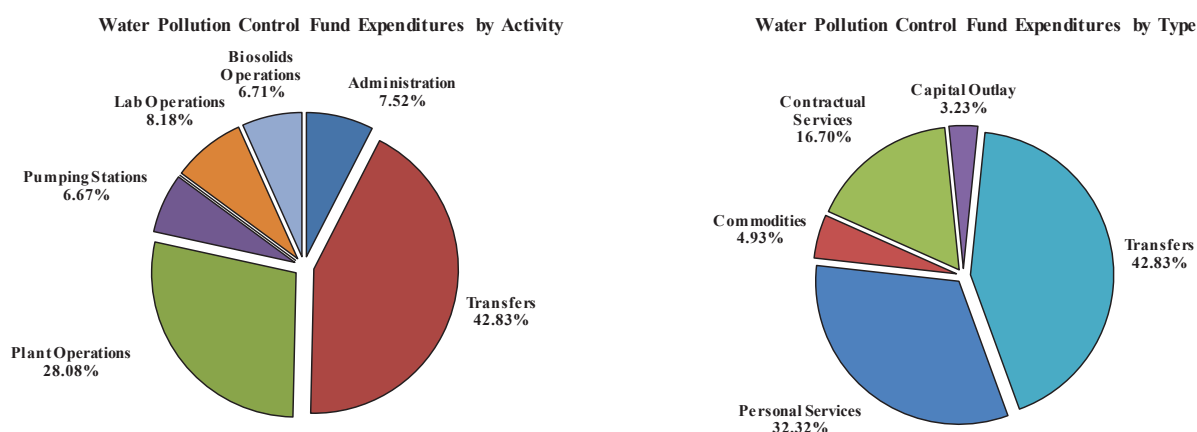
In 2002 the City contracted for consultant services to assist in developing a new sewer rate structure. One component of the new rate structure was a multi-year contract with the City's major industrial sewer customer which provides a guaranteed minimum of industrial sewer revenue. Another component was to provide for a separate "Collection and Drainage" charge as part of all residential and commercial customer sewer bills. With the implementation of the new rate structure, the Collection and Drainage activity, formerly accounted for within the Water Pollution Control Fund, is now accounted for as a separate fund.

The rate structure adopted in 2003 also included rate adjustments to be effective July 1, 2004 and July 1, 2005. Sewer rates were also adjusted for the 2006/2007 year. This was a single year rate change since the results of the plant review were not yet known. Rates were set for a two-year period for 2007/2008 and 2008/2009 based on the preliminary cost estimate for plant improvements. As part of the financing of the

Water Pollution Control Comprehensive Plant Facilities Improvement project, City Council in the spring of 2009 approved rate increases of approximately 5% per year for a four-year period with these rate increases effective July 1, 2009, 2010, 2011 and 2012.

In 2013 the City contracted for another rate study and the resolution adopting the recommended rates was approved by City Council in August of 2013. This resolution set both sewer and collection drainage rates for a 5-year period through June 30, 2018. The sewer rates reflected annual 3% increases with the first year rates effective September 1, 2013 and thereafter 3% annual rate increases effective July 1, 2014 through July 1, 2017. The 2017/2018 budget included \$15,000 for a new rate study with those rates to be effective July 1, 2018 and annually thereafter for the next three to five years. The rate study is in progress and the new rates will be determined from the study. The budget reflects an estimated 3% increase in both sewer and collection and drainage rates to be effective July 1, 2018.

The Water Pollution Control Fund consists of five different activities, including administration, plant operations, pumping stations, laboratory operations, and biosolids operations. Full-time equivalent employees for these five activities total 19.25 for 2018/2019. The specific employee allocations are detailed in each of the five (5) activity budgets. The following charts show the distribution of budgeted expenditures by activity and by type for 2018/2019:



The past fiscal years have been challenging times for the City in operating its water pollution control system. Major changes have taken place in the operation of the facility, the character of the waste being treated, and the volume of waste received. In addition, with the reconstruction and equipment upgrades, the city is striving to further increase operating efficiency and flexibility as well as optimizing energy utilization at the plant. With careful planning and financial management, the City has provided and will continue to provide an excellent facility which will treat wastewater and meet Federal and State regulations at a reasonable cost.

CURRENT TRENDS AND ISSUES:

The 2017/2018 revised estimate expenditures are \$87,000 less than the original budget. There were increases or decreases in each of the individual activity budgets including (1) an \$8,300 decrease in the Water Pollution Control Administration budget, (2) a \$104,300 decrease in the Plant Operations budget, (3) a \$26,100 increase in the Pumping Stations budget, (4) a \$3,800 decrease in the Lab budget, and (5) a \$3,300 increase in the Biosolids budget.

The decrease in the Administration budget includes an employee changing from family to single health insurance. The Administration budget also includes \$10,700 for 50% of the cost of a study to assist in determining the amount of gas that will be generated by the High Strength Receiving Station. This study is being done in conjunction with Iowa State University and CIRAS (Center for Industrial Research and Service) and CIRAS will be funding the other 50% of the cost of the study. The decrease in the Plant Operations budget is primarily due to personal services cost savings from not filling a fulltime position until the High Strength Waste Receiving Station is nearing completion, filling a formerly fulltime Maintenance Worker I position with a part-time Custodian II position working 29 hours per week, and an expected retirement that did not occur. The increase in the Pumping Stations budget is due to increased repair and maintenance costs.

The 2018/2019 budgeted expenditures of \$5,269,796 are \$211,193 (4.2%) more than the original 2017/2018 budget. This overall increase is due to (1) a \$15,200 (.9%) increase in personal services costs, (2) a \$10,400 increase in commodities, (3) a \$9,000 increase in contractual services, (4) a \$79,600 increase in capital outlay, and (5) a \$96,993 increase in transfers. The increase in transfers includes an estimated \$97,800 for the first annual debt service payment on the debt to be issued for the digester conversion portion of the High Strength Waste Receiving Station project.

The transfers for 2017/2018 and 2018/2019 each include \$500,000 increases (to \$700,000) in the transfers to the Replacement Reserve needed to fund the High Strength Waste Receiving Station project.

As noted previously, a sewer rate study is currently in progress and rates will be determined from the results of this study. The budget includes an estimated 3% increase in these rates.

GOAL STATEMENT:

To operate the Muscatine Water Pollution Control Operations in a manner to assure that all residential, commercial, and industrial wastewater is treated in an environmentally sound, efficient, and cost effective manner to meet the requirements established by Federal and State regulatory agencies.

PERFORMANCE MEASURES:

Fiscal Year Measures		Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Million Cubic Feet of Wastewater Treated		279.0	261.2	234.9	225	240
Biological Oxygen Demand Treated (1,000 lbs/yr.)		3,139*	4,039**	3,689	3,350	3,300
Total Suspended Solids Treated (1,000 lbs/yr.)		2,687	2,992	2,863	2,800	2,900
Number of Customer Bills	Industrial	101	96	100	110	120
	Non-Industrial	<u>108,348</u>	<u>109,471</u>	<u>110,396</u>	<u>110,400</u>	<u>110,400</u>
	Total	108,449	109,567	110,496	110,510	110,5120

* The plant NPDES Permit required that the testing change from CBOD testing five days a week to BOD testing seven days a week. In January 2015 the plant began the BOD analysis procedures and data tracking of BOD. The BOD concentration levels are about 10-15% higher than CBOD. Beginning in July 2014, Heinz increased loading to the Muscatine Water Pollution Control Plant.

** The CBOD increase in 2015/2016 is due to a one-time increase in loading from Heinz. This is expected to level off in future years.

Calendar Year Measures	Actual 2014	Actual 2015	Actual 2016	Estimated 2017	Estimated 2018
Gallons of Sludge/Number of Acres	4,213,790/ 333.5	7,764,833*/ 493	5,939,290/ 467	4,850,293/ 438	5,100,000/ 467
Lift Station Preventive Maintenance Tasks	10,299	9,732	9,757	8,865	9,000
Lift Station Corrective Work Orders	203	127	135	98	100
Plant Preventive Maintenance Tasks	13,166	13,107	14,950	12,900	14,000**
Plant Corrective Work Orders	195	150	136	120	125

* Gallons of sludge applied increased in 2015 due to an early freeze during the 2014 application season requiring more acres of application in 2015. The increase is also due to the new application tractor's ability to run slower allowing for more solids per acre applied.

** An increase in Preventive Maintenance tasks is anticipated with the addition of the High Strength Waste Receiving Station operation.

RECENT ACCOMPLISHMENTS:

The Muscatine Water Pollution Control Plant (WPCP) continues to move toward the concept of resource recovery and leading the industry with innovative solutions. Resource recovery more accurately describes what is done rather than just treatment. Water is recovered and returned clean to the environment. Solids removed from the water are converted into fertilizer and given to farmers as a replacement to man-made chemicals. Energy is recovered in the form of biogas to heat boilers used in the processes at the plant. The

High Strength Receiving Station operation has been named MARRVE (Muscatine Area Resource Recovery for Vehicles and Energy) and will soon recover waste organics from grocery stores, restaurants, schools, homes, and industry. This waste food, once disposed of at landfills where they create powerful greenhouse gases, will be converted into more fertilizer and clean renewable energy. This program reached national audiences as it was presented in San Diego this past year and the word is spreading about Muscatine's program. Large food producers are very interested in becoming a part of this exciting opportunity unique to only a handful of communities in the country. Value engineering has brought the cost down over the last year and construction is scheduled to begin in the spring.

As new regulations are added to the City's permit, new technologies are being brought on to address the challenges to remain in compliance. The required Nutrient Reduction Study was submitted to the IDNR in January and outlines several possible solutions to what the limits for nitrogen and phosphorus will be in the future. The City is required to submit a new study with plans on how to reduce the impact on the Mississippi River by 2022. With that in mind, staff is exploring a study to incorporate an algae system that with very little energy can reduce nitrogen and phosphorus to nearly undetectable levels. The algae is then sold to be used in products like fertilizers, bioplastics, and biofuels. This produces an ongoing revenue stream to offset costs and to repay the capital costs for the project. New technology grants are being sought for future projects and talks are on-going with several algae based vendors to seek out the best solutions for the process in Muscatine.

The Muscatine Environmental Laboratory at the WPCP became certified for Safe Drinking Water testing and has been receiving samples since the spring of 2017. With full service certified laboratory testing for wastewater, drinking water, and pools and spas, the Muscatine Environmental Lab is serving the community and bringing in more revenue to offset costs to local rate payers.

The Pumping Station division is set to begin a pilot project that should reduce hydrogen sulfide gas at the Stewart Road Lift Station and ultimately at the WPCP. Testing has shown this station to be the root cause of most gas and odor issues at the WPCP and the pilot oxygen injection project will hopefully show that nuisance odors effects to the residents and businesses surrounding the plant can be reduced. While complete odor elimination is not likely due to the nature of the processes, the WPCP staff is still working on solutions to these issues which should encourage more growth in the area and reduce the impact on those living and working in the area.

The Biosolids division has taken on multiple off-season duties for the Storm Water division allowing many projects to proceed including the new Pollinator Park, the Sycamore Street Biocell, and the Mulberry Avenue Infiltration practice. In conjunction with the Parks and Recreation and Public Works departments, these areas will receive special attention as educational opportunities to show the importance of storm water infiltration instead of hard surface removal that creates more pollution and flooding. By utilizing existing staff, the cost to maintain these practices should encourage more use of them and improve the environment of the community in a significant and visually pleasing way.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To finalize the MARRVE (Muscatine Area Resource Recovery for Vehicles and Energy) bid documents (Spring 2018) and solicit bids for the project with construction work to follow. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To complete the Mad Creek I&I (Inflow & Infiltration) Study and begin planning for removal of storm water from the system (Spring 2018).

- * To begin a pilot testing of the NanO₂ air injection hydrogen sulfide removal system at the Stewart Road Lift Station (July 2018). **(Council and Management Continuous Service Improvement Goal)**
- * To continue work on the Sustainable Muscatine Plan and incorporate it into all departments and the Comprehensive Plan.
- * To continue to work Lean planning into all aspects of work at the WPCP and throughout the City to increase efficiency, reduce costs, and provide Continuous Service Improvements. **(Council and Management Continuous Service Improvement Goal)**
- * To seek grants and other funding for the Algae Nutrient Reduction project.
- * To continue working with vendors to determine the best use of the biogas created by the MARRVE program.
- * To continue to work with other departments to improve existing and constructing new storm water infiltration practices to improve local water quality and reduce localized flooding. **(Council and Management Continuous Service Improvement Goal)**
- * To work with Eastern Iowa Community College in developing a curriculum for water technology education.
- * To work with CIRAS (Center for Industrial Research and Service) at Iowa State University to build a business model of industrial customers for the MARRVE project. **(Council and Management Key Projects, Programs, and Placemaking Goals)**
- * To complete the Rate Study and implement the new rates for sewer users and the contract rate users (May 2018).

WATER POLLUTION CONTROL FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

State Revolving Fund Loan Comprehensive Plant Improvement Project \$16,500,000 Issue Dated November 4, 2008

Fiscal Year	Principal	Interest and Fees	Total Requirements
2017/18	\$ 657,000	\$ 404,495	\$ 1,061,495
2018/19	678,000	383,143	1,061,143
2019/20	700,000	361,108	1,061,108
2020/21	723,000	338,358	1,061,358
2021/22	747,000	314,860	1,061,860
2022/23	771,000	290,583	1,061,583
2023/24	796,000	265,525	1,061,525
2024/25	822,000	239,655	1,061,655
2025/26	849,000	212,940	1,061,940
2026/27	876,000	185,348	1,061,348
2027/28	905,000	156,878	1,061,878
2028/29	934,000	127,465	1,061,465
2029/30	964,000	97,110	1,061,110
2030/31	996,000	65,780	1,061,780
2031/32	1,028,000	33,410	1,061,410
Total	<u>\$ 12,446,000</u>	<u>\$ 3,476,658</u>	<u>\$ 15,922,658</u>

Water Pollution Control Fund
Water Pollution Control Plant Replacement Reserve
Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 1,584,188	\$ 1,733,011	\$ 1,693,011	\$ 2,196,875	\$ 2,272,875
Revenues					
Interest	\$ 1,830	\$ 6,097	\$ 1,000	\$ 1,000	\$ 1,000
Transfers In					
Water Pollution Control					
Operations Fund	<u>200,000</u>	<u>700,000</u> (1)	<u>700,000</u> (1)	<u>700,000</u> (1)	<u>700,000</u> (2)
Total Revenues	<u>\$ 201,830</u>	<u>\$ 706,097</u>	<u>\$ 701,000</u>	<u>\$ 701,000</u>	<u>\$ 701,000</u>
Funds Available	<u>\$ 1,786,018</u>	<u>\$ 2,439,108</u>	<u>\$ 2,394,011</u>	<u>\$ 2,897,875</u>	<u>\$ 2,973,875</u>
Expenditures					
Transfers Out:					
Lab Expansion and Renovation	\$ 830	\$ 0	\$ 0	\$ 0	\$ 0
High Strength Waste Receiving Station	<u>52,177</u>	<u>242,233</u>	<u>2,000,000</u>	<u>625,000</u> (2)	<u>2,500,000</u> (2)
Total Expenditures	<u>\$ 53,007</u>	<u>\$ 242,233</u>	<u>\$ 2,000,000</u>	<u>\$ 625,000</u>	<u>\$ 2,500,000</u>
Ending Balance, June 30	<u><u>\$ 1,733,011</u></u>	<u><u>\$ 2,196,875</u></u>	<u><u>\$ 394,011</u></u>	<u><u>\$ 2,272,875</u></u>	<u><u>\$ 473,875</u></u>

Increase (Decrease) in Fund Balance	\$ 148,823	\$ 463,864	\$ (1,299,000)	\$ 76,000	\$(1,799,000)

1. Funding transfers in the 2016/2017 and 2017/2018 budgets were based on an estimated \$2.5 million in construction costs for the High Strength Waste Receiving Station project. As shown, funding transfers to this reserve were increased to \$700,000 in both 2016/2017 and 2017/2018 to fund this project.
2. The higher funding transfer to this reserve has been continued in the 2018/2019 budget based on estimated construction costs of \$3 million. An additional \$800,000 has been included in the May 2018 bond issue for the Digester Conversion portion of this project.

West Hill Sewer Separation Project Long-Term Financing Plan Reserve

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 1,603,815	\$ 2,005,788	\$ 2,407,788	\$ 2,416,819	\$ 2,828,819
Revenues:					
Interest	\$ 1,973	\$ 11,031	\$ 2,000	\$ 12,000	\$ 12,000
Transfers In:					
Water Pollution Control Fund (1)	200,000	200,000	200,000	200,000	200,000
Collection & Drainage Fund (1)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Total Revenues	<u>\$ 401,973</u>	<u>\$ 411,031</u>	<u>\$ 402,000</u>	<u>\$ 412,000</u>	<u>\$ 412,000</u>
Funds Available	\$ 2,005,788	\$ 2,416,819	\$ 2,809,788	\$ 2,828,819	\$ 3,240,819
Expenditures:					
Transfer to West Hill Sewer Project	<u>0</u>	<u>0</u>	<u>228,000</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 2,005,788</u></u>	<u><u>\$ 2,416,819</u></u>	<u><u>\$ 2,581,788</u></u>	<u><u>\$ 2,828,819</u></u>	<u><u>\$ 3,240,819</u></u>
Increase (Decrease) in Fund Balance	\$ 401,973	\$ 411,031	\$ 174,000	\$ 412,000	\$ 412,000

1. Since 2011/2012 the WPCP and Collection and Drainage funds have each included \$200,000 in annual transfers to this Reserve which was established to accumulate funds for the West Hill Sewer Separation project mandated by the Consent Order with the E.P.A. Funds from this Reserve will be used when Local Option Sales Tax funds are insufficient to fund project costs for this multi-year, multi-phase project.

Sewer Revenue Bond Sinking Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 108,024	\$ 108,677	\$ 109,337	\$ 110,474	\$ 111,582
Revenues:					
Interest	\$ 526	\$ 1,637	\$ 500	\$ 1,000	\$ 1,000
Transfers In:					
Water Pollution Control Fund	<u>1,061,312</u>	<u>1,061,325</u>	<u>1,061,603</u>	<u>1,061,603</u>	<u>1,063,596</u>
Total Revenues	<u>\$ 1,061,838</u>	<u>\$ 1,062,962</u>	<u>\$ 1,062,103</u>	<u>\$ 1,062,603</u>	<u>\$ 1,064,596</u>
Funds Available	<u>\$ 1,169,862</u>	<u>\$ 1,171,639</u>	<u>\$ 1,171,440</u>	<u>\$ 1,173,077</u>	<u>\$ 1,176,178</u>
Expenditures:					
Bonds	\$ 616,000	\$ 636,000	\$ 657,000	\$ 657,000	\$ 678,000
Interest and Fees	<u>445,185</u>	<u>425,165</u>	<u>404,495</u>	<u>404,495</u>	<u>383,143</u>
Total Expenditures	<u>\$ 1,061,185</u>	<u>\$ 1,061,165</u>	<u>\$ 1,061,495</u>	<u>\$ 1,061,495</u>	<u>\$ 1,061,143</u>
Ending Balance, June 30	<u><u>\$ 108,677</u></u>	<u><u>\$ 110,474</u></u>	<u><u>\$ 109,945</u></u>	<u><u>\$ 111,582</u></u>	<u><u>\$ 115,035</u></u>
Increase (Decrease) in Fund Balance	\$ 653	\$ 1,797	\$ 608	\$ 1,108	\$ 3,453

Water Pollution Control Operations Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 1,896,677	\$ 1,940,307	\$ 1,553,682	\$ 1,731,777	\$ 1,511,074
Revenues	<u>4,412,695</u>	<u>4,595,572</u>	<u>4,904,300</u>	<u>4,750,900</u>	<u>5,136,200</u>
Funds Available	\$ 6,309,372	\$ 6,535,879	\$ 6,457,982	\$ 6,482,677	\$ 6,647,274
Expenditures (1) (2)	<u>4,369,065</u>	<u>4,804,102</u> (3)	<u>5,058,603</u> (4)	<u>4,971,603</u>	<u>5,269,796</u> (4)
Ending Balance, June 30	<u><u>\$ 1,940,307</u></u>	<u><u>\$ 1,731,777</u></u>	<u><u>\$ 1,399,379</u></u>	<u><u>\$ 1,511,074</u></u>	<u><u>\$ 1,377,478</u></u>

Increase (Decrease) in					
Fund Balance	\$ 43,630	\$ (208,530) (3)	\$ (154,303) (4)	\$ (220,703)	\$ (133,596)

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Beginning in 2011/2012 the WPCP Administration budget includes \$200,000 in annual transfers to the Reserve established to accumulate funds for the West Hill Sewer Separation project mandated by the Consent Order with the E.P.A.
3. The 2016/2017 expenditures included a \$500,000 increase to \$700,000 in the transfer to the Plant Replacement Reserve so there would be sufficient funding available for the High Strength Waste Receiving Station project. This resulted in the decrease in the fund balance in 2016/2017.
4. The 2017/2018 and 2018/2019 budgets continue the increased Replacement Reserve transfer of \$700,000.

Water Pollution Control Operations Fund

Summary of Revenues

	<u>Actual</u> <u>2015/2016</u>		<u>Actual</u> <u>2016/2017</u>		<u>Budget</u> <u>2017/2018</u>		<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>		<u>Budget</u> <u>2018/2019</u>	
Sewer Charges-Residential and Commercial (Billed by MP&W)	\$ 3,206,629	(1)	\$ 3,186,399	(1)	\$ 3,350,000	(2)	\$ 3,261,000	(2)	\$ 3,360,000	(3)
Industrial and City-billed Commercial										
Sewer Charges	1,048,012	(1)	1,209,598	(1)	1,100,000	(2)	1,200,000	(2)	1,300,000	(3)
Charges for Fats, Oils, and Grease (FOG)	0		3,626		90,000		90,000	(4)	100,000	(4)
Charges for High Strength Waste	0		0		200,000		0		200,000	(5)
Wastewater Discharge Permits	1,458		1,375		1,500		1,400		1,400	
Interest	1,836		5,541		1,500		1,500		1,500	
Sale of Equipment/Other Sales	2,303		3,167		0		0		0	
Donation for Pollinator Project	0		6,000		0		0		0	
Analytical Income	92,049		110,800		94,000		100,000		105,000	
Sales Tax	60,245		63,430		67,000		65,000		68,000	
Insurance Reimbursement	0		3,620		0		31,700		0	
Miscellaneous	163		2,016		300		300		300	
Total Revenues	<u>\$ 4,412,695</u>		<u>\$ 4,595,572</u>		<u>\$ 4,904,300</u>		<u>\$ 4,750,900</u>		<u>\$ 5,136,200</u>	

1. Rates were increased approximately 3% effective July 1, 2015 and by an additional 3% July 1, 2016.
2. Rates increased by 3% July 1, 2017.
3. A sewer rate study was in progress at the time the budget was developed; the budget reflects a 3% rate increase for July 1, 2018. The actual rate increase will be determined from the results of the study.
4. Estimated revenue from Fats, Oils, and Grease which began in the spring of 2017.
5. The estimated revenue from High Strength Waste is expected beginning midway through the 2018/2019 fiscal year.

Water Pollution Control Operations Fund

Summary of Expenditures

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Administration (1)	\$ 1,994,806	\$ 2,491,894 (2)	\$ 2,549,703 (2)	\$ 2,541,403 (2)	\$ 2,653,296 (2)
Plant Operations	1,193,757	1,333,876	1,402,100	1,297,800	1,480,000
Pumping Stations	448,473	268,864	356,100	382,200	351,700
Laboratory Operations	364,350	406,357	413,400	409,600	431,300
Biosolids Operations	<u>372,662</u>	<u>284,965</u>	<u>337,300</u>	<u>340,600</u>	<u>353,500</u>
Total Expenditures	<u><u>\$ 4,374,048</u></u>	<u><u>\$ 4,785,956</u></u>	<u><u>\$ 5,058,603</u></u>	<u><u>\$ 4,971,603</u></u>	<u><u>\$ 5,269,796</u></u>

1. Beginning in 2011/2012 the WPCP Administration budget includes \$200,000 in annual transfers to the Reserve established to accumulate funds for the West Hill Sewer Separation project mandated by the Consent Order with the E.P.A.
2. The 2016/2017, 2017/2018, and 2018/2019 Administration budget expenditures include \$700,000 in transfers to the Plant Replacement Reserve so there is sufficient funding available for the High Strength Waste Receiving Station project.

Function:
Business Type

Department:
Water Pollution Control

Activity:
Administration

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 180,789	\$ 195,745	\$ 206,900	\$ 197,900	\$ 204,200	-1.30%
Commodities	3,340	3,327	4,700	4,700	4,700	0.00%
Contractual Services	155,195	149,097	178,300	189,000	180,600	1.29%
Capital Outlay	-	-	-	-	7,000	
Transfers	<u>1,655,482</u>	<u>2,143,725</u>	<u>2,159,803</u>	<u>2,149,803</u>	<u>2,256,796</u>	4.49%
Total Expenditures	<u>\$ 1,994,806</u>	<u>\$ 2,491,894</u>	<u>\$ 2,549,703</u>	<u>\$ 2,541,403</u>	<u>\$ 2,653,296</u>	4.06%
Funding Sources						
Sewer Charges	\$ 2,030,617	\$ 2,318,471	\$ 2,393,900	\$ 2,321,600	\$ 2,518,200	5.19%
Interest	1,836	5,541	1,500	1,500	1,500	0.00%
Donation-Pollinator Project	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Funding Sources	<u>\$ 2,032,453</u>	<u>\$ 2,330,012</u>	<u>\$ 2,395,400</u>	<u>\$ 2,323,100</u>	<u>\$ 2,519,700</u>	5.19%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Director of Water						
Pollution Control	1.00	1.00	1.00	1.00	1.00	
Office Coordinator	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total	2.00	2.00	2.00	2.00	2.00	\$ 149,800
Employee Benefits						<u>54,400</u>
Total Personal Services						<u>\$ 204,200</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Copier	1	Yes	<u>\$ 7,000</u>

Function:
Business Type

Activity:
Plant Operations

Department:
Water Pollution Control

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 694,334	\$ 685,332	\$ 799,100	\$ 647,400	\$ 786,300	-1.60%
Commodities	98,350	97,625	94,500	102,500	109,900	16.30%
Contractual Services	391,762	428,541	483,500	491,100	488,800	1.10%
Capital Outlay	9,311	23,508	25,000	56,800	95,000	280.00%
Transfers	-	98,870	-	-	-	
Total Expenditures	<u>\$ 1,193,757</u>	<u>\$ 1,333,876</u>	<u>\$ 1,402,100</u>	<u>\$ 1,297,800</u>	<u>\$ 1,480,000</u>	5.56%
Funding Sources						
Sewer Charges	\$ 1,129,588	\$ 1,260,268	\$ 1,333,300	\$ 1,196,900	\$ 1,410,300	5.78%
Sales Tax	60,245	63,430	67,000	65,000	68,000	1.49%
Other Revenues	1,621	3,391	1,800	1,700	1,700	-5.56%
Insurance Reimbursement	-	3,620	-	31,700	-	
Sale of Equipment	2,303	3,167	-	2,500	-	
Total Funding Sources	<u>\$ 1,193,757</u>	<u>\$ 1,333,876</u>	<u>\$ 1,402,100</u>	<u>\$ 1,297,800</u>	<u>\$ 1,480,000</u>	5.56%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions:						
Plant Maintenance Manager	1.00	1.00	1.00	1.00	1.00	
Environmental Coordinator	0.75	0.75	0.75	0.75	0.75	
Treatment Plant Operator III	1.00	1.00	1.00	-	-	
Treatment Plant Operator II	1.00	1.00	2.00	1.00	2.00	
Treatment Plant Operator I	1.00	1.00	-	2.00	1.00	
Treatment Plant Mechanic II	1.00	2.00	2.00	2.00	2.00	
Treatment Plant Mechanic I	2.00	1.00	-	-	-	
Maintenance Worker I	1.00	1.00	1.00	-	-	
Equipment Operator I	-	-	1.00	1.00	1.00	
Total Full Time	8.75	8.75	8.75	7.75	7.75	
Part Time:						
Custodian II	-	-	-	0.64	0.73	
Total	8.75	8.75	8.75	8.39	8.48	\$ 509,000
Employee Benefits						277,300
Total Personal Services						<u>\$ 786,300</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Mechanical Air Unit at Grit Building	1	Yes	\$ 50,000
Mill Drill	1	Yes	4,000
Confined Space Retrieving Cable	1	No	4,000
Grit Separator Rebuild	1	Yes	25,000
Pump Rebuild	1	Yes	12,000
			<u>\$ 95,000</u>

Function:
Business Type

Department:
Water Pollution Control

Activity:
Pumping Stations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 129,900	\$ 129,160	\$ 137,800	\$ 142,500	\$ 153,800	11.61%
Commodities	17,127	13,223	35,300	56,300	27,200	-22.95%
Contractual Services	121,185	120,045	158,000	158,400	157,700	-0.19%
Capital Outlay	180,261	6,436	25,000	25,000	13,000	-48.00%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 448,473</u>	<u>\$ 268,864</u>	<u>\$ 356,100</u>	<u>\$ 382,200</u>	<u>\$ 351,700</u>	-1.24%
Funding Sources						
Sewer Charges	<u>\$ 448,473</u>	<u>\$ 268,864</u>	<u>\$ 356,100</u>	<u>\$ 382,200</u>	<u>\$ 351,700</u>	-1.24%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Lift Station Leadworker	-	1.00	1.00	1.00	1.00	
Lift Station Operator	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total	2.00	2.00	2.00	2.00	2.00	\$ 104,900
Employee Benefits						<u>48,900</u>
Total Personal Services						<u>\$ 153,800</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Nan-O2 Pilot Project (for Stewart Road Pump Station Odor Reduction)			\$ 12,000
Lawn Mower Trailer	1	No	<u>1,000</u>
			<u>\$ 13,000</u>

Function:
Business Type

Department:
Water Pollution Control

Activity:
Laboratory Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 274,933	\$ 288,019	\$ 299,000	\$ 296,000	\$ 305,900	2.31%
Commodities	53,374	63,074	62,600	62,200	62,800	0.32%
Contractual Services	27,129	23,520	28,200	28,400	29,900	6.03%
Capital Outlay	8,914	31,745	23,600	23,000	32,700	38.56%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 364,350</u>	<u>\$ 406,358</u>	<u>\$ 413,400</u>	<u>\$ 409,600</u>	<u>\$ 431,300</u>	4.33%
Funding Sources						
Sewer Charges	\$ 272,301	\$ 295,558	\$ 319,400	\$ 309,600	\$ 326,300	2.16%
Analytical Charges	<u>92,049</u>	<u>110,800</u>	<u>94,000</u>	<u>100,000</u>	<u>105,000</u>	11.70%
Total Funding Sources	<u>\$ 364,350</u>	<u>\$ 406,358</u>	<u>\$ 413,400</u>	<u>\$ 409,600</u>	<u>\$ 431,300</u>	4.33%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Chemist	1.00	1.00	1.00	1.00	1.00	
Laboratory Technician I	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	
Total Full Time	3.00	3.00	3.00	3.00	3.00	
Part Time:						
Laboratory Technician I	<u>0.73</u>	<u>0.73</u>	<u>0.73</u>	<u>0.73</u>	<u>0.73</u>	
Total	3.73	3.73	3.73	3.73	3.73	\$ 217,700
Employee Benefits						<u>88,200</u>
Total Personal Services						<u>\$ 305,900</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
BOD Incubators	2	Yes	\$ 15,300
pH Meter	1	Yes	1,800
Computers	2	Yes	2,700
Analytical Precision Balance	1	Yes	4,400
Automated Titrator	1	No	<u>8,500</u>
			<u>\$ 32,700</u>

Function:
Business Type

Department:
Water Pollution Control

Activity:
Biosolids Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 221,479	\$ 234,065	\$ 245,100	\$ 243,400	\$ 252,900	3.18%
Commodities	35,011	26,754	52,200	52,200	55,100	5.56%
Contractual Services	16,536	14,852	23,000	23,000	23,000	0.00%
Capital Outlay	6,330	9,294	17,000	22,000	22,500	32.35%
Transfers	93,306	-	-	-	-	
Total Expenditures	<u>\$ 372,662</u>	<u>\$ 284,965</u>	<u>\$ 337,300</u>	<u>\$ 340,600</u>	<u>\$ 353,500</u>	4.80%
Funding Sources						
Sewer Charges	<u>\$ 372,662</u>	<u>\$ 284,965</u>	<u>\$ 337,300</u>	<u>\$ 340,600</u>	<u>\$ 353,500</u>	4.80%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Solids Handling Leadworker	1.00	1.00	1.00	1.00	1.00	
Treatment Plant Mechanic I	2.00	1.00	1.00	1.00	1.00	
Treatment Plant Mechanic II	-	1.00	1.00	1.00	1.00	
Total	3.00	3.00	3.00	3.00	3.00	\$ 159,500
Overtime						14,800
Employee Benefits						78,600
Total Personal Services						<u>\$ 252,900</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Dragline Hose 4.5" (660 Feet)	2	Yes	\$ 15,000
Supply Hose 6" (660 Feet)	1	Yes	7,500
			<u>\$ 22,500</u>

COLLECTION AND DRAINAGE

GENERAL INFORMATION:

The Collection and Drainage operation is a division of the Public Works department with links to the Water Pollution Control Plant (WPCP). Since the 2003/2004 fiscal year this operation has been budgeted as a separate Enterprise Fund. This was done for a number of reasons. Federal regulations pertaining primarily to collection of storm and sanitary water will be requiring additional collection procedures. The additional costs associated with these regulations need to be specifically identified and tracked. Towards that end beginning in 2003 the Collection and Drainage portion of the total sewer bill has been shown as a separate line item on customer bills. So while the Collection and Drainage function will remain associated with the WPCP, the revenues and expenditures of this enterprise are budgeted independently. For reporting purposes only, Collection and Drainage is included with all other WPCP activities in the City's annual financial report. Effective July 1, 2006, the storm water operation became an activity of the Collection and Drainage fund. Information on the storm water activity immediately follows this budget.

CURRENT TRENDS AND ISSUES:

In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2028. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order is the separation of the combined sewers in the West Hill area.

Construction is nearing completion on Phase 3-C of the West Hill Sewer Separation project. Once Phase 3-C is completed, the overall West Hill Sewer Separation project is approximately 35% completed. In 2017 Stanley Consultants prepared a cost estimate for the remaining phases of the West Hill Sewer project. This cost estimate is for Phase 4 (A, B, and C), Phase 5 (A, B, and C), and Phase 6 (A, B, C, D, and E). The total estimated contract costs for these phases is \$32,056,477 and total project costs (including engineering, project management, legal, etc.) are estimated at \$40,070,596. These estimates include a 3% annual escalation factor.

Public Financial Management (PFM), the City's financial consultant, prepared a long-term financing plan for the West Hill project based on the project cost estimates in the schedule prepared by Stanley Consultants. The City has been setting aside \$400,000 each fiscal year since 2011/2012 to assist in financing the West Hill Sewer project (\$200,000 from the WPCP fund and \$200,000 from the Collection and Drainage fund). These funds are available to supplement the 80% allocation of Local Option Sales Tax being used to fund the West Hill Sewer project (approx. \$2 million each year). Local Option Sales Taxes and the set-aside funds are projected to be sufficient to fund project costs for all phases of Phase 4 and Phase 5. The PFM financing plan was based on the proposed 15 year extension of the Local Option Sales Tax. The referendum to extend this tax from its current expiration date of June 30, 2019 through June 30, 2034 was held on March 6, 2018, and the tax was again approved by voters with 88% voting in favor of the extension.

A State Revolving Fund (SRF) Loan is projected to be needed by 2023 to fund all 5 phases of Phase 6 plus the work required at the Papoose Pumping Station at the end of the project. Based on current project cost estimates, PFM estimates the SRF Loan needed to complete the financing of this project at \$22,800,000. Initial interest on this loan would be based on Loan proceeds drawn down as needed for project costs. The

interest rate for the SRF loan is 2.0%. PFM has prepared a preliminary SRF Loan repayment schedule showing principal and interest payments on a 10 year loan with the final year of the loan in 2033/2034.

The PFM financing plan was based on renewal of the Local Option Tax and continuation of the 80% allocation for sewer projects through the SRF loan repayment period (through June 30, 2034). This requires the Local Option Tax be in place from its current expiration date of June 30, 2019 through June 30, 2034. This requires a 15 year Local Option Tax period which is the term approved by voters at the Local Option Tax renewal referendum.

The 2017/2018 revised estimate is over the original budget by \$68,600. The most significant increases are (1) a \$31,800 increase in legal services for the successful lawsuit opposing annexation of city property into the Louisa-Muscatine Drainage District, and (2) a \$40,000 reimbursement to HNI for storm water improvements at Fifth Street and Cypress to alleviate concerns for potential flooding along the street and at HNI's downtown facility. City Council approved the agreement with HNI for this reimbursement in November of 2017.

The 2018/2019 budget is \$12,600 (1.1%) higher than the 2017/2018 budget. This overall increase is due to the net effect of (1) a \$17,200 (3.2%) increase in personal services costs, (2) a \$14,400 decrease in contractual services, (3) a \$7,500 increase in capital outlay, and (4) a \$2,300 increase in administrative transfers.

The Collection and Drainage transfers in the budget for 2018/2019 include the \$200,000 transfer to the reserve for the West Hill Sewer Separation project, a \$180,000 transfer to the Sewer Extension and Improvement Reserve, \$13,500 for the cost allocation of the Communications Manager position, and a total of \$15,500 in administrative transfers for general, information technology, and public works administration. The transfer to the Sewer Extension and Improvement Reserve may change with the recommendations of the sewer rate study currently underway.

The Collection and Drainage fee is currently \$12.15 per customer per month. This fee was effective July 1, 2017 based on the resolution adopted by City Council in 2013 setting both sewer and collection and drainage fees for a five-year period from September 1, 2013 through June 30, 2018. The budget allows for this fee to increase by 3% for the 2018/2019 fiscal year. This is an estimated increase with the actual rate to be determined by the sewer rate study currently in progress.

GOAL STATEMENT:

To maintain a conveyance system that captures and transports sanitary and storm water in an environmentally sound, efficient, and cost effective manner to meet Federal and State regulatory requirements.

PERFORMANCE MEASURES:

Calendar Year Measures	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Estimated 2018
Sewers Cleaned and Flushed (Miles)	10.2	15.2	18.2	15.8	17
CCTV Inspections (Feet)	9,694	6,025	1,565	1,008*	2,000
Inspections at Combined Sewer Overflows (CSO)	17	26	20	13	15
Inspections of Blockage Prone Manholes (Various Locations)	13	12	8	12	15
Inspection of Blockage Prone Ditch/Ravine Drains (Various Locations)	17	13	13	19	15
Inspection of Off Road Sanitary Sewers (Man Hours)	135	131	151	111	125
Inspection and Maintenance of Storm Water Discharge and Intake Points (Man Hours)	133	0	187	58	150
Cleaning Storm Structures (Man Hours)	1,111	1,156	1,222	1,238	1,000
Corrective Repairs – Sewers	33	23	18	15	20
Corrective Repairs – Structures	51	50	71	50	50
Corrective Repairs – Force Mains	0	1	1	1	0
Utility Locates	2,582	2,378	2,399	2,854	2,300
After Hours	27	19	14	13	10
Request for Service Responses – Total	87	94	59	82	80
After Hours	21	11	2	13	0
Sanitary Sewer Overflows (SSO)	0	0	2	1	0
Backups Due to City Lines	10	3	3	2	0
Routine Equipment Operation/Maintenance (Man Hours)	689	868	799	765	500
Work for Other Departments (Man Hours)	498	329	369	366	400
Work on Capital Improvement Projects (Man Hours)	1,874	281	616	658	500

* Footage shown is for self-propelled camera only.

RECENT ACCOMPLISHMENTS:

The Collection and Drainage division continues to meet city-wide goals for improving organizational effectiveness and enhancing interdepartmental cooperation by (1) continuing to provide ongoing investigative (dye testing, televising, etc.) and technical support for the West Hill Sewer Separation Project and Mississippi Drive Corridor Project, (2) working with the Parks and Recreation department to get brush and vegetation removed from the Levee, and (3) using the combination sewer cleaning machine to assist other departments/divisions in cleaning lift stations, wet wells, wash bay pits, culvert pipes, tree removal, etc.

All Collection and Drainage personnel renewed their IAWEA Collection System Operators certificates. This division completed 15 sewer line repairs and replaced or repaired 50 system structures; completed the cleaning of 15.8 miles of sanitary sewer in this year's maintenance program (Zone 3); responded to 82 citizen requests for service; and responded to 2,854 utility locate requests (13 after hours).

Also completed were the East 5th Street Sanitary Sewer Replacement Project which included 200 feet of new sanitary sewer, 10 feet of new storm sewer, one new sanitary manhole, and one new storm water inlet; and the project filling with grout and abandoning the Hershey Avenue gate well and pipes eliminating that CSO location. A new storm manhole and 67 feet of new storm sewer were added at the Transfer Station drive to help facilitate the construction of the Kent Stein Park to Deep Lakes Park Trail project.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To complete Zone 4 (17 miles) of the Collection and Drainage routine sewer maintenance program.
- * To assist consultants, engineers, and contractors in preparation for design and construction of the storm and sanitary collection systems on upcoming construction projects by providing technical and field support. **(Council and Management Projects, Programs, and Place Making Goal)**
- * To begin planning for the future construction of a secondary force main from Musser Park to the Water Pollution Control Plant to create redundancy and additional capacity in the Papoose Creek Lift Station.

Collection and Drainage Fund
Sewer Extension and Improvement Reserve (1)
Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 998,758	\$ 1,190,962	\$ 1,182,062	\$ 1,191,246	\$ 697,446
Revenues					
Interest	\$ 1,194	\$ 7,954	\$ 1,000	\$ 7,500	\$ 7,500
Sewer Connection Fees	11,010	12,330	10,000	18,700	10,000
Transfers In					
Collection and Drainage Fund	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Total Revenues	<u>\$ 192,204</u>	<u>\$ 200,284</u>	<u>\$ 191,000</u>	<u>\$ 206,200</u>	<u>\$ 197,500</u>
Funds Available	<u>\$ 1,190,962</u>	<u>\$ 1,391,246</u>	<u>\$ 1,373,062</u>	<u>\$ 1,397,446</u>	<u>\$ 894,946</u>
Expenditures					
Transfers Out:					
Mulberry Improvements - Drainage Portion	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 0
Musser Park to Water Pollution Control Plant Force Main	<u>0</u>	<u>0</u>	<u>0</u>	<u>700,000 (2)</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 700,000</u>	<u>\$ 0</u>
Ending Balance, June 30	<u><u>\$ 1,190,962</u></u>	<u><u>\$ 1,191,246</u></u>	<u><u>\$ 1,373,062</u></u>	<u><u>\$ 697,446</u></u>	<u><u>\$ 894,946</u></u>

Increase (Decrease) in Fund Balance	\$ 192,204	\$ 284	\$ 191,000	\$ (493,800)	\$ 197,500

1. This fund was formerly the Depreciation, Extension and Improvement Reserve and was accounted for in the Water Pollution Control Fund. As of June 30, 2006 the former E.P.A Replacement Reserve was allocated between the Water Pollution Control Replacement Reserve and the Sewer Extension and Improvement Fund. This fund is now a reserve fund for the Collection and Drainage Fund to be used for sewer extension or improvement projects.
2. The 2017/2018 transfer is for emergency repair of the force main from Musser Park to the Water Pollution Control Plant.

**Collection and Drainage
(Including Stormwater Operations)
Fund Statement**

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 849,375	\$ 686,325	\$ 566,425	\$ 629,769	\$ 651,169
Revenues					
Collection and Drainage Fees	\$ 1,277,618 (1)	\$ 1,310,546 (1)	\$ 1,335,000 (1)	\$ 1,335,000 (1)	\$ 1,375,000 (2)
Grease Discharge Permits	16,205	18,859	18,000	18,000	18,000
Interest	1,080	2,715	1,000	2,500	2,500
Branching Out Grant	0	4,400	0	0	0
State Grant for Infiltration Project	0	0	0	0	60,000 (4)
Miscellaneous	36	741	100	100	100
Total Revenues	<u>\$ 1,294,939</u>	<u>\$ 1,337,261</u>	<u>\$ 1,354,100</u>	<u>\$ 1,355,600</u>	<u>\$ 1,455,600</u>
Encumbrance Variance	<u>\$ 0</u>	<u>\$ 6,975</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Available	<u>\$ 2,144,314</u>	<u>\$ 2,030,561</u>	<u>\$ 1,920,525</u>	<u>\$ 1,985,369</u>	<u>\$ 2,106,769</u>
Expenditures:					
Collection and Drainage (3)	\$ 1,412,653	\$ 1,346,633	\$ 1,173,500	\$ 1,242,100	\$ 1,186,100
Stormwater Operations	45,336	54,159	84,300	92,100	133,800 (4)
Total Expenditures	<u>\$ 1,457,989</u>	<u>\$ 1,400,792</u>	<u>\$ 1,257,800</u>	<u>\$ 1,334,200</u>	<u>\$ 1,319,900</u>
Ending Balance, June 30	<u><u>\$ 686,325</u></u>	<u><u>\$ 629,769</u></u>	<u><u>\$ 662,725</u></u>	<u><u>\$ 651,169</u></u>	<u><u>\$ 786,869</u></u>

Increase (Decrease) in Fund Balance	\$ (163,050)	\$ (56,556)	\$ 96,300	\$ 21,400	\$ 135,700

1. Monthly collection and drainage charges on sewer bills were \$11.70 for 2015/2016 and \$11.90 in 2016/2017. The rate increased to \$12.15 per customer per month in 2017/2018.
2. A rate study is underway in 2017/2018 to set rates for the next 5 years. The budget for 2018/2019 reflects a 3.0% increase; the actual rate will be determined based on the rate study.
3. Beginning in 2011/2012 Collection and Drainage expenditures include \$200,000 in annual transfers to the reserve established to accumulate funds for the West Hill Sewer Separation project. Like amounts have also been budgeted to be transferred from the WPCP budget to this reserve.
4. The Storm Water budget for 2018/2019 includes \$60,000 for an infiltration project in the parking lot across from City Hall. This amount is expected to be funded from a grant with the grant match to be from in-kind staff, equipment, and material costs.

Function:
Business Type

Department:
Public Works

Activity:
Collection and Drainage

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 481,776	\$ 506,219	\$ 533,000	\$ 528,800	\$ 550,200	3.23%
Commodities	29,222	29,302	50,000	50,000	50,000	0.00%
Contractual Services	116,556	133,764	131,300	152,200	116,900	-10.97%
Capital Outlay	380,898	71,748	52,500	104,400	60,000	14.29%
Transfers	<u>404,200</u>	<u>605,600</u>	<u>406,700</u>	<u>406,700</u>	<u>409,000</u>	0.57%
Total Expenditures	<u>\$ 1,412,652</u>	<u>\$ 1,346,633</u>	<u>\$ 1,173,500</u>	<u>\$ 1,242,100</u>	<u>\$ 1,186,100</u>	1.07%
Funding Sources						
Collection & Drainage Fees	<u>\$ 1,412,652</u>	<u>\$ 1,346,633</u>	<u>\$ 1,173,500</u>	<u>\$ 1,242,100</u>	<u>\$ 1,186,100</u>	1.07%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Positions/Position Allocations:						
Sewer Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Equipment Operator III	3.00	3.00	4.00	3.00	4.00	
Equipment Operator II	1.00	1.00	0.00	1.00	1.00	
Equipment Operator I	1.00	1.00	1.00	1.00	0.00	
Maintenance Worker II	0.20	0.20	0.20	0.20	0.20	
Administrative Secretary	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	
Total	6.53	6.53	6.53	6.53	6.53	\$ 366,000
Employee Benefits						<u>184,200</u>
Total Personal Services						<u>\$ 550,200</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Video Inspection Push Camera	1	Yes	\$ 10,000
Sewer Maintenance Projects			<u>50,000</u>
			<u>\$ 60,000</u>

STORM WATER OPERATIONS

GENERAL INFORMATION:

The Storm Water activity budget was first established January 1, 2005 in order to address federal regulations which are placing additional demands on cities to monitor, regulate, and treat storm water. Funding for this program has been from the Collection and Drainage fund.

This budget currently includes an allocation of 1/3 of the Community Development Inspector II position and 1/4 of the Environmental Coordinator position. The Water Pollution Control department oversees the Storm Water operations program.

CURRENT TRENDS AND ISSUES:

The 2017/2018 revised estimate is \$7,800 more than the original budget. The increase includes (1) \$4,000 to re-plant the Alley #1 biocell, the Mulberry Avenue basin, and other areas, (2) a \$400 increase in dues and memberships, and (3) a \$3,100 increase in transfers for capital projects.

The 2018/2019 budget is \$49,500 (58.7%) higher than the budget for 2017/2018. Most of this overall increase is due to a \$60,000 capital outlay allocation for an infiltration basin project in Parking Lot #7 across from City Hall to assist with drainage after heavy rainfalls. This cost is expected to be funded by a State grant with the grant match to be provided by in-kind labor and equipment. The budget also includes (1) a \$2,400 increase in personal services costs, (2) a \$4,600 increase in commodities primarily for plant materials for biocells, (3) a \$2,500 increase in contractual services which includes an allocation for consulting services and increased travel and education, and (4) a \$20,000 decrease in transfers. The budget for 2018/2019 again includes the allocation of 25% of the Environmental Coordinator position with the remaining 75% allocated to the Water Pollution Control fund. The budget also continues to allocate 1/3 of the Community Development department's Inspector II position.

GOAL STATEMENT:

To develop and implement a comprehensive fiscal and pollution prevention program to assist the city in its efforts to comply with EPA Phase II storm water requirements.

PERFORMANCE MEASURES

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Grease Discharge Permits Issued	123	153	141	150	150
Food Service Establishments Inspected for Fats, Oils, and Grease (FOG)	43	44	53	50	50
Permitted Significant Industrial Users	13	13	13	13	13
Significant Industrial Users Inspected	13	13	13	13	13
Commercial Waste Hauling Permits Issued	16	16	16	16	16
Construction Site Inspections	2	5	6	9	12
Storm Events Sampled	4	2	0	10	20
River and Creek Samples Taken	50	80	24	132*	80
Tests Performed on River and Creek Samples	500	600	240	410	300

*Sewer leak creek sampling and by-pass river sampling.

RECENT ACCOMPLISHMENTS:

The Storm Water division continues to evolve as more opportunities present themselves with construction projects around the city. The addition of native planting areas to the department objectives has helped to increase interest from outside volunteer groups and should produce more projects in the future with little extra cost for labor.

The Alley#1 Biocell off of Sycamore Street needs to be re-planted and the Mulberry Avenue Infiltration Basin also had challenges due to a lack of clear direction on maintenance. A new maintenance plan is being developed between the Storm Water division of the Water Pollution Control Plant (WPCP), the Parks and Recreation department, and Public Works. The success of new projects depends on how these areas are maintained after the project is completed. With more storm water BMP's (Best Management Practices) being constructed, it is vital that cross departmental work be clear and well laid out from the beginning of the project.

The Storm Water division is using mostly volunteers to maintain several areas around town including the new Pollinator Park that utilizes several wetland areas to retain and clean local storm water run-off. The Cannon Lift Station, Isett Lift Station, and areas around the Water Pollution Control Plant are other locations where volunteers are assisting in maintaining the plants that allow for infiltration of storm water that cleans pollution and helps reduce local flooding.

The division is looking at doing several projects to reduce localized flooding including the area in front of City Hall and in the HNI parking area by the Family Dollar store. These projects have grant opportunities but do require some local match. Use of City labor and equipment can cover a large portion of the required match so most of these projects will have little direct cost to the City. The Muscatine Pollinator Project volunteers are growing native grasses and wildflower plugs in a greenhouse that will supply most of the landscaping needed for these projects. They will also supply much of the labor to plant when the time comes so most matching money from the grants can go to the purchase of materials not to fund staff.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To coordinate with local groups to assist in design, construction and landscaping of Best Management Practices (BMP's) throughout the city.
- * To continue building the construction site inspection program and coordinate with other departments to determine priority sites.
- * To identify potential Inflow & Infiltration (I&I) from the Mad Creek I&I Study and reduce the flow to the Mad Creek Lift Station.
- * To find funding sources and grants for installation of BMP's on City property and private projects that help prevent localized flooding.
- * To educate the public on the importance of storm water practices.
- * To increase construction site inspections by 50%.
- * To work with all City departments to begin implementation of sustainable practices including outside storage where potential run-off pollution could occur.
- * To provide input on the Grandview Avenue Reconstruction project plans to increase storm water infiltration instead of run-off.
- * To work with local volunteers to grow native landscaping plants that promote storm water infiltration.

Function:
Business Type

Department:
Public Works

Activity:
Storm Water Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 42,418	\$ 39,423	\$ 53,000	\$ 52,300	\$ 55,400	4.53%
Commodities	346	5,299	3,100	7,100	7,700	148.39%
Contractual Services	2,572	3,162	8,200	9,600	10,700	30.49%
Capital Outlay	-	-	-	-	60,000	
Transfers	-	6,276	20,000	23,100	-	-100.00%
Total Expenditures	<u>\$ 45,336</u>	<u>\$ 54,160</u>	<u>\$ 84,300</u>	<u>\$ 92,100</u>	<u>\$ 133,800</u>	58.72%
Funding Sources						
Grease Discharge Permits	\$ 16,205	\$ 18,859	\$ 18,000	\$ 18,000	\$ 18,000	0.00%
Collection & Drainage Funds	29,131	35,301	66,300	74,100	115,800	74.66%
Total Funding Sources	<u>\$ 45,336</u>	<u>\$ 54,160</u>	<u>\$ 84,300</u>	<u>\$ 92,100</u>	<u>\$ 133,800</u>	58.72%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time Position:						
Inspector II	0.33	0.33	0.33	0.33	0.33	
Environmental Coordinator	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	0.58	0.58	0.58	0.58	0.58	\$ 37,400
Employee Benefits						<u>18,000</u>
Total Personal Services						<u>\$ 55,400</u>

Capital Outlay	
Item	Amount
Parking Lot #7 Infiltration Project (across from City Hall)	<u>\$ 60,000</u>

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

EMPLOYEE BENEFITS FUND

GENERAL INFORMATION:

The Employee Benefits Special Revenue Fund was established by State law to allow for the levying of taxes for certain employee benefits. For the City of Muscatine, the Employee Benefits levy includes funding for costs of police and fire pension contributions, police and fire medical insurance costs for on-the-job injuries, worker's compensation, unemployment, health insurance, life insurance, dental insurance, FICA, IPERS, long-term disability insurance, and post-employment health plan costs.

When the General Fund levy of a city reaches the legal limit of \$8.10 per \$1,000 of assessed valuation, the employer's share of Social Security, Medicare, and IPERS may be levied from the Employee Benefits Special Revenue Fund levy. The City of Muscatine has been at the \$8.10 General Fund levy limit for many years. The cost of Social Security, Medicare, and IPERS for General Fund employees is estimated at \$660,694 for 2017/2018 and it is budgeted to increase to \$720,041 for 2018/2019. FICA and Medicare contribution rates will remain at 6.2% and 1.45%, respectively, for 2018/2019. The IPERS rate will increase from 8.93% in 2017/2018 to 9.44% in 2018/2019.

The pension contribution rate for police and fire personnel has varied since the statewide Municipal Fire and Police Retirement System of Iowa (MFPRSI) replaced the former local systems on January 1, 1992. The contribution rate was 17% through the 1992/93 year, 19.66% for 1993/94, 18.71% for 1994/95, 17.66% for 1995/96, and 17.00% for 1996/97 through 2002/2003. For 2003/2004 it increased to 20.48%, 24.92% for 2004/2005, and 28.21% for 2005/2006. For 2006/2007 the pension contribution rate decreased to 27.75%, then further decreased to 25.48% for 2007/2008, to 18.75% for 2008/2009, and to 17.0% for 2009/2010. The pension contribution rate increased to 19.90% for 2010/2011, to 24.76% for 2011/2012, and to 26.12% for 2012/2013. The pension contribution rate increased again to 30.12% in 2013/2014 and further increased to 30.41% in 2014/2015. The pension contribution rate decreased in 2015/2016 to 27.77% and further decreased in 2016/2017 to 25.92%. The rate decreased slightly to 25.68% in 2017/2018. The rate will increase to 26.02% in 2018/2019. Property tax funding for police and fire pension will increase from the \$1,352,685 budgeted for 2017/2018 to \$1,402,568 budgeted for 2018/2019.

The City is also obligated by the State Code to pay job-related medical costs for former police and fire employees who terminated employment due to work-related injuries or illnesses. A total of \$16,084 of medical costs related to several individuals' injuries or illnesses were incurred in 2008/2009, \$22,882 in 2009/2010, \$17,840 in 2010/2011, \$24,376 in 2011/2012, \$28,184 in 2012/2013, \$28,074 in 2013/2014, \$38,657 in 2014/2015, \$36,855 in 2015/2016, and \$47,610 in 2016/2017. The retiree medical costs are estimated at \$80,000 for 2017/2018 and \$45,000 for the 2018/2019 budget.

The Employee Benefits Special Revenue Fund tax levy also funds premiums for health insurance, dental insurance, life insurance, worker's compensation, and unemployment costs for employee benefits associated with the General Fund. Also included is funding for police and fire medical insurance costs for on-the-job injuries of current employees. The police and fire pension systems provide disability payments for police officers and firefighters injured on the job. However, the pension systems do not include a provision for funding medical costs resulting from these injuries. For 2012/2013 through 2014/2015, the annual cost for police and fire medical insurance was \$36,000. Due to the City's claims, the premium increased to \$54,000 for 2015/2016 through 2017/2018. The premium is projected to increase to \$58,400 for 2018/2019.

Health insurance costs for the City of Muscatine have increased significantly over the last ten years. The cost of health insurance for employees in the General Fund is estimated at \$1,953,740 for 2018/2019. The cost would be higher if the City had not chosen to participate in a cost-plus funding plan with the insurance carrier. The City basically pays costs incurred plus a monthly administrative fee. When claims of an individual reach a certain amount, stop loss insurance pays for the costs over the maximum limit. Each month the City sets aside in the Health Insurance Internal Service Fund certain premium amounts to fund actual medical costs, administrative fees, and the stop-loss fee.

Since the inception of the cost-plus funding plan for health insurance, the premium costs established have varied. Effective January 1, 2008 rates were \$427.60 and \$1,137.42, respectively, increases of 10.2% from the prior year. Health insurance claims stabilized for a number of years and the single and family rates for 2008 were maintained for 2009, 2010, 2011, and 2012. Effective January, 2013, the rates increased 3% to \$440.43 and \$1,171.54, respectively, for single and family coverage. Also in 2013, deductibles increased from \$300 to \$400 for single and from \$600 to \$800 for family health coverage. The annual out-of-pocket maximums increased from \$600 to \$800 and from \$1,300 to \$1,600 for single and family coverage. In 2014, the rates were maintained at \$440.43 and \$1,171.54, respectively, for single and family coverage. The deductibles increased from \$400 to \$500 for single and from \$800 to \$1,000 for family health coverage. The annual out-of-pocket maximums also increased from \$800 to \$1,000 and from \$1,600 to \$2,000 for single and family coverage. In 2015 the rates were maintained at \$440.43 and \$1,171.54, respectively, for single and family coverage. However in 2016, rates were increased 15% to \$506.49 and \$1,347.27, respectively, for single and family coverage. The monthly administrative fee for 2016 was \$121.80 per employee. The administrative fee includes the \$8.21 Wellmark network access fee as well as the individual and aggregate stop loss insurance fees. Effective January 1, 2016 the deductibles increased from \$500 to \$600 for single and from \$1,000 to \$1,200 for family health coverage. In 2017, rates further increased by 15% to \$582.46 and \$1,549.36, respectively, for single and family coverage. The annual out-of-pocket maximums also increased from \$1,000 to \$1,200 and from \$2,000 to \$2,400 for single and family coverage. Effective January 1, 2017 the employee contribution increased from 5% to 6%. Effective January 1, 2018, rates increased by 1% to \$588.28 and \$1,564.85, respectively, for single and family coverage and the employee contribution increased to 7%. The employee contribution will further increase to 8% effective January 1, 2019. The budgeted tax funding amount for 2018/2019 for General Fund employees is \$1,953,740.

Employee benefit costs for life insurance will increase from the \$14,398 budgeted in 2017/2018 to \$14,784 in 2018/2019. In October of 2011, the City changed life insurance companies. The life insurance rates decreased from 22 cents per month per \$1,000 of coverage to 18 cents per month per \$1,000 of coverage. Effective July 1, 2016, a life insurance rate decrease was negotiated which decreased the rate to 15 cents per month per \$1,000 of coverage. Basic provisions in the amount of life insurance coverage for each employee remain the same for 2018/2019.

Dental insurance rates for City employees in 2012 were \$24.47 for single coverage. In January 2013 the rate increased 5% to \$25.69, in January 2014 it increased by 8% to \$27.75, and it increased 11.6% in January 2015 to \$30.85. In January 2016, the rate further increased by 5% to \$32.39 and this rate was maintained for 2017. The dental insurance rate increased to \$33.87 effective January 2018. Effective January 2014, employees began contributing \$1 per month for single coverage. The employee contribution was implemented due to provisions of the Affordable Care Act. Employees fund 100% of the additional cost if they opt for family coverage. The City's dental plan is a self-insured plan through Wellmark. For 2018/2019, the cost of dental insurance for General Fund employees is budgeted at \$51,434 compared to the \$50,334 budgeted for 2017/2018.

In regard to workers' compensation, the City of Muscatine continues to experience fluctuations in rates. For the respective fiscal years from 2007/2008 through 2016/2017, the workers' compensation experience

modification factors were .87, .84, .89, .87, .82, .77, .72, .73, .75 and .94. These represent the factors applied to the base rates for each job classification based on the claims history of the employer. For 2017/2018 the experience modification factor decreased to .89 and it is projected to remain at .89 for 2018/2019. The tax funding amount for General Fund employee workers' compensation for 2018/2019 is estimated at \$50,591 compared to the \$54,223 budgeted for 2017/2018.

The City's unemployment rate effective January 1, 2012 was 1.4% of applicable wages of \$25,300. The rate decreased January 1, 2013 to .9% of \$26,000 of wages and the rate was .9% of \$26,800 of wages effective January 1, 2014. The rate effective January 1, 2015 was .8% of \$27,300 of wages. The rate effective January 1, 2016 was .4% of \$28,300 of wages and the rate was .3% of \$29,300 of wages effective January 1, 2017. The rate effective January 1, 2018 is .5% of \$29,900 of wages. The 2018/2019 budget provides funding for this rate to be .5% of applicable wages of \$30,500 as of January 1, 2019. The tax funding amount for 2018/2019 is estimated at \$24,238 compared to the \$19,180 originally budgeted for 2017/2018.

Long-term disability insurance was only provided to full-time non-union employees through the 2013/2014 fiscal year. Beginning in 2014/2015 this benefit was added for blue/white collar bargaining unit employees in their new union contract. The long-term disability rate was .27% of base wages for non-union employees and .50% of base wages for blue/white collar bargaining unit employees through June of 2016. Effective July 2016, the long-term disability rates were negotiated and decreased to .26% of base wages for non-union employees and .40% of base wages for blue/white collar bargaining unit employees. The estimated cost for General Fund employees is \$12,727 for 2018/2019 compared to \$12,256 budgeted for 2017/2018.

The budget also includes funding for a retirement health savings plan for full-time and permanent part-time non-union, fire bargaining unit, and blue/white collar bargaining unit employees. This plan provides funding of contributions to individual accounts of these employees and also provides that the payout of 40% of accumulated sick leave at retirement be paid into these accounts. For the blue/white collar bargaining unit group, vacation balances at retirement are also paid into this plan. The tax funding amount for 2018/2019 is budgeted at \$16,657.

CURRENT TRENDS AND ISSUES:

The Employee Benefits tax levy rates for 2017/2018 and the 2018/2019 budget were set at rates lower than the rates that would have been needed to fund 100% of the costs of General Fund employee benefits. For 2017/2018 \$230,218 of General Fund employee benefit costs were funded from the General Fund balance instead of the Employee Benefits tax levy. This allowed the overall City property tax rate for 2017/2018 to be maintained at \$15.67209/\$1,000 of valuation. The 2018/2019 Employee Benefits tax levy is \$31,230 less than the amount that would be needed to fund 100% of General Fund employee benefits and that amount of these benefit costs will be funded from the General Fund balance. This allowed for the overall City tax rate to remain unchanged for 2018/2019.

The City has had beginning balances in the Employee Benefits Fund in recent years due to actual employee benefit costs being less than budgeted due to vacancies or benefit rates being lower than projected. With the estimated 2018/2019 beginning fund balance of \$10,814 and funding \$31,230 less than the full amount of employee benefits from this levy, the Employee Benefit tax levy for 2018/2019 is \$4,118,811 compared to the \$3,770,323 budgeted for 2017/2018 (an increase of 9.2%). This requires a tax levy rate of \$4.70408 compared to \$4.4310 for the 2017/2018 budget year, an increase of 6.2% in the levy rate. Beginning in 2014/2015 the State implemented a taxable valuation rollback for commercial and industrial properties. For 2014/2015 the valuation of these properties was rolled back from 100% to 95%. For 2015/2016 the valuation was rolled back to 90%. According to the provisions of the legislation, the State will make a reimbursement to local governments for property tax reductions which result from the rollbacks. The portion of the State

reimbursement related to the Employee Benefits Tax levy is estimated at \$171,839 for 2017/2018 and \$190,525 for 2018/2019. These amounts have been included as revenue to this fund each year.

Employee Benefits Fund

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 130,837	\$ 113,114	\$ 54,337	\$ 57,105	\$ 10,814
Revenues					
Property Tax	3,231,790	3,521,195	\$ 3,756,754	\$ 3,756,754	\$ 4,104,698
Utility Tax Replacement Excise Tax	15,407	12,864	13,569	13,569	14,113
Commercial/Industrial State Reimbursement	159,832	170,155	171,839	171,839	190,525
Total Revenues	\$ 3,407,029	\$ 3,704,214	\$ 3,942,162	\$ 3,942,162	\$ 4,309,336
Funds Available	\$ 3,537,866	\$ 3,817,328	\$ 3,996,499	\$ 3,999,267	\$ 4,320,150
Expenditures					
Transfers Out					
Police Retirement	\$ 676,825	\$ 654,399	\$ 689,345	\$ 676,297	\$ 698,767
Fire Retirement	625,105	659,819	663,520	662,977	703,801
Police & Fire Retiree Medical	36,855	47,610	36,000	80,000	45,000
Health Insurance	1,429,821	1,719,925	1,945,383	1,898,434	1,953,740
Dental Insurance	43,818	46,239	50,334	48,346	51,434
Life Insurance	15,932	13,950	14,398	14,311	14,784
Police and Fire Medical Insurance	54,000	54,000	54,000	54,000	58,400
Long-term Disability Insurance	12,326	11,766	12,256	12,275	12,727
Post-Employment Health Plan	52,161	43,462	16,730	39,613	16,657
Workers Compensation	36,185	54,321	54,223	46,906	50,591
Unemployment	19,907	14,730	19,180	23,618	24,238
Deferred Compensation	1,200	1,200	1,200	1,200	1,200
FICA/IPERS	613,576	631,439	670,148	660,694	720,041
Employee Benefit Levy Reduction	(192,959) (1)	(192,637) (2)	(230,218) (3)	(230,218) (3)	(31,230) (4)
Total Expenditures	\$ 3,424,752	\$ 3,760,223	\$ 3,996,499	\$ 3,988,453	\$ 4,320,150
Ending Balance, June 30	\$ 113,114	\$ 57,105	\$ 0	\$ 10,814	\$ 0
Increase (Decrease) in Fund Balance	\$ (17,723)	\$ (56,009)	\$ (54,337)	\$ (46,291)	\$ (10,814)

1. The 2015/2016 Employee Benefits tax levy was \$192,959 less than what would be needed to fund 100% of the employee benefit costs for General Fund employees. This resulted in \$192,959 of the General Fund balance being used to fund employee benefit costs in 2015/2016. This allowed for the City to maintain the same total tax rate for 2015/2016.
2. The 2016/2017 Employee Benefits tax levy was \$192,637 less than what would be needed to fund 100% of the employee benefit costs of General Fund employees. This again allowed for the City to maintain the same total tax rate for 2016/2017.
3. The 2017/2018 Employee Benefits tax levy is \$230,218 less than what would be needed to fund 100% of the employee benefit costs of General Fund employees. This again allowed for the City to maintain the same total tax rate for 2017/2018.
4. The 2018/2019 Employee Benefits tax levy is \$31,230 less than what would be needed to fund 100% of the employee benefit costs of General Fund employees. This again allowed for the City to maintain the same total tax rate for 2018/2019.

Explanation of Changes in Fund Balance:

The Employee Benefits Tax Levy funds costs of benefits for General Fund employees. The balances at the end of 2015/2016 and 2016/2017 were due to savings in employee benefit costs due to vacancies, changes in insurance coverage for employees, and health insurance rates being less than budgeted. The balance in this fund at the end of 2017/2018 is budgeted to be \$10,814 compared to the zero balance originally budgeted for similar reasons. That balance is budgeted to be used for employee benefit costs in 2018/2019.

SPECIAL REVENUE FUNDS

EMERGENCY TAX LEVY

GENERAL INFORMATION:

State statutes allow cities in the State of Iowa to levy an “emergency tax” of up to \$.27 per \$1,000 of valuation if the General Fund tax levy of a city is at its limit. This tax is required to be levied in a Special Revenue Fund and transferred to the General Fund. Until the 2001/2002 budget year, the City of Muscatine had not levied an emergency tax in more than twenty years.

The City implemented the emergency tax levy for 2001/2002 to help offset the loss of revenue from the State reimbursement for lost taxes on Machinery and Equipment (M&E) valuations. The State of Iowa eliminated taxes on machinery and equipment primarily used in manufacturing, effective with equipment and machinery acquired after January 1, 1994. The law provided that this M&E tax elimination plan would be phased in over a ten-year period. During the first five years of the plan, cities were reimbursed by the State for the reduced taxes due to the reduction in M&E values. Beginning in the sixth year (2001/2002 budget), however, the State reimbursement was also to begin to be phased out according to provisions in the state law. Cities were required to offset increases in commercial and industrial valuations since January 1, 1994 against the loss in M&E valuations before computing a state reimbursement. Since the City of Muscatine’s increase in commercial and industrial valuations since January 1, 1994 exceeded the loss of M&E tax values, the City was no longer eligible to receive a State reimbursement for lost M&E taxes beginning in 2001/2002. The State reimbursement for M&E taxes was \$415,419 for 2000/2001 and it was reduced to zero for 2001/2002.

After the City’s 2003/2004 budget was completed, the state eliminated funding to cities of the Population Allocation, General Allocation, and Moneys and Credits. This was a direct reduction of \$360,000 in General Fund revenues for 2003/2004 and future years. Due to these funding reductions, the City continued to use the Emergency Tax to fund city services until the 2011/2012 fiscal year.

The emergency levy generated a total of \$196,964 of property tax and utility tax replacement excise tax revenue for 2009/2010. These amounts are usually transferred to the General Fund. In 2009/2010 \$80,000 of these funds were budgeted to remain in the Emergency Tax Levy fund. With economic uncertainties in the national, state, and local economy, these funds were set aside for future General Fund needs or for future emergency events. These funds along with the interest earned on these funds will remain in the Emergency Tax Levy fund through the 2018/2019 fiscal year.

For 2010/2011 the City Council chose to implement a Utility Franchise Fee for Alliant Energy, the franchised provider of natural gas in the community. Changes were made in the State Code of Iowa which allow cities to impose franchise fees of up to 5% on providers of electricity and natural gas in cities. As Muscatine Power & Water is a municipal utility which furnishes electric service in the city, it is not under a franchise agreement and therefore is not eligible for a franchise fee. Implementation of this fee allowed the City to reduce the Emergency Levy rate for 2010/2011 from \$.27/\$1,000 to \$.08/\$1,000 which generated \$59,447.

The Emergency Tax levy was eliminated beginning in the 2011/2012 budget and continuing through the 2018/2019 budget. At the maximum rate of \$.27/\$1,000, this levy would have generated \$235,597 in 2018/2019. The \$80,000 from 2009/2010 that was set aside for future General Fund needs is budgeted to remain in the Emergency Tax Levy fund in 2018/2019.

Emergency Tax Levy Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>		<u>Actual</u> <u>2016/2017</u>		<u>Budget</u> <u>2017/2018</u>		<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>		<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 80,601	(1)	\$ 80,709		\$ 80,809		\$ 80,967		\$ 81,167
Revenues									
Property Tax (2)	\$ 0		\$ 0		\$ 0		\$ 0		\$ 0
Interest	<u>108</u>		<u>258</u>		<u>100</u>		<u>200</u>		<u>200</u>
Total Revenues	<u>\$ 108</u>		<u>\$ 258</u>		<u>\$ 0</u>		<u>\$ 0</u>		<u>\$ 0</u>
Funds Available	\$ 80,709		\$ 80,967		\$ 80,809		\$ 81,167		\$ 81,367
Expenditures									
Transfers Out									
General Fund	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
Ending Balance, June 30	<u><u>\$ 80,709</u></u>		<u><u>\$ 80,967</u></u>		<u><u>\$ 80,809</u></u>		<u><u>\$ 81,167</u></u>		<u><u>\$ 81,367</u></u>
Increase (Decrease) in									
Fund Balance	\$ 108		\$ 258		\$ 0		\$ 200		\$ 200

1. For the 2009/2010 budget, City Council chose to transfer all except \$80,000 of this levy to the General Fund. This was due to economic uncertainties in the national, state, and local economies. These funds have been set aside for future General Fund needs or for future emergency events. These funds are budgeted to remain in this fund in the 2018/2019 budget.
2. The City did not levy an Emergency Levy in any of the fiscal years from 2011/2012 through 2018/2019.

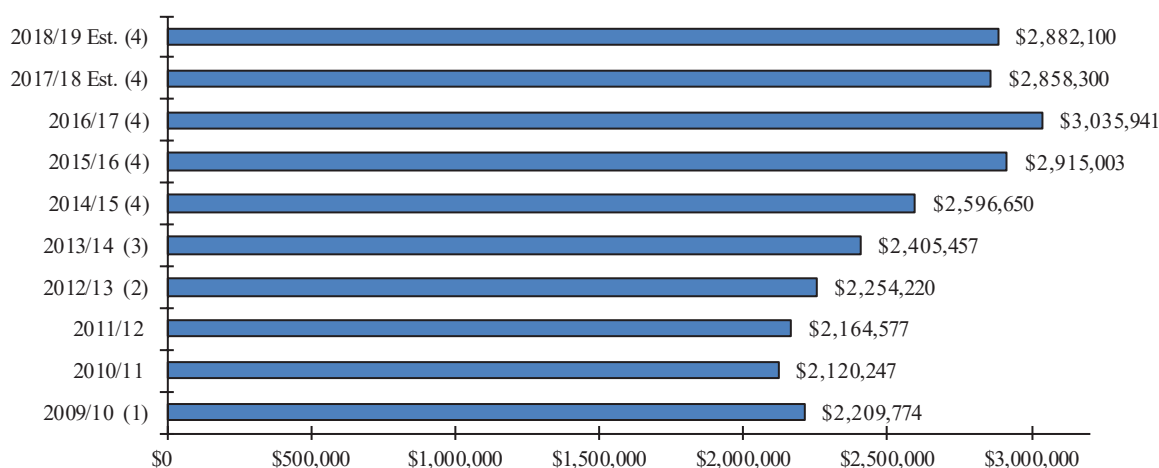
SPECIAL REVENUE FUNDS

ROAD USE TAX FUND

GENERAL INFORMATION:

This fund accounts for all revenues received from the State of Iowa from gasoline taxes, license fees, and weight taxes. These funds are returned to the City as road use taxes and are distributed to cities on a per capita formula basis. The following chart shows road use taxes received over the past eight (8) years and estimated amounts for the current year and 2018/2019. As noted in the footnotes to the table, road use tax revenue increased in 2012/2013 and 2013/2014 due to annexations which increased the City's population. Road use tax revenue further increased beginning March 1, 2015 due to the \$.10 per gallon increase in the gas tax.

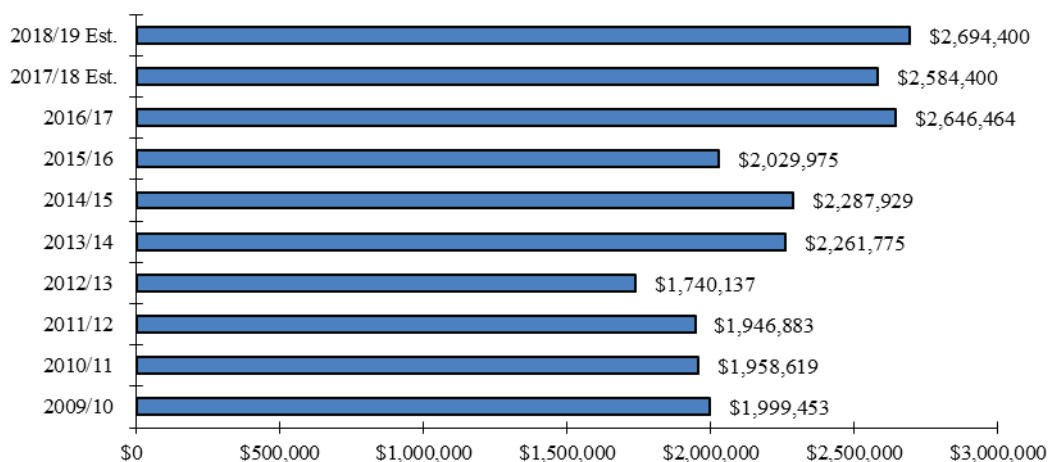
Road Use Tax Revenue History



1. The 2009/2010 amount reflects an accounting change which involved accruing two months of road use tax receipts at the end of the fiscal year as recommended by the City's auditors. As such, the 2009/2010 amount reflects 13 months of Road Use Tax receipts. Subsequent years again reflect twelve months of receipts.
2. The 2012/2013 revenues include increased Road Use Taxes from two voluntary annexations. The Heatherlynn/Irish Ivy annexation added 68 and the Ripley's annexation added 865 to the U.S. 2010 Census population of 22,886. The increased population from the Heatherlynn/Irish Ivy area was used for the full fiscal year; the added population for the Ripley's area was effective for the last five months of the year.
3. The 2013/2014 Road Use Tax increase was in part due to a full year with the increased population from the two recent annexations.
4. After the 2015/2016 budget was adopted, the State legislature approved a \$.10 per gallon increase in the gas tax effective March 1, 2015. This is expected to generate an additional \$416,700 in road use tax revenue each year.

A major use of road use taxes is an appropriation to the General Fund to support the Public Works Administration, Engineering, Roadway Maintenance, Traffic Control, Snow and Ice Control, Street Cleaning and Right-of-Way Mowing activities. The appropriations to the General Fund over the past eight (8) years and amounts estimated for 2017/2018 and 2018/2019 are shown in the following chart:

Road Use Tax Funding of General Fund Activities



CURRENT TRENDS AND ISSUES:

Road use tax revenues are estimated at \$2,858,300 in 2017/2018. This is based on the Iowa Department of Transportation (IDOT) estimate of \$120.50 per capita, which has been reduced by \$.50 to \$120.00 for a conservative budget estimate.

The road use tax distribution for 2018/2019 was estimated by the IDOT at \$121.50 per capita. Cities, however, have been cautioned that actual revenues may not reach the IDOT projected level. The 2018/2019 budget includes a more conservative estimate of \$121.00 per capita which would generate \$2,882,100.

The per capita road use tax estimates are based on the current law regarding revenue to and disbursements from the State's Road Use Tax fund. Any changes in the law could change the per capita amount to be distributed to cities.

The 2017/2018 revised estimate and the 2018/2019 budget include \$2,584,400 and \$2,694,400, respectively, to fund General Fund street-related costs. These transfers will fund the total costs (net of related revenues) for the street activities of the General Fund previously listed.

Through 2010/2011 road use tax revenue was not sufficient to fund street-related capital projects and the City was funding those costs from the 20% portion of Local Option Taxes approved to be used for the pavement management program. This includes railroad crossing, curb and gutter, full depth patching, and street resurfacing work. For 2011/2012 and 2012/2013, however, road use tax funds totaling approximately \$595,300 were used to complete the Harrison Street Extension project. In 2014/2015 road use taxes funded \$450,000 of the cost of the Cedar Street Improvement project and \$50,000 for the first year of the new sidewalk development program. The City also received a \$50,000 grant from the Wellmark Foundation for new sidewalk construction. In 2015/2016 there was an additional \$423,721 road use tax allocation for Cedar Street and a \$28,133 allocation for the sidewalk program.

The 2017/2018 revised estimate includes a transfer of \$2,584,400 to the General Fund for Public Works operating activities. This transfer is \$25,800 less than the original budget. The overall decrease is primarily due to (1) a savings of \$220,500 in the Snow & Ice Control budget since no salt needed to be purchased this

year, (2) an increase of \$165,900 in funding for prior year capital outlay purchases encumbered to the prior year but not delivered until the current year, and (3) a net increase of \$28,800 in other Public Works budgets.

The 2017/2018 road use tax revised estimate also includes \$106,000 for the new sidewalk program, \$150,000 for railroad crossing improvements, \$24,000 towards the estimated final costs for the Mulberry Avenue Improvement project, \$27,000 for engineering design costs for the conversion of a portion of Park Avenue from a four-lane to a three-lane roadway, and \$27,000 for engineering design for improvements at the Houser and Fulliam intersection. Road Use Taxes also funded a portion (\$431,500) of the 2017 asphalt overlay and Cleveland Street improvement projects. Local option tax funds were used to fund the remaining \$581,000 of costs for these projects. These amounts total to \$1,012,500 in pavement management projects completed in 2017.

The 2018/2019 budget includes a transfer of \$2,694,400 to the General Fund for Public Works operating activities. The budget also includes \$105,000 for the new sidewalk program and \$96,800 for the local share of the cost to convert a portion of Park Avenue from a four-lane to a three-lane roadway. The budget also includes \$446,800 for the 2018 asphalt overlay program and other street improvements. The \$446,800 for these improvements will be combined with the \$553,200 in local option sales tax (20%) dedicated for the pavement management program to provide \$1,000,000 in funding for pavement management projects in 2018. This will allow the City to complete a significant amount of street resurfacing and related improvements. The \$.10 per gallon increase in the fuel tax effective March 1, 2015 has resulted in the additional funds that are now available for these improvements.

The estimated fund balance on June 30, 2019 is projected at \$309,289 based on estimated road use taxes of \$120.00 per capita for 2017/2018 and \$121.00 per capita for 2018/2019. With accruing two months of road use tax receipts at fiscal year-end, a minimum of \$300,000 in fund balance is generally needed in order to keep the actual cash balance in a positive position at year end. If road use tax receipts are less than the budget estimates or operating expenditures significantly higher than projected, street-related expenditures may need to be reduced in a like amount to maintain a positive cash balance in this fund at the end of the 2018/2019 fiscal year.

Road Use Tax Fund

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 844,458	\$ 1,277,632	\$ 868,932	\$ 1,254,789	\$ 770,189
Revenues					
Road Use Tax (1)	<u>\$ 2,915,003</u>	<u>\$ 3,035,941</u>	<u>\$ 2,834,500</u>	<u>\$ 2,858,300 (1)</u>	<u>\$ 2,882,100 (1)</u>
Funds Available	<u>\$ 3,759,461</u>	<u>\$ 4,313,573</u>	<u>\$ 3,703,432</u>	<u>\$ 4,113,089</u>	<u>\$ 3,652,289</u>
Expenditures					
Transfers Out:					
General Fund	\$ 2,029,975	\$ 2,646,464	\$ 2,610,200	\$ 2,584,400	\$ 2,694,400
Capital Projects Funds:					
Asphalt Overlay/Other					
Street Improvements	0	111,791	500,000	431,500	446,800
Railroad Crossing Improvements	0	0	150,000	150,000	0
Cedar Street Improvements	423,721	5,725	0	0	0
Colorado Street Improvements	0	2,237	0	0	0
Mulberry Avenue Improvements	0	177,918	0	24,000	0
Houser/Fulliam Intersection	0	0	0	20,000	0
Park Avenue to 3-Lane	0	0	0	27,000	96,800
New Sidewalk Program	<u>28,133</u>	<u>114,649</u>	<u>100,000</u>	<u>106,000</u>	<u>105,000</u>
Total Expenditures	<u>\$ 2,481,829</u>	<u>\$ 3,058,784</u>	<u>\$ 3,360,200</u>	<u>\$ 3,342,900</u>	<u>\$ 3,343,000</u>
Ending Balance, June 30	<u><u>\$ 1,277,632</u></u>	<u><u>\$ 1,254,789</u></u>	<u><u>\$ 343,232</u></u>	<u><u>\$ 770,189</u></u>	<u><u>\$ 309,289</u></u>

Increase (Decrease) in Fund Balance	\$ 433,174	\$ (22,843)	\$ (525,700)	\$ (484,600)	\$ (460,900)

Per Capita Road Use Taxes (Actual and Estimated)	\$ 122.38	\$ 127.46	\$ 119.00	\$ 120.00 (1)	\$ 121.00 (1)

1. Revenues for both the Revised Estimate and 2018/2019 are based on the IDOT estimates for road use taxes. Actual revenues can vary from these estimates due to changes in fuel consumption or if there would be any changes in the distribution formula by the State. The IDOT estimate has been reduced by \$.50 per capita for both the Revised Estimate and 2018/2019 for budgeting purposes.

SPECIAL REVENUE FUNDS

LOCAL OPTION SALES TAX FUND

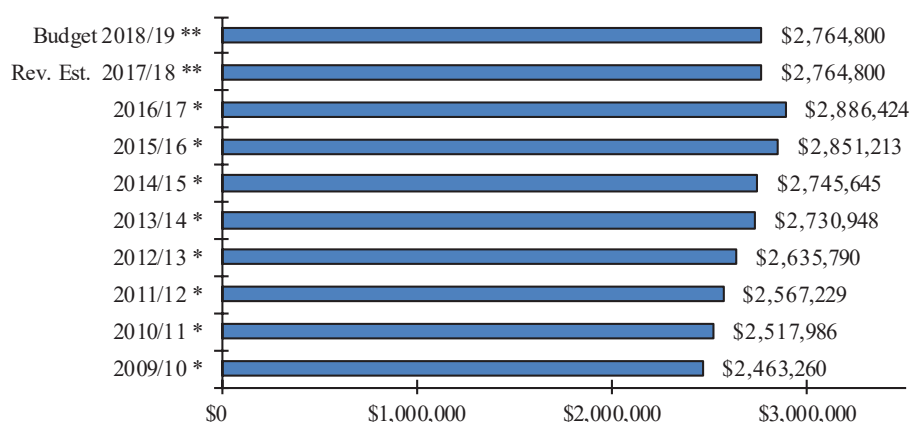
GENERAL INFORMATION:

In May of 1994, voters in the City of Muscatine approved a 1% local option sales and service tax for a five year period beginning July 1, 1994. All of the proceeds from the tax were required by the referendum to be used for City storm and sanitary sewer projects. In August of 1998, voters approved the extension of the local option tax for an additional five years to continue the storm and sanitary sewer improvements. In January 2003, voters approved using up to 10% of the proceeds from the local option sales tax for the “Pearl of the Mississippi” improvement projects effective April 30, 2003. On January 27, 2004 voters approved extending this tax for an additional five years with 90% of the tax to be used for sewer improvements and up to 10% for “Pearl of the Mississippi” projects.

In August, 2008 voters again approved the extension of the local option tax for a period of ten years with up to 20% of the tax to be used for the City’s Pavement Management Program and the remainder to be used for storm and sanitary sewer projects. The focus of the sewer improvements over this ten year period was on projects mandated in the E.P.A. Consent Order. The current 10-year local option sales tax period will end on June 30, 2019 and a referendum was scheduled for March 6, 2018 on the proposal to extend this tax for an additional 15 years to fund future sewer (80%) and street (20%) improvement projects. The referendum was held on March 6, 2018 and the extension of this tax was again approved by voters with 88% voting in favor of the extension.

Each fiscal year the Iowa Department of Revenue and Finance makes estimated local option sales tax payments to the City. The following fiscal year the City receives an additional payment which reconciles actual local option sales tax amounts to the estimates previously remitted to the City. The following chart shows the local option sales taxes earned by the City each fiscal year. These amounts include the reconciliation amounts received the following year. The amounts shown for both 2017/2018 and 2018/2019 have been estimated conservatively at the State’s projected levels without any estimated reconciling amounts to be received in the succeeding years.

Local Option Sales Tax Revenue by Fiscal Year
(* Includes Reconciling Amounts Received in Succeeding Fiscal Year)



** Both the 2017/18 and 2018/19 amounts have been conservatively estimated at the State's preliminary allocation level without an estimated reconciling amount.

CURRENT TRENDS AND ISSUES:

For the revised estimate for 2017/2018 and the 2018/2019 budget, the estimated local option sales tax revenues are \$2,904,200 and \$2,764,800, respectively. The 2018/2019 amount is projected conservatively using the State's estimate for the current year without any prior year reconciliation amount. Transfers out of the Local Option Sales Tax Fund for qualifying City storm and sanitary sewer projects are estimated for the current and upcoming year as follows:

Local Option Sales Tax-Funded Sewer Projects
Revised Estimate 2017/2018 and Estimated 2018/2019

	<u>Estimated</u> <u>2017/2018</u>	<u>Projected</u> <u>2018/2019</u>
Projects:		
West Hill Sewer Separation - Completion of Phase 3-C and Start of Phase 4-A	\$ 2,321,100	\$ -
West Hill Sewer Separation - Completion of Phase 4-A and Start of Phase 4-B	-	2,211,800
Totals	<u><u>\$ 2,321,100</u></u>	<u><u>\$ 2,211,800</u></u>

In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2028. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order is the separation of the combined sewers in the West Hill area.

Construction is nearing completion on Phase 3-C of the West Hill Sewer Separation project. Once Phase 3-C is completed, the overall West Hill Sewer Separation project is approximately 35% completed. In 2017 Stanley Consultants prepared a cost estimate for the remaining phases of the West Hill Sewer project. This cost estimate is for Phase 4 (A, B, and C), Phase 5 (A, B, and C), and Phase 6 (A, B, C, D, and E). The total estimated contract costs for these phases is \$32,056,477 and total project costs (including engineering, project management, legal, etc.) are estimated at \$40,070,596. These estimates include a 3% annual escalation factor.

Public Financial Management (PFM), the City's financial consultant, prepared a long-term financing plan for the West Hill project based on the project cost estimates in the schedule prepared by Stanley Consultants. The City has been setting aside \$400,000 each fiscal year since 2011/2012 to assist in financing the West Hill Sewer project (\$200,000 from the WPCP fund and \$200,000 from the Collection and Drainage fund). These funds are available to supplement the 80% allocation of Local Option Sales Tax being used to fund the West Hill Sewer Separation project (approximately \$2.2 million each year). Local Option Sales Taxes and the set-aside funds are projected to be sufficient to fund project costs for all phases of Phase 4 and Phase 5.

A State Revolving Fund (SRF) Loan is projected to be needed by 2023 to fund all 5 phases of Phase 6 plus the work required at the Papoose Pumping Station at the end of the project. Based on current project cost estimates, PFM estimates the SRF Loan needed to complete the financing of this project at \$22,800,000. The interest rate for the SRF loan is 2.0%.

The PFM financing plan was based on renewal of the Local Option Tax and continuation of the 80% allocation for sewer projects through the Loan repayment period (through June 30, 2034). This requires the Local Option Tax be in place from its current expiration date of June 30, 2019 through June 30, 2034. This was term requested and approved in the Local Option Tax renewal referendum.

As authorized by the sales tax referendum, funding transfers of \$580,840 in the revised estimate and \$553,000 in the 2018/2019 budget have been included to fund ongoing costs of the Pavement Management program. This represents the 20% allocation of the local option tax allowed for this program in the 2008 and 2018 voter referendums. A separate sub-fund was established to account for the portion of the local option tax allocated for the pavement management program. Transfers out of the Local Option Sales Tax Fund for qualifying pavement management projects are estimated for the current and upcoming fiscal year as follows:

Local Option Sales Tax-Funded Pavement Management Projects
Revised Estimate 2017/2018 and Estimated 2018/2019

	Estimated <u>2017/2018</u>	Projected <u>2018/2019</u>
Project:		
Pavement Management Program	<u>\$ 580,840</u>	<u>\$ 553,200</u>

The \$553,200 Local Option Sales Tax allocation for the Pavement Management program in 2018/2019 and the \$446,800 allocation of Road Use Taxes for asphalt overlay or other street improvement projects will allow for \$1 million in street improvements to be completed in 2018/2019. The increased allocation of Road Use Taxes is due in part to the \$.10 per gallon increase in the fuel tax which began March 1, 2015. The specific projects to be completed will be determined based on results of the most recent pavement condition index study.

Local Option Sales Tax Fund

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 59,336	\$ 461,242	\$ 460,062	\$ 237,751	\$ 240,011
Revenues					
Local Option Sales Tax	\$ 2,787,008	\$ 2,933,948	\$ 2,747,000	\$ 2,904,200 (1)	\$ 2,764,800 (2)
Interest	<u>188</u>	<u>0</u>	<u>200</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 2,787,196</u>	<u>\$ 2,933,948</u>	<u>\$ 2,747,200</u>	<u>\$ 2,904,200</u>	<u>\$ 2,764,800</u>
Funds Available	<u>\$ 2,846,532</u>	<u>\$ 3,395,190</u>	<u>\$ 3,207,262</u>	<u>\$ 3,141,951</u>	<u>\$ 3,004,811</u>
Expenditures					
Transfers Out:					
West Hill Sewer Project	\$ 1,827,888	\$ 2,570,649	\$ 2,197,800	\$ 2,321,100	\$ 2,211,800
Pavement Management Program (3)	<u>557,402</u>	<u>586,790</u>	<u>549,400</u>	<u>580,840</u>	<u>553,000</u>
Total Expenditures	<u>\$ 2,385,290</u>	<u>\$ 3,157,439</u>	<u>\$ 2,747,200</u>	<u>\$ 2,901,940</u>	<u>\$ 2,764,800</u>
Ending Balance, June 30	<u><u>\$ 461,242</u></u>	<u><u>\$ 237,751</u></u>	<u><u>\$ 460,062</u></u>	<u><u>\$ 240,011</u></u> (4)	<u><u>\$ 240,011</u></u> (4)

Increase (Decrease) in Fund Balance	\$ 401,906	\$ (223,491)	\$ 0	\$ 2,260	\$ 0

1. The Revised Estimate Local Option Tax revenue amount is the State's estimate (\$2,764,733.95) plus a prior year reconciliation amount of \$139,441.54.
2. The 2018/2019 Local Option Tax revenue amount is estimated conservatively at the States's projected 2017/2018 level of \$2,764,733.95.
3. Effective July 1, 2009 up to 20% of Local Option Tax revenue is being used for the Pavement Management Program per the voter referendum. This 20% allocation is transferred to a subfund to separately account for this portion of the tax.
4. The \$240,000 ending balance is the approximate amount of the accrued Local Option Tax at the end of each fiscal year. (If this was transferred to the West Hill Sewer project, there would be a deficit cash balance at fiscal year end.)

Local Option Sales Tax Fund
Pavement Management Allocation (20%)
Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 388,303	\$ 24,085	\$ 0	\$ 8	\$ 48
Revenues					
Transfers In:					
Local Option Sales Tax (1)	557,402	586,790	\$ 549,400	\$ 580,840 (2)	\$ 553,000 (3)
Interest	258	117	200	200	200
Total Revenues	<u>\$ 557,660</u>	<u>\$ 586,907</u>	<u>\$ 549,600</u>	<u>\$ 581,040</u>	<u>\$ 553,200</u>
Funds Available	<u>\$ 945,963</u>	<u>\$ 610,992</u>	<u>\$ 549,600</u>	<u>\$ 581,048</u>	<u>\$ 553,248</u>
Expenditures					
Transfers Out:					
Pavement Management (Curb and Gutter, Full Depth Patch, Crack Sealing, and Resurfacing)	\$ 590,949	\$ 610,984	\$ 549,600	\$ 581,000	\$ 553,200
Diana Queen Drive Extension	330,929	0	0	0	0
Total Expenditures	<u>\$ 921,878</u>	<u>\$ 610,984</u>	<u>\$ 549,600</u>	<u>\$ 581,000</u>	<u>\$ 553,200</u>
Ending Balance, June 30	<u><u>\$ 24,085</u></u>	<u><u>\$ 8</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 48</u></u>	<u><u>\$ 48</u></u>
Increase (Decrease) in Fund Balance	\$ (364,218)	\$ (24,077)	\$ 0	\$ 40	\$ 0

1. Beginning July 1, 2009 up to 20% of Local Option Tax revenue has been allocated to the Pavement Management Program per the voter referendum.
2. The Revised Estimate Local Option Tax revenue amount is 20% of the State's estimate (\$2,764,733.95) plus a prior year reconciliation amount of \$139,441.54.
3. The 2018/2019 Local Option Tax revenue amount is estimated conservatively at 20% of the States's projected 2017/2018 level of \$2,764,733.95.

SPECIAL REVENUE FUNDS

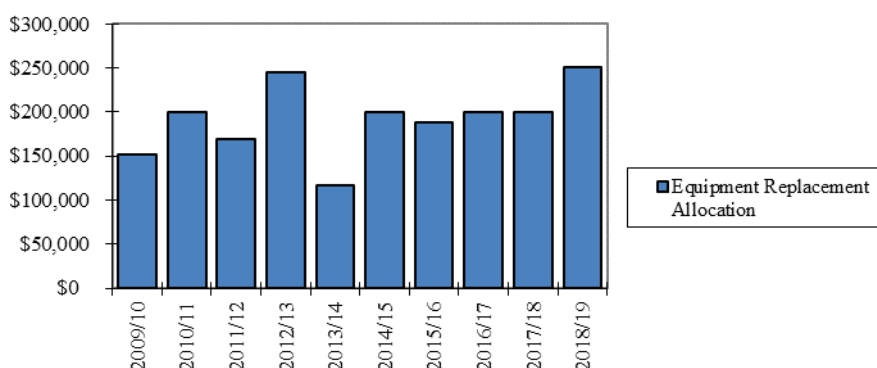
EQUIPMENT REPLACEMENT FUND

GENERAL INFORMATION:

This fund was established in an effort to provide a more systematic method of replacing equipment and leveling the costs of replacing such equipment. This activity provides funding for vehicle and equipment replacements in the General Fund with the exception of those for the Public Works department which are funded from Road Use Taxes. Equipment to be replaced in the Enterprise Funds is funded from each Enterprise activity.

A comprehensive inventory of all equipment currently owned by the City including automobiles, pickup trucks, dump trucks, heavy equipment, and other miscellaneous equipment has been completed in an effort to assess the overall condition of the City's inventory. Replacement and cost schedules have been developed by staff for each piece of equipment. This information is maintained on the City's computer system. Equipment maintenance cost records are also on this system. This information is used in conjunction with the replacement schedules to determine the most cost effective and economical time to replace City equipment.

In an effort to properly fund this program, an appropriation has generally been made annually from the General Fund to the Equipment Replacement Fund. The transfers have varied from year by year due to equipment replacement needs and General Fund funding limitations. The funding allocation for 2009/2010 was set at \$152,300 and was increased to \$200,000 for 2010/2011. The funding allocation for 2011/2012 was \$168,900 and for 2012/2013 it was increased to \$245,000. The 2013/2014 funding transfer was \$117,000 and the funding transfer for 2014/2015 was \$200,000. The 2015/2016 regular funding transfer was \$188,000 with an additional \$148,500 one-time transfer to be used for replacement of an ambulance. Sufficient funds were not available in the Ambulance fund and a portion of the General Fund balance in excess of the minimum balance required by the City's fund balance policy was budgeted to be used as a one-time transfer for this purchase. The 2016/2017 and 2017/2018 funding transfers were each set at \$200,000. The funding level for 2018/2019 is budgeted to increase to \$250,000.



CURRENT TRENDS AND ISSUES:

For 2017/2018 the funding allocation from the General Fund to the Equipment Replacement Fund was \$200,000. The transfer provides funding of \$38,800 for two used police detective vehicles, \$28,800 for a used mower for the Cemetery, \$20,000 for a used pickup truck for Kent Stein Park, and \$16,500 for a utility

vehicle for Soccer. The 2017/2018 transfer increased the Equipment Replacement fund balance in anticipation of future year vehicle and equipment needs.

The transfer for 2018/2019 is budgeted to increase to \$250,000. This will fund a total of \$377,600 of vehicle and equipment purchases including a used utility van for the Building & Grounds division (\$25,000), five new police vehicles (\$238,600), a new Police Drug Task Force pickup truck funded from monthly payments from the HIDTA grant (\$35,000), a new pickup truck for the Fire department (\$39,000), a boom lift for Park Maintenance (\$30,000), and a mower for the cemetery (\$10,000). The balance in this fund is estimated at \$59,121 as of June 30, 2019.

Equipment Replacement Fund
Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 89,685	\$ 170,797	\$ 49,597	\$ 75,421	\$ 179,021
Revenues					
Interest	\$ 174	\$ 626	\$ 100	\$ 500	\$ 500
Lease of Vehicle (Police Grant)	7,200	7,200	7,200	7,200	7,200
Sale of Vehicles	0	3,673	0	0	0
Transfers In					
General Fund Allocation	188,000	200,000	200,000	200,000	250,000
General Fund Allocation for New Ambulance	148,500	0	0	0	0
Total Revenues	<u>\$ 343,874</u>	<u>\$ 211,499</u>	<u>\$ 207,300</u>	<u>\$ 207,700</u>	<u>\$ 257,700</u>
Funds Available	\$ 433,559	\$ 382,296	\$ 256,897	\$ 283,121	\$ 436,721
Expenditures					
Equipment Purchases	<u>262,762</u>	<u>306,875</u>	<u>106,000</u>	<u>104,100</u>	<u>377,600</u>
Ending Balance, June 30	<u>\$ 170,797</u>	<u>\$ 75,421</u>	<u>\$ 150,897</u>	<u>\$ 179,021</u>	<u>\$ 59,121</u>
Increase (Decrease) in Fund Balance	\$ 81,112	\$ (95,376)	\$ 101,300	\$ 103,600	\$ (119,900)

Functions:

Public Works
Public Safety
Culture and Recreation

Departments:

Building and Grounds
Police
Fire
Parks and Recreation

Activity:
Equipment Replacement

Capital Outlay			
Item	Quantity	Replacement	Amount
Building and Grounds: Utility Van (Used)	1	Yes	\$ 25,000
Police:			
Patrol Vehicles (Tahoes)	5	Yes	238,600
Drug Task Force Vehicle (funded from monthly payments from the HIDTA grant)	1	Yes	35,000
Fire:			
Pickup Truck	1	Yes	39,000
Park Maintenance:			
Boom Lift	1	No	30,000
Cemetery:			
Zero Turn Mower	1	Yes	10,000
			<u>\$ 377,600</u>

SPECIAL REVENUE FUNDS

COMPUTER REPLACEMENT FUND

GENERAL INFORMATION:

The 2000/2001 budget for the first time included funding for a Computer Replacement Fund to be used for the purchase of computer hardware for General Fund departments. All computer hardware purchases are coordinated by the city's Information Technology Manager. The allocations to this fund were \$40,000 in 2000/2001 through 2003/2004. Due to funding limitations, the allocation for 2004/2005 was reduced to \$35,800 and further reduced to \$30,000 for 2005/2006. The allocation for 2006/2007 was \$35,000.

Due to limitations in General Fund revenues in 2007/2008, no funds were budgeted to be transferred to this reserve. In 2007/2008 computer-related purchases totaling \$59,100 were included in the City's capital projects fund budget with funding from the City's June, 2008 general obligation bond issue.

The 2008/2009 budget reinstated the allocation to the Computer Replacement Fund in the amount of \$40,000 and that same allocation was made in 2009/2010. The 2010/2011 budget included a reduced allocation of \$30,000 and the 2011/2012 budget allocation was \$32,500. The 2012/2013, 2013/2014, 2014/2015, 2015/2016, and 2016/2017 budgets each included \$40,000 funding allocations. The 2017/2018 and 2018/2019 budgets continue the \$40,000 funding allocation.

Beginning in the 2010/2011 budget, a separate Computer Replacement sub-fund was established to set aside moneys from the Library budget for future computer replacement needs. In prior years grants and donations provided a significant portion of the Library's funding for computers. These funds, however, have become more limited. Any unspent funds in the Library budget at the end of each fiscal year are budgeted to be set aside in this fund to accumulate funding for computer replacement needs. These funds could be supplemented with funds from the Library Trust fund at the direction of the Library Board of Trustees. In 2010/2011, a transfer of \$20,066 was made to the Library Computer Replacement sub-fund. In 2011/2012, the transfer was \$23,591, in 2012/2013 \$9,740, in 2013/2014 \$11,868, in 2014/2015 \$21,865, and in 2015/2016 \$19,376. There was no transfer made to the computer replacement fund in 2016/2017; instead the library chose to transfer their remaining budget balance of \$45,253 to the new library building renovation project fund.

The Library made purchases from their computer fund of \$23,567 in 2012/2013 and no purchases were made from this fund in 2013/2014. In 2014/2015, \$17,216 was expended from this fund, \$3,924 was expended in 2015/2016, and \$16,990 in 2016/2017. Most of the Library's public computers were damaged during a June, 2017 storm that caused roof damage to the library. Of the amount expended in 2016/2017, \$13,068 was reimbursed by insurance in 2017/2018. In 2017/2018, \$39,900 is budgeted to be expended from this fund which almost depletes the balance. These purchases will primarily be for computer equipment for the new library. In 2018/2019, any unspent funds in the Library budget at the end of the fiscal year will again be set aside for future computer replacement needs.

Computer Replacement Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 28,051	\$ 26,695	\$ 0	\$ 29,205	\$ 0
Revenues					
Interest	\$ 37	\$ 114	\$ 0	\$ 0	\$ 0
Miscellaneous	0	400	0	0	0
Transfers In					
General Fund	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Total Revenues	<u>\$ 40,037</u>	<u>\$ 40,514</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Funds Available	\$ 68,088	\$ 67,209	\$ 40,000	\$ 69,205	\$ 40,000
Expenditures					
Computer-Related Purchases	<u>41,393</u>	<u>38,004</u>	<u>40,000</u>	<u>69,205</u>	<u>40,000</u>
Ending Balance, June 30	<u><u>\$ 26,695</u></u>	<u><u>\$ 29,205</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Increase (Decrease) in Fund Balance	\$ (1,356)	\$ 2,510	\$ 0	\$ (29,205)	\$ 0

Computer Replacement Fund - Library

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 28,242	\$ 43,722	\$ 22,722	\$ 26,863	\$ 63
Revenues					
Interest	\$ 28	\$ 131	\$ 0	\$ 0	\$ 0
Insurance Reimbursement	0	0	0	13,100	0
Transfers In					
General Fund Library Budget	<u>19,376</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 19,404</u>	<u>\$ 131</u>	<u>\$ 0</u>	<u>\$ 13,100</u>	<u>\$ 0</u>
Funds Available	\$ 47,646	\$ 43,853	\$ 22,722	\$ 39,963	\$ 63
Expenditures					
Computer-Related Purchases	<u>3,924</u>	<u>16,990</u>	<u>21,000</u>	<u>39,900</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 43,722</u></u>	<u><u>\$ 26,863</u></u>	<u><u>\$ 1,722</u></u>	<u><u>\$ 63</u></u>	<u><u>\$ 63</u></u>
Increase (Decrease) in Fund Balance	\$ 15,480	\$ (16,859)	\$ (21,000)	\$ (26,800)	\$ 0

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - DOWNTOWN

GENERAL INFORMATION:

This fund was first established in order to separately account for the incremental taxes collected and debt service payments on an April 1980 bond issue for \$780,000. This issue represented the permanent financing of a downtown project known as Urban Renewal Project No. 2, which incorporated one-half of a City block. Debt service requirements on the Tax Increment Revenue Bonds were funded from incremental taxes received from the property benefited from the project. The incremental tax levy is the total current levy of the City, County, and School less the total debt service levy for those governmental units. The tax levy is applied to the additional value of the property above the initial frozen value as determined at the beginning of the project. In November of 1995 the balance in the Downtown Tax Increment Fund was sufficient to call all outstanding bonds relating to the 1980 tax increment bond issue.

In August of 1994 the City expanded the Downtown Urban Renewal Area originally created for Project No. 2, to incorporate a much larger area including most of the downtown and the riverfront. As a result of state mandated reductions in commercial property values, the Downtown TIF was restructured in 1996. The current Downtown TIF includes most city owned properties in the immediate downtown area and only those private properties that produce a significant increment.

Improvement costs were incurred by the City beginning in 1995 for the acquisition of property, demolition costs, and the development of a public parking lot across from City Hall. The new parking lot opened in 1996. Interim financing notes were used to finance the improvement costs until the long term bonds were issued June 26, 1997 in the amount of \$1,795,000. This issue funded the Downtown Parking Lot Project previously mentioned as well as the Downtown Streetscaping Project, City Hall building improvements, and improvements to the heating, ventilation and air conditioning (HVAC) system at the City's Public Safety Building. The final payment on this issue was made in 2010/2011.

In 1995 the City entered into a Development Agreement with HON Industries which provided for a rebate of two-thirds of the incremental taxes from their construction of a new warehouse and manufacturing facility on Orange Street. The final payment on this rebate agreement was made in 2011/2012.

In September of 1998 the Council amended the Downtown TIF to include new increment-producing properties. This action was consistent with the direction and intent that the City Council established in August of 1994 when they first amended the Downtown TIF area.

In 2003/2004 the City acquired the Hawkeye Lumber property located in the riverfront area. Downtown tax increment funds were used to finance the purchase with \$10,878 of project costs funded from the available balance in this fund and \$420,000 funded from Tax Increment revenue bonds sold in April of 2004. The final payment on this issue was made in 2011/2012.

CURRENT TRENDS AND ISSUES:

In 2009/2010 the City completed a number of capital projects in the Downtown Tax Increment area which were funded from the TIF portion of the June 2010 general obligation bond issue. The TIF portion of the bond issue totaled \$1,535,000. These bonds are being repaid with annual incremental taxes from the downtown area. Improvements funded from this issue included improvements to the 3rd and Chestnut parking lot, resurfacing of other downtown parking lots, downtown handicapped ramps, Cedar Street resurfacing,

improvements on the Riverfront related to the 2008 flood, and funds to replace the boiler at City Hall. The debt service payments on this issue are \$202,650 in 2017/2018 and \$207,100 in 2018/2019.

Since 2008/2009 the City has not claimed the full amount of incremental taxes due to the balance which had accumulated in the Downtown Tax Increment Fund. The amount claimed for the 2008/2009 year was approximately \$100,000 less than the total that would have been available. This allowed a portion of the incremental values to go back to regular taxable valuations for all the local taxing entities. In 2009/2010 the City claimed approximately \$172,600 less than the amount that would have been available. In 2010/2011 a property tax appeal reduced the increment available from this area and the increment claimed was approximately \$140,000 less than the amount available. For 2011/2012 the amount claimed was \$125,000 less than the amount available, for 2012/2013 \$126,000 less, for 2013/2014 \$125,000 less, for 2014/2015 \$115,000 less, for 2015/2016 \$126,600 less, and for 2016/2017 \$150,000 less. For 2017/2018 the amount claimed was \$157,000 less than the amount available. The amount claimed for 2018/2019 is \$205,000 which is approximately \$151,000 less than the amount available.

The balance in the Downtown TIF fund is estimated at \$44,165 at the end of the 2018/2019 fiscal year.

Tax Increment Fund - Downtown

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 31,852	\$ 37,834	\$ 44,384	\$ 49,015	\$ 45,865
Revenues					
Incremental Taxes	\$ 211,357 (1)	\$ 209,587 (2)	\$ 205,000 (3)	\$ 199,100 (3)	\$ 205,000 (4)
State Commercial/Industrial					
Property Tax Reimbursement	2,950	4,243	0		
Interest	<u>125</u>	<u>401</u>	<u>100</u>	<u>400</u>	<u>400</u>
Total Revenues	<u>\$ 214,432</u>	<u>\$ 214,231</u>	<u>\$ 205,100</u>	<u>\$ 199,500</u>	<u>\$ 205,400</u>
Funds Available	<u>\$ 246,284</u>	<u>\$ 252,065</u>	<u>\$ 249,484</u>	<u>\$ 248,515</u>	<u>\$ 251,265</u>
Expenditures:					
Transfers:					
Bonds	\$ 180,000	\$ 180,000	\$ 185,000	\$ 185,000	\$ 195,000
Interest	<u>28,450</u>	<u>23,050</u>	<u>17,650</u>	<u>17,650</u>	<u>12,100</u>
Total Expenditures	<u>\$ 208,450</u>	<u>\$ 203,050</u>	<u>\$ 202,650</u>	<u>\$ 202,650</u>	<u>\$ 207,100</u>
Ending Balance, June 30	<u><u>\$ 37,834</u></u>	<u><u>\$ 49,015</u></u>	<u><u>\$ 46,834</u></u>	<u><u>\$ 45,865</u></u>	<u><u>\$ 44,165</u></u>
Increase (Decrease) in					
Fund Balance	\$ 5,982	\$ 11,181	\$ 2,450	\$ (3,150)	\$ (1,700)

1. For the 2015/2016 year, the City certified approximately \$126,600 less than the total available increment.
2. For the 2016/2017 year, the City certified approximately \$150,000 less than the total available increment.
3. For the 2017/2018 year, the City certified approximately \$157,000 less than the total available increment.
4. For the 2018/2019 year, the City certified approximately \$151,000 less than the total available increment.

TAX INCREMENT FUND - DOWNTOWN

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**General Obligation Bonds Funded from
Downtown Urban Renewal Tax Increment Revenues
3rd and Chestnut Parking Lot Reconstruction,
Downtown Parking Lots, Street and Alley Resurfacing,
Riverfront Flood Repairs, and City Hall Boiler Replacement
\$1,535,000 of \$7,425,000 Issue Dated June 1, 2010**

Fiscal Year	Principal	Interest	Total Requirements
2017/18	\$ 185,000	\$ 17,650	\$ 202,650
2018/19	195,000	12,100	207,100
2019/20	200,000	6,250	206,250
Total	<u>\$ 580,000</u>	<u>\$ 36,000</u>	<u>\$ 616,000</u>

Principal and interest payments for this general obligation bond issue are made from the Debt Service Fund. Incremental taxes from the Downtown TIF area will fund principal and interest requirements on this issue as they become due.

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - SOUTH END

GENERAL INFORMATION:

In August of 1994 the City created an Urban Renewal/Tax Increment area in the south end of the City. For 1994 there was only \$300 of expenditures qualifying for tax increment revenue funding. In 1995/96 an additional \$85,000 of expenditures were incurred in the form of an economic development grant to Musco Sports Lighting Inc. In 1995/96 and 1996/97 south end incremental tax revenues of \$9,912 and \$42,642, respectively, were received which funded a portion of the \$85,300 project costs. The balance of the \$85,300 project costs (\$32,563) was funded from TIF revenues in the 1997/98 fiscal year. The remaining portion of the 1997/98 TIF revenues (\$31,811) were used to fund a portion of the costs of Phase I of the Southend Sewer Project. The 1998/99 revenues of \$81,975 were used to fund a portion of the \$92,931 cost of the Briar's Ditch Drainage Improvement Project. The balance of the project cost (\$10,956) was funded from 1999/2000 incremental taxes. The remainder of the 1999/2000 incremental taxes (\$79,521) were used to fund a portion of the cost of Phase I of the Southend Sewer Project. TIF revenues for 2000/2001 totaled \$123,297, for 2001/2002 \$141,756, and for 2002/2003 \$194,442. These funds were also used for Phase I of the Southend Sewer Project.

In 2003/2004 incremental taxes of \$200,151 were received. In 2003/2004 \$8,915 of Southend TIF funds were used for the wetlands relocation project and \$115,000 was used for the Southend Water Extension Project.

Two TIF rebate agreements were entered into by the City in 2003; one with Robison Logistics and one with Musco Sports Lighting. The Robison Logistics TIF rebated 100% of taxes received for 10 years and the Musco Sports Lighting TIF will rebate 67% of taxes received for 15 years.

Tax increment revenue bonds in the amount of \$1,885,000 were sold in June of 2004 to fund the Airport Terminal Building project (\$900,000) and the Southend Water Extension project (\$985,000). Debt service payments on this issue began in 2004/2005 and will continue through 2020/2021.

A TIF rebate agreement with Musser Street Investments L.C. was entered into in 2004. This agreement provided for the rebate of 100% of the incremental taxes on this property for a 5-year period up to a maximum of \$275,000. The final payment on this rebate agreement was made in 2010/2011.

In 2009 the City entered into two TIF rebate agreements; one with Curry's Transportation Services Inc. and the other with Newcomb Properties LLC. These agreements will rebate 50% of the incremental taxes to these businesses over a ten-year period. The first payments on these agreements were in 2010/2011. A new TIF rebate agreement with A & E Convenience, LLC was approved in January, 2011. The first rebate under this agreement was made in the 2012/2013 fiscal year. This is also a 50%, ten year agreement.

In June of 2013 the City entered into a TIF rebate agreement with Wal-View Developments for construction of a new warehousing and distribution facility. This 10-year agreement provides for the rebate of 100% of the incremental taxes in the first five years of the agreement and 50% of the incremental taxes in the last five years. The first rebate under this agreement was in the 2015/2016 fiscal year in the amount of \$541,755. The rebates under this agreement are subject to annual appropriation according to the terms in the development agreement.

In 2012 the City Council approved \$12,500 in matching funds to the Bi-State Economic Development Loan program which provided assistance to a local business. This was funded from Southend TIF funds in 2013/2014 as well as \$62,536 in funds to complete the Museum Boiler project.

In December of 2014 the City entered into another agreement with Wal-View Developments for a 2nd warehouse and distribution facility. This is also a 10-year agreement with the rebate percentages in the first four years decreasing by 10% annually from 100% the first year to 70% the fourth year. Thereafter the rebates will be 60% in the fifth and sixth year, 50% in the seventh and eighth year, and 40% in the ninth and tenth year. Rebate payments for this agreement began in 2017/2018. These rebate are also subject to annual appropriations.

In October of 2015 the City entered into an agreement with Union Tank Car Company to expand their facilities, operations, and workforce in Muscatine. This agreement will rebate 50% of the incremental taxes to Union Tank Car Company over a ten-year period to a maximum rebate total of \$45,000. This first rebate was paid in the 2017/2018 fiscal year. These rebate are also subject to annual appropriations.

CURRENT TRENDS AND ISSUES:

Incremental tax revenue for 2017/2018 is estimated at \$1,505,700. In 2017/2018 Southend TIF funds will be used to fund debt requirements on the June 2004 bond issue (\$161,955), the TIF rebate to Musco (\$82,400), the Newcomb Properties LLC rebate (\$8,200), the A&E Convenience rebate (\$3,900), the third year of the Wal-View Project #1 rebate (\$643,000), the first year of the Wal-View Project #2 rebate (\$299,300), and the first year of the Union Tank Car project rebate (\$4,000). Incremental taxes will also be used for economic development administrative costs and the economic development grant to the Chamber in the amounts of \$148,900 and \$38,000, respectively. Southend TIF funds are also being used to fund the annual allocation to the Small Business Forgivable Loan program in the amount of \$100,000. In 2017/2018 Southend TIF funds will be used to fund the Housing Demand Study (\$25,000) and the City's share of the Community Marketing Study (\$32,000).

For 2017/2018 the City chose to continue to not claim the full amount of incremental taxes available due to the balance which had accumulated in the Southend Tax Increment Fund. The amount claimed for the year is approximately \$366,300 less than the total that would have been available. This allowed a portion of the incremental values to go back to regular taxable valuations for the various local taxing entities.

In 2018/2019 incremental taxes will fund \$164,805 in debt requirements, the TIF rebate to Musco (estimated at \$83,700), the Newcomb Properties rebate (estimated at \$11,900), the A&E Convenience rebate (estimated at \$4,800), the 4th year rebate under Wal-View Development Agreement #1 (estimated at \$660,000), the 2nd year rebate under Wal-View Agreement #2 (estimated at \$275,000), and the 2nd year rebate for the agreement with Union Tank Car Company (estimated at \$17,500). In 2018/2019 incremental taxes will again be used for economic development administrative costs and the economic development grant to the Chamber in the amounts of \$141,700 and \$38,000, respectively. TIF funding for the Small Business Forgivable Loan program will continue in 2018/2019 in the amount of \$100,000. In 2018/2019 Southend TIF funds will also be used to complete the funding for the Housing Demand Study (\$7,000).

For 2018/2019 the City is claiming approximately \$400,000 less than the total incremental taxes available from this TIF district. The estimated balance in this fund at the end of 2018/2019 is \$883,001.

Tax Increment Fund - Southend

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 830,425	\$ 883,576	\$ 892,571	\$ 918,361	\$ 879,906
Revenues:					
Incremental Taxes	\$ 1,154,348 (1)	\$ 1,227,883 (2)	\$ 1,550,000 (3)	\$ 1,505,700 (3)	\$ 1,505,000 (4)
Commercial and Industrial State					
Reimbursement	55,033	1,480	0	0	0
Interest	1,211	3,521	1,000	2,500	2,500
Total Revenues	<u>\$ 1,210,592</u>	<u>\$ 1,232,884</u>	<u>\$ 1,551,000</u>	<u>\$ 1,508,200</u>	<u>\$ 1,507,500</u>
Funds Available	<u>\$ 2,041,017</u>	<u>\$ 2,116,460</u>	<u>\$ 2,443,571</u>	<u>\$ 2,426,561</u>	<u>\$ 2,387,406</u>
Expenditures:					
Bonds	\$ 120,000	\$ 125,000	\$ 130,000	\$ 130,000	\$ 140,000
Interest	45,065	38,705	31,955	31,955	24,805
Tax Rebate - Musco Sports Lighting	86,653	84,404	86,200	82,400	83,700
Tax Rebate - Curry's Transportation Service	0 (5)	0 (5)	23,000 (5)	0 (5)	0 (5)
Tax Rebate - Newcomb Properties LLC	6,788	6,928	10,800	8,200	11,900
Tax Rebate - A & E Convenience, LLC	2,680	4,011	4,900	3,900	4,800
Tax Rebate - Wal-View Project #1	541,755	658,951	665,000	643,000	660,000
Tax Rebate - Wal-View Project #2	0	0	312,000	299,300	275,000
Tax Rebate - Union Tank Car Company	0	0	4,500	4,000	17,500
Transfers Out:					
TIF Administrative and Professional					
Support Costs	116,500	142,100	148,900	148,900	141,700
TIF Economic Development Grant (GMC)	38,000	38,000	38,000	38,000	38,000
Small Business Forgivable Loan Program	200,000	100,000	100,000	100,000	100,000
Community Marketing Study	0	0	32,000	32,000	0
Housing Demand Study	0	0	25,000	25,000	7,000
Total Expenditures	<u>\$ 1,157,441</u>	<u>\$ 1,198,099</u>	<u>\$ 1,612,255</u>	<u>\$ 1,546,655</u>	<u>\$ 1,504,405</u>
Ending Balance, June 30	<u>\$ 883,576</u>	<u>\$ 918,361</u>	<u>\$ 831,316</u>	<u>\$ 879,906</u>	<u>\$ 883,001 (6)</u>
Increase (Decrease) in Fund Balance	\$ 53,151	\$ 34,785	\$ (61,255)	\$ (38,455)	\$ 3,095

1. For the 2015/2016 year, the City certified approximately \$230,000 less than the total available in incremental taxes.
2. For the 2016/2017 year, the City certified approximately \$334,800 less than the total available in incremental taxes.
3. For the 2017/2018 year, the City certified approximately \$366,300 less than the total available in incremental taxes.
4. For the 2018/2019 year, the City certified approximately \$400,000 less than the total available in incremental taxes.
5. Rebate payments to Curry's Transportation are being withheld until resurfacing requirements are met.
6. The balance in this fund and future TIF collections are proposed to be designated for city street improvements (which may include Grandview Avenue or the Highway 61/38 Connector), housing developments, or other economic development purposes in future years.

TAX INCREMENT FUND - SOUTHEND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

Urban Renewal Tax Increment Revenue Bonds Airport Terminal Building and Southend Water Extension Project

Fiscal Year	Principal	Interest	Total Requirements
2017/18	\$ 130,000	\$ 31,955	\$ 161,955
2018/19	140,000	24,805	164,805
2019/20	145,000	16,965	161,965
2020/21	150,000	8,700	158,700
Total	<u>\$ 565,000</u>	<u>\$ 82,425</u>	<u>\$ 647,425</u>

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - CEDAR DEVELOPMENT

GENERAL INFORMATION:

In January, 2004, the City entered into an agreement with Cedar Development L.L.C. for their planned development in the northeast area of the City. The development agreement provides for a rebate of 50% of the incremental taxes from this area for a 10-year period up to a maximum total of \$4,719,000. Under the provisions of the agreement, the Developer could choose when this rebate would begin. Cedar Development filed the appropriate notification to the City in the fall of 2008 to “trigger” this rebate to begin in 2009/2010.

The incremental taxes from this property for 2009/2010 were \$292,401 and the rebate \$146,201. The incremental taxes the City claimed and received for the year were \$161,035. This is less than the total amount of incremental taxes available from this area. This allowed a portion of the incremental values to be considered as regular values for the various local taxing entities. Incremental taxes from this property for 2010/2011 were \$295,308 and the rebate \$147,654; incremental taxes for 2011/2012 were \$314,880 and the rebate \$157,440; incremental taxes for 2012/2013 were \$343,877 and the rebate \$171,939; incremental taxes for 2013/2014 were \$385,172 and the rebate \$192,586; incremental taxes for 2014/2015 were \$392,518 and the rebate was \$196,259; incremental taxes for 2015/2016 were \$365,916 and the rebate was \$182,958, and incremental taxes for 2016/2017 were \$470,514 and the rebate \$235,257. The amounts claimed for these years were all less than the total incremental taxes available from this area.

Incremental taxes from this area for 2017/2018 were \$510,798 and the rebate \$255,400. The incremental taxes for 2018/19 are estimated at \$570,000 with the rebate estimated at \$285,000. The City will receive \$266,200 of the incremental taxes in 2017/2018 and is claiming \$280,000 in 2018/2019 which continues to allow a portion of the incremental values to be considered as regular values for the various local taxing entities. The fiscal year 2018/2019 rebate is the final rebate under this agreement. Further development is expected in this area and additional development/rebate agreements are expected in the upcoming year.

Tax Increment Fund - Cedar Development

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 37,741	\$ 46,073	\$ 55,273	\$ 55,546	\$ 66,546
Revenues					
Incremental Taxes	\$ 191,227 (1)	\$ 244,518 (2)	\$ 274,000 (3)	\$ 266,200 (3)	\$ 280,000 (4)
Interest	<u>63</u>	<u>212</u>	<u>0</u>	<u>200</u>	<u>200</u>
Total Revenues	<u>\$ 191,290</u>	<u>\$ 244,730</u>	<u>\$ 274,000</u>	<u>\$ 266,400</u>	<u>\$ 280,200</u>
Funds Available	<u>\$ 229,031</u>	<u>\$ 290,803</u>	<u>\$ 329,273</u>	<u>\$ 321,946</u>	<u>\$ 346,746</u>
Expenditures:					
Tax Rebate - VMI Northport Commons	<u>\$ 182,958</u>	<u>\$ 235,257</u>	<u>\$ 274,000</u>	<u>\$ 255,400</u>	<u>\$ 285,000 (5)</u>
Total Expenditures	<u>\$ 182,958</u>	<u>\$ 235,257</u>	<u>\$ 274,000</u>	<u>\$ 255,400</u>	<u>\$ 285,000</u>
Ending Balance, June 30	<u><u>\$ 46,073</u></u>	<u><u>\$ 55,546</u></u>	<u><u>\$ 55,273</u></u>	<u><u>\$ 66,546</u></u>	<u><u>\$ 61,746</u></u>

Increase (Decrease) in					
Fund Balance	\$ 8,332	\$ 9,473	\$ 0	\$ 11,000	\$ (4,800)

1. For the 2015/2016 year the City certified approximately \$228,000 less than the total available increment.
2. For the 2016/2017 year the City certified approximately \$244,000 less than the total available increment.
3. For the 2017/2018 year the City certified approximately \$317,000 less than the total available increment.
4. For the 2018/2019 year the City certified approximately \$311,000 less than the total available increment.
5. The final year of rebate payments to VMI Northport Commons will be in 2018/2019.

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - MUSCATINE MALL

GENERAL INFORMATION:

In January, 2008, the City entered into an agreement with new owners of the Muscatine Mall to assist in their plan to redevelop, renovate, and improve this mall. The agreement provided for a rebate of 50% of the incremental taxes for a 20-year period up to a maximum total of \$5,325,000.

Fiscal year 2009/2010 was the first year of this TIF rebate agreement and the rebate was \$5,317. For 2010/2011 the TIF rebate increased to \$14,106. For 2011/2012, however, there was a revaluation of the taxable value of this property which decreased the incremental value of this property. This resulted in a decrease in the rebate to \$12,489. The rebate for 2012/2013 increased to \$13,152, in 2013/2014 it increased to \$17,560, in 2014/2015 it increased to \$46,080, and in 2015/2016 it decreased to \$42,033.

The three original parties to the development agreement no longer have any ownership interest in the Muscatine Mall and had no ability to make improvements to this property going forward. City staff and the City's bond attorney worked with the three previous owners and their attorney for a settlement and termination of the development agreement. This settlement agreement was approved in July of 2016. The agreement provided that the City would pay the full rebate for fiscal year 2015/2016 (\$42,033) and the first half of the rebate for the 2016/2017 year (\$18,781) for a total of \$60,814. With this settlement there are no future obligations under the development agreement.

Unless TIF rebates are subject to annual appropriations, the maximum amount of future year TIF rebates is required to be counted as debt subject to the debt limit for the City. Terminating the development agreement with the former owners of the Muscatine Mall resulted in reducing the debt applicable to the debt limit by \$5,155,482.

In 2018/2019 the remaining balance in this TIF fund will be used to fund a portion of the annual TIF administrative and professional services costs which will close out this TIF fund.

Tax Increment Fund - Muscatine Mall

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 9,640	\$ 12,933	\$ 32,151	\$ 32,139	\$ 32,139
Revenues					
Incremental Taxes	\$ 45,291 (1)	\$ 37,926 (2)	\$ 0 (4)	\$ 0	\$ 0
Interest	<u>35</u>	<u>61</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 45,326</u>	<u>\$ 37,987</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Available	<u>\$ 54,966</u>	<u>\$ 50,920</u>	<u>\$ 32,151</u>	<u>\$ 32,139</u>	<u>\$ 32,139</u>
Expenditures:					
Tax Rebate - Muscatine Mall	\$ 42,033	\$ 18,781 (3)	\$ 0	\$ 0	\$ 0
Transfer Out:					
TIF Administrative and Professional Support Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,100</u>
Total Expenditures	<u>\$ 42,033</u>	<u>\$ 18,781</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,100</u>
Ending Balance, June 30	<u>\$ 12,933</u>	<u>\$ 32,139</u>	<u>\$ 32,151</u>	<u>\$ 32,139</u>	<u>\$ 39</u>
Increase (Decrease) in Fund Balance	\$ 3,293	\$ 19,206	\$ 0	\$ 0	\$ (32,100)

1. For the 2015/2016 year the City certified approximately \$39,000 less than the total available increment.
2. For the 2016/2017 year the City certified approximately \$38,000 less than the total available increment.
3. Due to a change in ownership of the Muscatine Mall, the development agreement was terminated. The termination agreement provided that the City would make a final payment of 50% of the calculated 2016/2017 rebate to the former Mall owners which would close out the agreement.
4. No incremental taxes were claimed beginning in 2017/2018 for this area.

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND – INDUSTRIAL URBAN RENEWAL AREA

GENERAL INFORMATION:

In June of 2010 the City entered into an agreement with H.J. Heinz Company LP to assist in their construction of new facilities at their Muscatine plant. The agreement provided for a rebate of 50% of the incremental taxes for a 15-year period up to a maximum total of \$425,000.

Fiscal year 2011/2012 was the first year for a rebate under this agreement. The incremental value for 2011/2012 was \$636,760. Based on that value, incremental taxes were \$22,724 and the 50% rebate was \$11,362. For 2012/2013 the incremental taxes were \$28,631 and the rebate was \$14,316. For both 2011/2012 and 2012/2013 the City claimed less than the total of incremental taxes available from this area which allowed a portion of the incremental taxes to be considered regular taxable values for other taxing entities.

For the 2013/2014 year the taxable valuation for Heinz was reduced to an amount lower than the frozen base value used to compute the incremental value for this property. This resulted in no increment, incremental taxes, or rebate for 2013/2014. The reduction in valuation resulted from Heinz submitting an appeal of their taxable valuation to the County Assessor. According to the development agreement with Heinz, since Heinz appealed their taxable valuation, previous year rebates were required to be returned to the City. These funds were credited to the City's General Fund. For both 2014/2015 and 2015/2016 there was no increment and no incremental taxes on this property.

CURRENT TRENDS AND ISSUES:

In February 2014 the City entered into another development agreement with H.J. Heinz Company, LP for expansion of their manufacturing facilities, operations, and workforce. This agreement provides for five years of rebates with the first year at 75%, and subsequent years at 60%, 45%, 30%, and 15% to a maximum total of \$880,000. The first rebate under this agreement was paid in 2016/2017 in the amount of \$19,000. The rebate for 2017/2018 is \$14,765, and the rebate for 2018/2019 is estimated at \$12,000. The rebates under this agreement are subject to annual appropriation.

Tax Increment Fund - H.J. Heinz 2014 Project

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 0	\$ 0	\$ 5,888	\$ 5,865	\$ 6,565
Revenues					
Incremental Taxes	\$ 0	\$ 20,959	\$ 16,000	\$ 15,500	\$ 12,000
Interest	0	18	0	0	0
Transfers In: Heinz 2010 TIF Fund	0	3,888	0	0	0
Total Revenues	\$ 0	\$ 24,865	\$ 16,000	\$ 15,500	\$ 12,000
Funds Available	\$ 0	\$ 24,865	\$ 21,888	\$ 21,365	\$ 18,565
Expenditures:					
Tax Rebate - H.J. Heinz	\$ 0	\$ 19,000 (1)	\$ 15,400 (1)	\$ 14,800 (1)	\$ 12,000 (1)
Total Expenditures	\$ 0	\$ 19,000	\$ 15,400	\$ 14,800	\$ 12,000
Ending Balance, June 30	\$ 0	\$ 5,865	\$ 6,488	\$ 6,565	\$ 6,565
Increase (Decrease) in Fund Balance	\$ 0	\$ 5,865	\$ 600	\$ 700	\$ 0

1. Fiscal year 2016/2017 was the first year of a 5-year TIF rebate agreement for H.J. Heinz. Rebate percentages under this agreement are 75%, 60%, 45%, 30%, and 15%, respectively, for each of the five years from 2016/2017 through 2020/2021.

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND – HIGHWAY 38 NORTHEAST AS AMENDED

(INCLUDES VILLAS AT MCC AND OTHER IMPROVEMENTS IN THE COLORADO STREET AREA)

GENERAL INFORMATION:

In April of 2009 the original Highway 38 Northeast Urban Renewal Area was amended to include the Clay and Colorado Street right-of-ways. This area has been further expanded to include specific properties along Colorado Street.

In January of 2011 the City entered into an agreement with the Villas at MCC, LLC to assist in their construction of new student housing facilities off of Colorado Street near Muscatine Community College (MCC). The agreement provides for a rebate of 50% of the incremental taxes for a 10-year period up to a maximum total of \$425,000. Fiscal year 2013/2014 was the first year of the rebates under this agreement. The incremental value for 2013/2014 was \$1,331,140, the incremental taxes were \$44,851, and the first year rebate was \$22,426. For 2014/2015 the increment was \$1,264,583, incremental taxes were \$42,638, and the rebate \$21,319. For 2015/2016 the increment was \$1,198,026, incremental taxes were \$40,655, and the rebate \$20,328. For 2016/2017 the increment was \$1,119,525, the incremental taxes were \$37,916, and the rebate was \$18,959. For 2017/2018 the increment is \$1,070,850, the incremental taxes are \$35,231, and the rebate is \$17,615. For 2018/2019 the increment is \$968,373, the incremental taxes are estimated at \$32,000, and the rebate is estimated at \$16,500.

In 2012, as part of the planning for the Colorado Street Improvement project, the City acquired a portion of the Pierce Furniture property on Colorado Street. The City used the proceeds from the sale of the former Armory facility to fund a portion of the land acquisition costs. The remaining \$80,284 of the land costs was funded from incremental taxes from this TIF district. The City Council approved an internal advance in November of 2012 to finance this portion of the project costs. This loan was repaid over two years with incremental taxes from this TIF area in the amount of \$34,227 in 2013/2014 and \$46,057 in 2014/2015.

Incremental taxes from this area were also used to fund construction of a new Park Maintenance building at Weed Park. Project costs included \$19,900 for architectural services and \$392,200 for building construction for a total cost of \$412,100. An internal advance funded the project costs with this loan repaid over three years from 2014/2015 through 2016/2017.

For both 2014/2015 and 2015/2016 the City claimed the full amount of incremental taxes available from this TIF area which was \$180,138 in 2014/2015 and \$283,632 in 2015/2016. This funded the rebates to the Villas at MCC, the final payment on the internal loan for the Pierce Furniture property acquisition, and the first two payments on the internal loan for the Weed Park Maintenance building. The 2016/2017 budget included the final payment of \$37,167 on the internal loan for the Weed Park Maintenance Building project. With the smaller loan payment in 2016/2017 the City claimed less than the full amount of incremental taxes from this TIF area.

CURRENT TRENDS AND ISSUES:

In October of 2016 the City entered into a new development agreement with Harrison Lofts, LLC for their construction of a new apartment complex with approximately fifty-two (52) units and to price at least 25% of the units at levels that will be affordable to families of low and moderate income. This agreement provides for 15 years of TIF rebates with the first six (6) years at 75% and the final nine (9) years at 70%. The first rebates under this agreement are expected to be made in the 2019/2020 year. The City also approved an economic development grant to Harrison Lofts, LLC in the amount of \$10,000 to assist them in meeting the local match requirements for their tax credit financing for this project. The City approved an internal advance of \$10,000 from this TIF fund for this grant with the advance repaid in June of 2017.

The revised estimate for 2017/2018 of \$17,700 is for the rebate to the Villas at MCC, LLC. The 2018/2019 budget of \$16,500 is also for this rebate. The City continues to claim less than the total of incremental taxes from this area which allows for the balance of the incremental taxes to be considered as regular valuations for each taxing entity.

Tax Increment Fund - Highway 38 Northeast (As Amended)

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 2,940	\$ 20,639	\$ 14,389	\$ 14,569	\$ 11,569
Revenues					
Incremental Taxes	\$ 283,632	\$ 59,873	\$ 15,000	\$ 14,600	\$ 15,000
State Commercial/Industrial					
Property Tax Reimbursement	19,269	0	0	0	0
Interest	126	183	0	100	100
Total Revenues	<u>\$ 303,027</u>	<u>\$ 60,056</u>	<u>\$ 15,000</u>	<u>\$ 14,700</u>	<u>\$ 15,100</u>
Funds Available	<u>\$ 305,967</u>	<u>\$ 80,695</u>	<u>\$ 29,389</u>	<u>\$ 29,269</u>	<u>\$ 26,669</u>
Expenditures:					
Tax Rebate - Villas at MCC (1)	\$ 20,328	\$ 18,959	\$ 18,500	\$ 17,700	\$ 16,500
Economic Development Grant - Harrison Lofts LLC	0	10,000 (3)	0	0	0
Transfer Out:					
Internal Loan - Weed Park Maintenance Building	265,000 (2)	37,167 (2)	0	0	0
Total Expenditures	<u>\$ 285,328</u>	<u>\$ 66,126</u>	<u>\$ 18,500</u>	<u>\$ 17,700</u>	<u>\$ 16,500</u>
Ending Balance, June 30	<u>\$ 20,639</u>	<u>\$ 14,569</u>	<u>\$ 10,889</u>	<u>\$ 11,569</u>	<u>\$ 10,169</u>
Increase (Decrease) in Fund Balance	\$ 17,699	\$ (6,070)	\$ (3,500)	\$ (3,000)	\$ (1,400)

1. Fiscal year 2013/2014 was the first year of a 10-year, 50% TIF rebate agreement for Villas at MCC, LLC.
2. The Weed Park Maintenance Building project total cost was approximately \$412,000. An internal advance funded this project with the advance repaid in fiscal years 2014/2015 through 2016/2017.
3. In 2016/2017 the City approved an economic development grant to Harrison Lofts, LLC in the amount of \$10,000 to assist in their development of an apartment complex with approximately 52 units.

SPECIAL REVENUE FUNDS**TAX INCREMENT FINANCING (TIF) FUND – FRIDLEY THEATERS****GENERAL INFORMATION:**

In June of 2012, the City entered into an agreement with R.L. Fridley Theaters, Inc. and Fridley Properties, LLC to develop a new multiplex theater facility in the City. The agreement provides for 15 years of incremental tax rebates on this property up to a maximum total of \$1,500,000. In the first two years the rebate percentage is 95%, the next two 90%, then two years at 85%, two years at 80%, two years at 60%, one year at 55%, and the final four years at 50%.

The first rebate payment under this agreement was in fiscal year 2015/2016. The incremental value for 2015/2016 was \$2,222,820, incremental taxes were \$75,432, and the rebate was \$67,760. Incremental taxes for 2016/2017 were \$81,411 and the rebate was \$72,525.

For 2017/2018 the incremental taxes are \$79,083 and the rebate is \$66,777. For 2018/2019 the incremental taxes are estimated at \$79,700 and the rebate is estimated at \$74,000.

Tax Increment Fund - Fridley Theatres

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 0	\$ 7,730	\$ 10,030	\$ 10,086	\$ 16,186
Revenues					
Incremental Taxes	\$ 75,487	\$ 74,854	\$ 75,000	\$ 72,900	\$ 74,000
Interest	3	27	0	0	0
Total Revenues	<u>\$ 75,490</u>	<u>\$ 74,881</u>	<u>\$ 75,000</u>	<u>\$ 72,900</u>	<u>\$ 74,000</u>
Funds Available	<u>\$ 75,490</u>	<u>\$ 82,611</u>	<u>\$ 85,030</u>	<u>\$ 82,986</u>	<u>\$ 90,186</u>
Expenditures:					
Tax Rebate - Fridley Theatres	\$ 67,760 (1)	\$ 72,525	\$ 73,300	\$ 66,800	\$ 74,000
Total Expenditures	<u>\$ 67,760</u>	<u>\$ 72,525</u>	<u>\$ 73,300</u>	<u>\$ 66,800</u>	<u>\$ 74,000</u>
Ending Balance, June 30	<u><u>\$ 7,730</u></u>	<u><u>\$ 10,086</u></u>	<u><u>\$ 11,730</u></u>	<u><u>\$ 16,186</u></u>	<u><u>\$ 16,186</u></u>

Increase (Decrease) in					
Fund Balance	\$ 7,730	\$ 2,356	\$ 1,700	\$ 6,100	\$ 0

- Fiscal year 2015/2016 was the first year of a 15-year TIF rebate agreement with Fridley Theatres, Inc. Rebate percentages under this agreement decline from 95% to 50% over the rebate period.

SPECIAL REVENUE FUNDS

RIVERVIEW REINVESTMENT DISTRICT FUND

GENERAL INFORMATION:

On March 13, 2014, the Muscatine City Council authorized the submission of a pre-application to the Iowa Economic Development Authority (IEDA) for the establishment of an Iowa Reinvestment District in downtown Muscatine. This pre-application provided that the City would (1) establish the Iowa Reinvestment District, (2) approve the District Plan, and (3) find the area in the District that was suitable for development. These documents were submitted with the final application to the IEDA and on July 2, 2015 the City and the IEDA approved the Iowa Reinvestment District contract.

The Reinvestment District project is for the construction of a hotel, conference center, and parking facility by Riverview Hotel Development. The Reinvestment District award provides that up to \$10,000,000 in proceeds from the State's 5% share of the hotel/motel tax and 4% of the State sales tax from the project, over the twenty-year period from July 1, 2017 through July 1, 2037, will be returned to the developer (through the City) as economic development payments under the Reinvestment District program.

The City of Muscatine and Riverview Hotel Development have also entered into a development agreement which provides tax increment financing (TIF) rebates to the developer. These funds will be accounted for in a separate Tax Increment Fund.

CURRENT TRENDS AND ISSUES:

The Merrill Hotel and Conference Center is scheduled to open in March of 2018. The Reinvestment District proceeds for the remaining portion of the 2017/2018 fiscal year are estimated at \$112,000. The actual revenues the City receives from the Iowa Economic Development Authority will be remitted to Riverview Hotel Development. The reinvestment district proceeds for the 2018/2019 fiscal year are estimated at \$366,000 and the actual proceeds received will continue to be remitted to the developer.

Riverview Reinvestment District Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Reinvestment District Proceeds	\$ 0	\$ 0	\$ 0	\$ 112,000 (1)	\$ 366,000 (1)
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 112,000</u>	<u>\$ 366,000</u>
Funds Available	\$ 0	\$ 0	\$ 0	\$ 112,000	\$ 366,000
Expenditures					
Riverview Hotel Development	<u>0</u>	<u>0</u>	<u>0</u>	<u>112,000 (1)</u>	<u>366,000 (1)</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

1. Amounts for 2017/2018 and 2018/2019 reflect projected amounts for the State's share of hotel/motel and sales tax funds and are based on the hotel opening in March of 2018. These funds are paid to the hotel developer per the Reinvestment District agreement.

SPECIAL REVENUE FUNDS

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

GENERAL INFORMATION:

The Community Development Block Grant Fund was established to account for the monies received under the Community Development Block Grant Program (CDBG). Historically, Community Development Block Grant funds have been used for code enforcement, housing rehabilitation, assistance to senior citizen projects, long-range planning, acquisition and demolition of substandard housing, and numerous capital improvements. Prior to State administration of Community Development funds, entitlement monies were allocated throughout the community. Improvements funded by discretionary monies, however, were directed toward six (6) target areas. The areas were the Franklin School Area, Mad Creek Area, Madison School neighborhood, Garfield School neighborhood, the Midtown Heart and Tree of Hope neighborhood, and the Riverbend neighborhood. The last CDBG grant, which funded housing rehabilitation projects in the Riverbend target area, was closed out in fiscal year 2010/2011.

CURRENT TRENDS AND ISSUES:

The City has not had an active CDBG grant for housing rehabilitation since 2010/2011. Provisions of prior CDBG grants, however, included requirements for home owners to repay a prorated portion of the cost of their grant-funded housing improvements if they did not remain in their homes for the specified number of years after their homes were rehabilitated. The balance in this fund reflects the cumulative balance of the repayments received from these property owners. The City may use these funds for housing-related purposes as specified in the City's CDBG Revenue Reuse Plan. In both 2017/2018 and 2018/2019, \$2,000 of these funds will be used in the City's Home Ownership program to assist with down payment and closing costs for individuals meeting income requirements that complete this program and purchase a home. An additional \$1,800 in 2017/2018 and \$1,000 in 2018/2019 will be used for the Sunset Park Children's Afterschool Education program. The balance in this fund is estimated at \$23,934 on June 30, 2019.

Community Block Grant Fund

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 31,602	\$ 30,636	\$ 26,636	\$ 30,734	\$ 26,934
Revenues					
Reimbursements of Housing					
Rehabilitation Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	<u>34</u>	<u>98</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 34</u>	<u>\$ 98</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Available	<u>\$ 31,636</u>	<u>\$ 30,734</u>	<u>\$ 26,636</u>	<u>\$ 30,734</u>	<u>\$ 26,934</u>
Expenditures					
Transfers Out:					
Home Ownership Program	\$ 0	\$ 0	\$ 3,000	\$ 2,000	\$ 2,000
Sunset Park Children's Education Program	<u>1,000</u>	<u>0</u>	<u>1,000</u>	<u>1,800</u>	<u>1,000</u>
Total Expenditures	<u>\$ 1,000</u>	<u>\$ 0</u>	<u>\$ 4,000</u>	<u>\$ 3,800</u>	<u>\$ 3,000</u>
Ending Balance, June 30	<u><u>\$ 30,636</u></u>	<u><u>\$ 30,734</u></u>	<u><u>\$ 22,636</u></u>	<u><u>\$ 26,934</u></u>	<u><u>\$ 23,934</u></u>
Increase (Decrease) in Fund Balance	\$ (966)	\$ 98	\$ (4,000)	\$ (3,800)	\$ (3,000)

SPECIAL REVENUE FUNDS

SMALL BUSINESS FORGIVABLE LOAN PROGRAM

GENERAL INFORMATION:

In 2013/2014 the City of Muscatine started a Small Business Forgivable Loan program in order to promote in-fill and redevelopment in targeted areas throughout Muscatine. The loans under this program are for building improvements and startup costs associated with the creation of a new business or to existing businesses significantly expanding into a new market, product, or service. Businesses can obtain a loan for up to \$25,000 for the business for a term of 5 years with 20% of the original loan forgiven annually on the anniversary of the origination of the loan. Funds are allocated up to \$15,000 for startup costs and up to \$10,000 for code compliance. Businesses receiving funding must be new businesses or be significantly expanding business operations to be eligible. Applicants must meet one-to-one (applicant investment v. grant funding which may be waived in whole or in part by the City Administrator upon recommendation of the committee). Inventory is not an eligible grant funded expense but does count toward the match. The loan program objectives are to:

- Improve Building Infrastructure
- Assist with Capital Equipment Purchases
- Offset Cost of Historic Building Preservation
- Offset Cost to Address ADA Access Issues
- Offset Cost of Fire Code Compliance, Sprinkler Systems, Egress Issues
- Allow Businesses to Allocate Additional Funds to Grow and Expand Business

CURRENT TRENDS AND ISSUES:

The City has allocated \$100,000 in annual funding for this program. Funding for the program is from incremental taxes received in the Southend Tax Increment fund (TIF). The \$200,000 funding amount in 2015/2016 funded the loan program allocations for both 2014/2015 and 2015/2016. There was \$41,420 in unspent funds at the end of the 2015/2016 year which were carried forward to the 2016/2017 fiscal year. A total of \$81,790 in unspent funds were carried forward to the 2017/2018 fiscal year. Those funds plus the \$100,000 allocation for 2017/2018 are expected to be expended by the end of this fiscal year. In 2018/2019 the Southend TIF funding of \$100,000 will fund the allocation to continue this program for the upcoming year. Funds are awarded to qualifying businesses based on the availability of funds.

Small Business Forgivable Loan Program

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ (99,790)	\$ 41,420	\$ 0	\$ 81,790	\$ 0
Revenues					
Reimbursement of Expenses	\$ 280	\$ 3,070	\$ 0	\$ 0	\$ 0
Transfers In:					
Southend Tax Increment Funds	<u>200,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Revenues	<u>\$ 200,280</u>	<u>\$ 103,070</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Funds Available	<u>\$ 100,490</u>	<u>\$ 144,490</u>	<u>\$ 100,000</u>	<u>\$ 181,790</u>	<u>\$ 100,000</u>
Expenditures					
Small Business Loans	\$ 59,000	\$ 62,700	\$ 100,000	\$ 181,790	\$ 100,000
Miscellaneous	<u>70</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 59,070</u>	<u>\$ 62,700</u>	<u>\$ 100,000</u>	<u>\$ 181,790</u>	<u>\$ 100,000</u>
Ending Balance, June 30	<u><u>\$ 41,420</u></u>	<u><u>\$ 81,790</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Increase (Decrease) in Fund Balance	\$ 141,210	\$ 40,370	\$ 0	\$ (81,790)	\$ 0

SPECIAL REVENUE FUNDS

POLICE FORFEITURE FUND

GENERAL INFORMATION:

Under guidelines from the U.S. Department of Justice and provisions of the State Code of Iowa, the City of Muscatine Police Department may receive proceeds from seized and forfeited money and property. Various procedures are required to be followed before a determination is made as to whether the proceeds from the seized property are awarded to the various law enforcement agencies. Additionally, if more than one law enforcement agency is involved in the seizure of property, proceeds are distributed to each agency involved on a percentage basis.

Local law enforcement agencies are specifically required to use these funds to supplement and not supplant the existing funding for law enforcement activities. In effect, these funds are required to be used for purchases outside the department's operating budget and may not be used to fund purchases included in the police department's annual budget.

This fund was established as a budgeted fund for the first time in fiscal year 1995/96 at the recommendation of the City's auditors in order to comply with provisions in the State Code of Iowa.

CURRENT TRENDS AND ISSUES:

There are no forfeiture fund revenues expected to be received in 2017/2018. Expenditures for 2017/2018 are estimated at \$9,500. The 2018/2019 budget includes an estimated \$5,000 in forfeiture fund revenues and \$5,000 of expenditures. The actual expenditures, however, will be dependent on the amount of funds received from seized and forfeited property.

Police Forfeitures Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 44,274	\$ 33,240	\$ 13,240	\$ 13,209	\$ 3,709
Revenues					
Forfeiture Funds	\$ 0	\$ 25	\$ 5,000	\$ 0	\$ 5,000 (1)
Interest	<u>21</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 21</u>	<u>\$ 25</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 5,000</u>
Funds Available	\$ 44,295	\$ 33,265	\$ 18,240	\$ 13,209	\$ 8,709
Expenditures	<u>11,055</u>	<u>20,056</u>	<u>5,000</u>	<u>9,500</u>	<u>5,000 (1)</u>
Ending Balance, June 30	<u><u>\$ 33,240</u></u>	<u><u>\$ 13,209</u></u>	<u><u>\$ 13,240</u></u>	<u><u>\$ 3,709</u></u>	<u><u>\$ 3,709</u></u>

Increase (Decrease) in Fund Balance	\$ (11,034)	\$ (20,031)	\$ 0	\$ (9,500)	\$ 0

1. Amounts for 2018/2019 reflect an estimated amount for forfeitures and expenditures. Actual amounts expended will be based on forfeiture funds received.

SPECIAL REVENUE FUNDS

MUNICIPAL HOUSING AGENCY

GENERAL INFORMATION:

The Muscatine Municipal Housing Agency (MMHA) is the HUD sanctioned Housing Authority for the County of Muscatine. The Agency is administered by the City's Housing department with City Council acting as the Agency Board of Commissioners with the advice of the Public Housing Resident Advisory Board. The Housing department is responsible for managing City and not-for-profit public housing, rental assisted privately owned housing, the home ownership program, and assisting with the Housing Code Enforcement program. The Municipal Housing funds support staff and operational expenses which are incurred to implement the housing programs.

All code and rehabilitation activities of the Community Development department complement the Housing department goals and objectives. These goals and objectives are to assure that the citizens of the City have a safe, decent, sanitary, and energy efficient place to live in a stable, vital, and secure neighborhood of their choice, at a price they can afford, and within reasonable access to employment, recreation, cultural opportunities, and goods and services.

PUBLIC HOUSING

The City's Public Housing units consist of the eleven (11) story, 100 unit Clark House for near elderly and elderly citizens and the fifty (50) unit very low income Sunset Park family project. The City also provides management services for the Hershey Board, a not-for-profit organization, for Hershey Manor, a fifty (50) unit elderly/handicapped citizen project. This facility is managed by the City through a contractual agreement with the Hershey Board.

CLARK HOUSE - An eleven (11) story apartment complex consisting of ninety-eight (98) one-bedroom and two (2) two-bedroom units for the near-elderly and elderly was opened in May of 1977. Debt service on the construction of the building was funded by the federal government with annual operating expenditures funded from project revenues. Milestones Area Agency on Aging has a meal site in the building. The Clark House also serves as a community-wide elderly activity center. Funding for improvements at this facility has been provided from Department of Housing and Urban Development (HUD) grants under the Capital Funds Program. Over the past several years, funding from this program has provided for renovation and replacement of various structural and mechanical items in this facility.

HUD in most years has provided an annual operating subsidy for the City's public housing program which includes the Clark House and Sunset Park. For calendar year 2012, however, HUD changed how the subsidy was calculated. For 2012 HUD factored in each Public Housing agency's operating reserve as of June 30, 2010 when determining the operating subsidy for calendar year 2012. Based on the Public Housing operating reserve on that date, the operating subsidy was reduced from \$160,010 in calendar year 2011 to zero for calendar year 2012. Housing staff was unsuccessful in the appeal of this funding reduction. The housing budgets in 2011/2012 and 2012/2013 were adjusted due to this funding reduction. The operating subsidy was reinstated beginning in calendar year 2013.

The 2017/2018 revised estimate expenditures for the Clark House are under the budgeted amount by \$18,390. This overall decrease is due to (1) a \$30,950 decrease in personal services costs due to a staff reorganization,

(2) a \$1,950 decrease in commodities, and (3) a \$14,510 increase in contractual services which includes a \$10,000 increase in pest control services to address several bed bug infestations and a \$4,500 increase in repair and maintenance services for apartment turnover costs. The original 2017/2018 budget included a fulltime Housing Specialist allocated 100% to the Clark House. This individual is now overseeing both the Clark House and Sunset Park and 50% of her wage and benefit costs are allocated to each housing project.

The Clark House budgeted expenditures for fiscal year 2018/2019 total \$521,590 which is \$20,770 (3.8%) less than the original 2017/2018 budget. The budget includes a reduction of \$14,520 in personal services costs, a reduction of \$1,800 in commodities, and a reduction of \$14,450 in contractual services. These decreases are partially offset by an increase of \$10,000 in capital outlay. The overall personal services decrease is due to the reallocation of 50% of the Housing Specialist to Sunset Park. Those savings have been partially offset by the addition of a 20% allocation of a Custodian II position. One of the 29 hour per week Custodian II positions will be increased to fulltime in the 2018/2019 budget with 70% of the position allocated to Sunset Park, 20% to the Clark House, and 10% to Hershey Manor. The \$45,000 capital outlay allocation includes funds to be used for apartment rehabilitation including appliance replacements as needed (\$35,000) and the purchase of heat treatment equipment so bed bug treatments can be done by housing staff (\$10,000).

The 2017/2018 revised estimate revenues for the Clark House are \$15,470 less than the original budget. Dwelling rents from tenants are \$6,000 less than the original budget. Tenant rents are based on tenant incomes according to HUD public housing program regulations. The apartment turnover during the past year resulted in a lower average of rents charged to tenants. The revenue decrease also reflects reductions in laundry fees (\$1,000), and HUD Capital Funds (\$13,470). These decreases were partially offset by an increase in cable fees (\$5,000) due to an increase in cable charges to tenants.

The 2018/2019 budgeted revenues for the Clark House total \$534,800 which is \$50 less than the original 2017/2018 budget. The 2018/2019 budget includes an estimated \$92,600 in HUD operating subsidy and \$88,050 in HUD capital funds. The 2018/2019 budgeted revenues also include \$310,000 in rents, \$35,000 in cable fees, and \$9,150 in other income, primarily laundry fees.

The Clark House and Sunset Park are considered one project by HUD for accounting purposes. In the 2017/2018 revised estimate the combined Clark House and Sunset Park revenues are \$798,380 and the combined expenditures are \$839,830. This will result in an estimated \$41,450 decrease in the operating reserve to \$3,263 at the end of 2017/2018.

The 2018/2019 budgeted expenditures for the Clark House and Sunset Park total \$787,170 and revenues are budgeted at \$786,210. This will decrease the operating reserve by \$960 to \$2,303 at the end of 2018/2019. The combined public housing revenue estimate includes a total of \$157,450 of HUD Capital Funds, \$187,600 in HUD operating subsidy, and \$396,500 in rents.

The operating reserve at the end of the 2017/2018 and 2018/2019 fiscal years of \$3,263 and \$2,303, respectively, are minimal amounts for the public housing operations. If necessary, public housing staff can access funds from the next year's HUD capital fund allocation if there are unexpected expenditures in excess of the amounts included in the budget. Housing staff will continue to monitor average tenant rent levels as well as operating expenditures at both public housing facilities.

SUNSET PARK - The Sunset Park Housing units are located on Houser Street north of the Muscatine Slough. The Sunset Park facility is a 50-unit apartment complex consisting of two, three, and four bedroom units for very low income families. The facility is funded similar to the Clark House. The federal government

funded the debt service for the construction. Rental income is used to provide funds for the operation and maintenance of the facility.

The 2017/2018 revised estimate expenditures for Sunset Park are \$58,240 more than the original budget. The increase in expenditures is primarily due to the \$55,400 increase in capital outlay which includes roof and other damages from a summer hail storm. The net cost after the insurance reimbursement for storm damage repairs is estimated at \$46,400 which is the calculated deductible under the former insurance policy. Insurance for the Clark House and Sunset Park were added to the City's ICAP (Iowa Community Assurance Pool) coverage effective October 1, 2017. The Sunset Park capital outlay increase also includes \$6,500 to replace five water heaters and \$2,500 for an emergency heater replacement. Personal services costs are under the original budget by \$1,160, commodities are under by \$1,950, and contractual services are over by \$5,950.

The 2018/2019 Sunset Park budgeted expenditures are \$7,960 (3.1%) more than the original 2017/2018 budget. This overall increase is the net result of (1) a \$1,480 increase in personal services costs, (2) a \$1,750 decrease in commodities, (3) a \$3,530 increase in contractual services, and (4) a \$4,700 increase in capital outlay. The \$29,700 capital outlay allocation is for apartment rehabilitation including appliance replacements as needed. The 2018/2019 expenditures reflect increasing one of the 29 hour per week Custodian II positions to fulltime with this position allocated 70% to Sunset Park, 20% to the Clark House, and 10% to Hershey Manor. This will reduce the need for some of the contracted services currently being used for apartment turnover.

Revised estimate revenues for Sunset Park are \$16,990 more than the original budget. This overall increase includes a \$28,490 increase in the allocation of HUD capital outlay funds which will fund a portion of the deductible on the hail storm damages. Tenant rents decreased \$10,000 and miscellaneous revenues decreased by \$1,500. Tenant rents are based on tenant incomes according to HUD public housing program regulations. The apartment turnover during the past year resulted in a lower average of rents charged to tenants.

Revenues for Sunset Park for 2018/2019 are estimated at \$251,410, which includes \$86,500 in rents, \$95,000 in HUD operating subsidy, and \$69,400 in HUD Capital Funds.

HERSHEY MANOR - The site for this project was formerly occupied by the Hershey Nursing Home near the intersection of Parham Street and Mulberry Avenue. The site was rezoned by the City in 1982 to accommodate this elderly/handicapped citizen project. The Hershey Board, a non-profit organization, discontinued the nursing home operation and the structure was demolished in 1983. This project, unlike the Clark House and Sunset Park projects, requires that the housing program make principal and interest payments for the construction of the facility.

Since 1983, the City has provided management services for this facility at the request of the Hershey Board. All costs associated with the operation of the project are charged directly to the Hershey Manor Housing fund, including a payment to the City of 5% of the operating revenues of the project as a management fee according to the City's current agreement with the Hershey Board. From this management fee, the City funds 10% of the Housing Administrator's wages and benefit costs with the remainder of the management fee credited to the General Fund to fund accounting and general administrative costs. In addition to the allocation of the Housing Administrator, staff has consisted of a half-time Custodian, 50% of a Housing Specialist, 25% of the Maintenance Repairperson, and in prior years 10% of the Housing Maintenance Supervisor. The Housing Maintenance Supervisor position was eliminated in December of 2016. The 2018/2019 budget includes 10% of the Custodian II position which is budgeted to be increased to fulltime effected July 1, 2018.

The loan on the Hershey Manor project was refinanced as of December 1, 2014 under HUD's interest rate reduction program, which reduced the interest rate from 6.0% to 4.25%. With the refinanced loan, the monthly payments decreased from \$11,969.43 to \$10,266.34, which is a \$1,703.09 monthly savings or \$20,437.08 annually. Housing staff is currently working with HUD and the mortgage company to arrange for a 2nd mortgage to replace the HVAC system in this facility. The estimated cost for this system is \$750,000.

The revised estimate expenditures are \$26,960 more than the original budget. There were increases and decreases throughout the budget but the overall increase is due to the need to rent and install a temporary chiller in the building. The cost to set up, rent and remove the temporary chiller was \$24,650. This cost will be funded from the Replacement Reserve.

The budgeted expenditures for fiscal year 2018/2019 of \$341,140 are \$17,200 (4.8%) less than the original 2017/2018 budget. Personal services are \$9,250 (11.2%) more than the original budget for 2017/2018. This increase includes the allocation of 10% of the new fulltime Custodian II position effective July 1, 2018. Other increases and decreases include (1) a \$3,450 decrease in commodities, (2) a \$2,850 increase in contractual services, (3) a \$23,300 decrease in capital outlay, and (4) a decrease of \$2,550 in interest and mortgage insurance. The capital outlay allocation is \$14,200 which includes \$12,500 for apartment rehabilitation including appliance replacements as needed, and \$1,700 to replace a computer.

Revenues for 2018/2019 include \$180,000 in rental payments from the tenants and an estimated \$268,720 through HUD Section 8 housing assistance payments. The apartments rent for a fair market value established by HUD. Tenants pay 30% of their income for rent with the difference between the tenant rent and the fair market rent subsidized by Section 8 funds. Effective June 1, 2012 the fair market rent was set at \$716. It increased to \$724 June 1, 2013, increased to \$733 June 1, 2014, increased to \$744 June 1, 2015, increased to \$760 June 1, 2016, and further increased to \$771 June 1, 2017. The revenues in the attached budget schedules reflect continuation of the \$771 rate since HUD had not yet approved a rent increase at the time the budget was developed. After the budget was adopted notification was received that HUD had approved an increase in the fair market rent to \$785.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The City's Section 8 Housing Choice Voucher Program enables the City to assist up to three hundred seventy-six (376) very low-income individuals and families, who reside in Muscatine County, to live in standard privately owned housing of their choice, suitable to their needs, and within their ability to pay. The program assists families, elderly, and eligible handicapped whose incomes do not exceed 50% of the area's median income at the time of admission (very low income families). The program participants seek their own housing within the County and are free to move to units that are more desirable at the end of the lease period.

Under the Section 8 program, tenants and landlords enter into a lease agreement establishing the terms and conditions of the lease and the landlords enter into a contract with the City for the rental assistance. The property owners retain control over their property and approve the tenants. Rents including utilities are established for various bedroom sized units by HUD. HUD provides funding for the program including the housing assistance payment (difference between the amount the eligible families and individuals pay toward rent, 30% to 40% of income, and the rent) and administration of the program.

In calendar year 2012 HUD made changes to how the Section 8 Voucher program funds are distributed to housing agencies. Housing agencies are required to separately account for the housing assistance payments (HAPS) funds and HUD funds for administration of the program. As part of the HUD funding for 2012, housing agencies were required to use previous year unspent HAP funds to fund a portion of that year's HAP payments. HUD now holds each housing authority's HAPS reserve (net restricted assets). HUD funds for

administration of the program have been decreasing in recent years. The Administrative Reserve was \$73,225 at the end of 2012/2013 fiscal year and it decreased to \$47,861 at the end of 2013/2014. The reserve at the end of 2014/2015 increased slightly to \$49,544 and then decreased to \$45,826 at the end of 2015/2016. There was a slight increase in 2016/2017 to \$46,485. At the time the budget was completed the Administrative Reserve was expected to increase to \$50,735 at the end of 2017/2018 and then decrease to \$36,115 at the end of 2018/2019. These amounts were based on funding estimates available when the budget was prepared. Housing staff will continue to closely monitor HUD funding and expenditures for this program.

Federal contributions for fiscal year 2018/2019 are estimated at \$1,874,600 for the Section 8 Voucher Program which includes \$1,694,200 for housing assistance payments (HAPS) and \$180,400 for administration of the program. These are budget estimates based on information available at the time the budget was prepared. The Section 8 Voucher Program budget for housing assistance payments will be adjusted if the HUD funds are lower or higher than the budget estimates. It is uncertain whether the HUD administrative fee will remain the same, decrease, or increase in calendar years 2018 and 2019. Depending on the amount of HUD administrative funds allowed, reductions in administrative costs, including staffing, would need to be considered. Based on the current average rent subsidy and the estimated calendar year 2018 funding, the City has not been provided sufficient HUD funds to provide housing assistance to the maximum number of individuals or families possible (376). The goal of the Housing staff is to maximize usage of the HUD funds awarded and to strive to obtain increased funding for housing assistance payments each year.

SECTION 8 FAMILY SELF-SUFFICIENCY PROGRAM

In 2010/2011, the Housing department was notified that funding had been awarded to begin a Family Self-Sufficiency (FSS) program for the Section 8 Housing Choice Voucher Program. FSS is a HUD program that encourages communities to develop local strategies to help voucher families obtain employment that will lead to economic independence and self-sufficiency. Public Housing Authorities (PHA's) work with welfare agencies, schools, businesses, and other local partners to develop a comprehensive program that gives FSS family members the skills and experience to enable them to obtain employment that pays a living wage. Under this program, low-income families enter into an agreement with the PHA. The families are provided opportunities for education, job training, counseling, and other forms of social skills necessary to achieve self-sufficiency and in exchange agree to successfully complete the program and abide by the program rules.

In addition to the family receiving education, training, and other skills, the PHA establishes an escrow account and credits the families for the change in family paid rent as a result of any increase in earned income during the family's participation in the FSS program. Upon successful completion of the program, the family then receives the funds that have been deposited into their escrow account.

HUD funding was available to fund 100% of the wages and benefits of a fulltime FSS Coordinator position through calendar year 2015. Any costs for training or other incidental expenses have been funded from the Section 8 Housing Voucher Program administrative funding. Through calendar year 2015 it was possible to carry forward unused funds from prior year grants. Due to vacancies in the FSS Coordinator position, the annual grants and the carryforward amounts were sufficient to fund 100% of the cost of this position through calendar year 2015. Beginning in 2016, however, funds cannot be carried forward from previous year grants.

The FSS grant funding for calendar year 2016 was \$55,310 which is less than what is needed to fund 100% of the cost of the FSS Coordinator. However, public housing tenants are now eligible to participate in this program and beginning January 1, 2016 and continuing through 2016/2017, a portion of the FSS Coordinator position was charged to the Sunset Park public housing program. In 2017/2018 FSS grant funds funded

approximately 79% of the cost of this position. In 2018/2019, this position is 85% funded by the FSS grant with the remaining 15% funded from the Voucher program.

The 2018/2019 budget includes funding of \$57,380 for 85% of the fulltime FSS Coordinator position. The HUD grant will fund \$55,310 of this amount with the remaining \$2,070 funded from HUD funds for administration of the regular Section 8 Voucher program. In addition to the HUD grant funding wages and benefits, \$1,400 for staff training will be funded from the grant in 2019 subject to HUD approval. Incidental expenses are estimated at \$2,350 in 2018/2019 and will also be funded from Section 8 Housing Voucher Program administrative funding.

HOUSING INSPECTIONS

As part of the City's Housing Assistance Program, the City is also required to inspect each of the units receiving a rent subsidy to assure that it meets minimum housing standards. Housing inspections were the responsibility of the Housing Maintenance Supervisor/Inspector until that position was eliminated in December of 2016. The Section 8 housing inspections are now being done by the rental housing inspector in the City's Community Development department and costs of these inspections will be paid by the Section 8 housing program to the City. These amounts are estimated at \$9,000 in both the 2017/2018 revised estimate and the 2018/2019 budget. Using the same inspector for both Section 8 and regular units assures consistency in enforcing housing rental standards. Due to HUD regulation changes, inspections for Section 8 units are now required biennially instead of annually. Housing inspection violations are required to be corrected within a specified time period.

HOME OWNERSHIP PROGRAM

The Housing department reestablished the Home Ownership Program in January of 2008. This program assists first time homebuyers in purchasing their own homes. This includes persons eligible and interested in purchasing a home through the Section 8 Voucher Program Home Ownership program. HUD approved the transfer of \$65,277 from the sale of the last scattered site house in 2011 to provide funding to continue this program. The Housing Specialist position that manages this program was increased from part-time to fulltime in 2010/2011 with 50% of the cost of that position charged to the Home Ownership Program. This allocation was increased to 62% beginning in 2013/2014. For 2018/2019 the allocation has been reduced to 50%.

The 2017/2018 revised estimate includes an estimated \$57,700 in expenditures for this program and the budgeted expenditures for 2018/2019 are budgeted at \$45,200. The 2018/2019 expenditures reduction reflects the decrease in the Housing Specialist allocation from 62% to 50%. This change will be sufficient to maintain the current workload while addressing the needs of the core public housing programs. The 2017/2018 budget and the 2018/2019 budget each include \$2,000 for down payment and closing cost assistance for those completing this program if they meet the income eligibility requirements for this assistance. These allocations are being funded with funds repaid to the City according to provisions of prior year housing rehabilitation agreements funded from Community Development Block Grant (CDBG) funds.

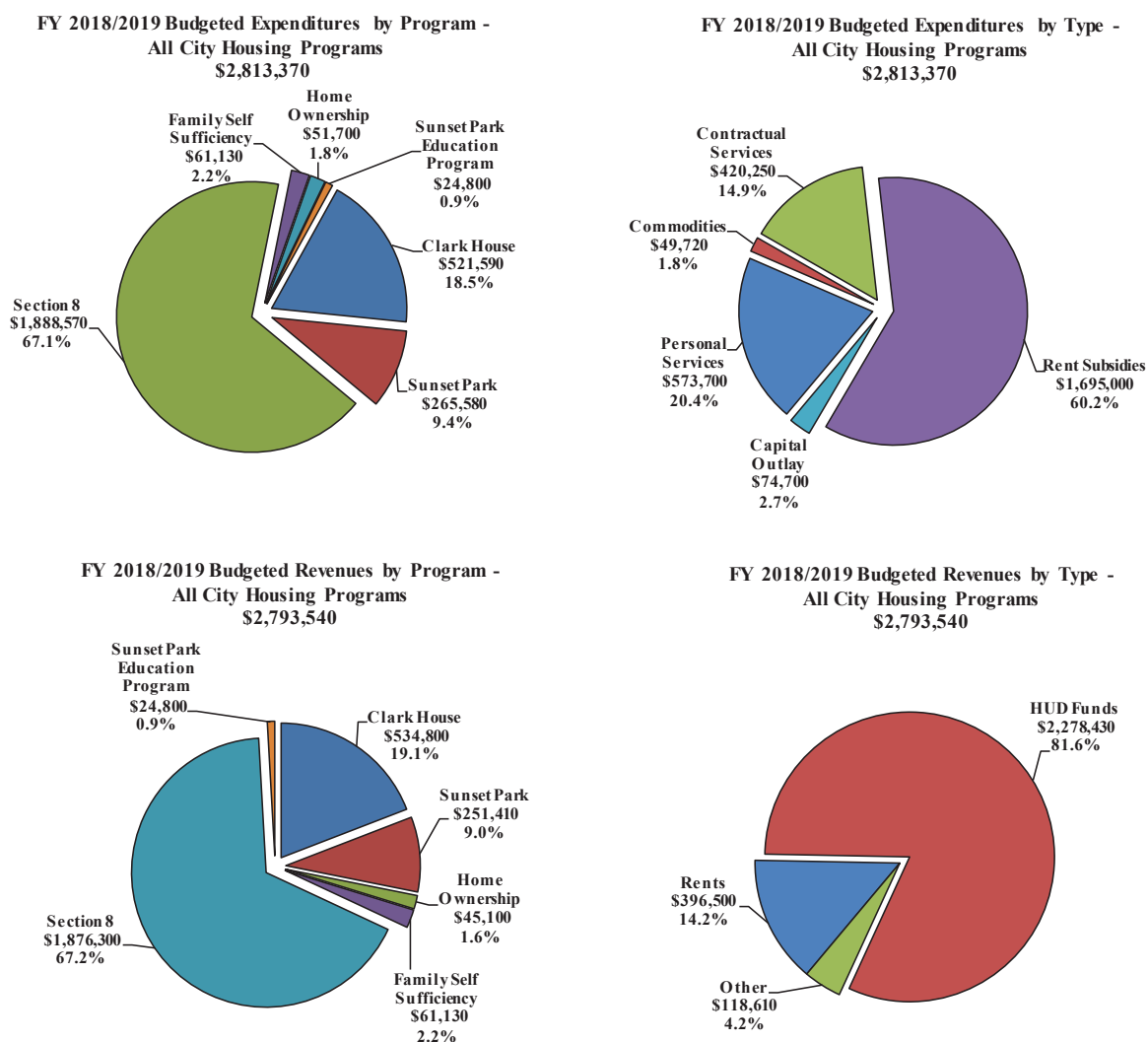
The Local Housing Trust will provide \$21,650 of funding for the Home Ownership Program in 2017/2018 and \$21,000 is expected in 2018/2019. HUD Comprehensive Housing Counseling grant funding has also been received for this program. This funding was \$7,240 in 2013/2014, \$11,376 in 2014/2015, \$11,516 in 2015/2016, and \$19,125 in 2016/2017. The grant is estimated at \$18,250 in the 2017/2018 revised estimate and \$18,000 in the 2018/2019 budget. The fund balance has been decreasing each year and is estimated at \$50,273 at the end of 2018/2019. The Housing department will continue to pursue other outside funding for this program with the goal of making the Home Ownership program self-sustaining in future years.

SUNSET PARK CHILDREN'S EDUCATION PROGRAM

The Sunset Park Education Center opened in 2010/2011. The Sunset Park Afterschool Children's Education Program is operated every day school is in session. The program is sustained by grants and donations from the community. The 2018/2019 budget totals \$24,800 which includes \$23,700 for the instructor and the assistant instructor as well as \$1,100 for education materials, supplies, and related costs. Local grants and donations are expected to fund 100% of the cost of this program.

CURRENT TRENDS AND ISSUES:

Budgeted operating expenditures for the City's Clark House, Sunset Park, Section 8 Voucher, Home Ownership Program, and Sunset Education Program total \$2,813,370 for 2018/2019 with budgeted revenues of \$2,793,540. The revenues and expenditures for the City Housing Programs are shown by program and by type in the following charts:



The various housing budgets for 2018/2019 continue to include funds for accounting services provided by the City for the respective housing programs. These fees are based on actual staff time involved in housing accounting activities. The fees for 2018/2019 total \$62,700 and are allocated as follows:

Clark House	\$26,100
Sunset Park	12,900
Section 8 Voucher Program	<u>23,700</u>
	<u>\$62,700</u>

Hershey Manor currently pays the City a management fee and consequently has not been included in the above allocation.

GOAL STATEMENT:

To formulate, implement and administer programs in a nondiscriminatory manner that strive to provide to low and moderate income households who reside and/or expect to reside in the Muscatine area the opportunity to reside in a healthy, safe dwelling and neighborhood of their choice, free of major harmful environmental influences, convenient to social, cultural, educational, commercial, recreational, and economic opportunities, within a reasonable expense to income ratio.

PERFORMANCE MEASURES:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Public Housing:					
<u>Clark House</u>					
Units Available	100	100	100	100	100
Days Units Vacant	426	458	394	730	730
Percent Days Vacant	1.17%	1.25%	1.08%	2.0%	2.0%
<u>Sunset Park</u>					
Units Available	50	50	50	50	50
Days Units Vacant	310	360	548	570	365
Percent Days Vacant	1.70%	1.97%	3.0%	3.0%	2.0%
<u>Combined</u>					
Units Available	150	150	150	150	150
Total Days Units Available	54,750	54,750	54,750	54,750	54,750
Total Days Units Vacant	736	818	942	1,300	1,095
Total Percent Days Vacant	1.34%	1.49%	1.7%	2.4%	2.0%
Hershey Manor: *					
Units Available	50	50	50	50	50
Days Units Available	18,250	18,250	18,250	18,250	18,250
Days Units Vacant	63	108	122	150	300
Percent Days Vacant	.35%	.59%	.67%	1.0%	2.0%
Section 8 Voucher Program:					
Unit Months Under Lease	3,998	4,068	3,960	4,080	4,200
Average Units Under Lease	333	339	330	340	350
Earned Administrative Fee	\$192,037	\$201,617	\$203,635	\$193,300	\$180,400
Housing Assistance Payments	\$1,603,085	\$1,718,674	\$1,669,305	\$1,691,350	\$1,694,200

* It is standard practice in the housing industry to estimate a 5% vacancy rate in projects. Hershey Manor vacancies have fluctuated over the years, topping out with about a 3% vacancy rate. Staff is estimating the lower (3%) vacancy for planning purposes based on this historical information, the lack of additional supply anticipated to be available, and the subsidized rents typically resulting in a more stable residency. The Muscatine Municipal Housing Agency will continue to make every effort to maximize occupancy

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/2019
Family Self Sufficiency:					
Total Participants	20	25	28	25	30
Participants with Escrow Balance	8	10	18	16	20
Participants Enrolled in Education	13	14	14	12	15
Participants Becoming Employed	10	18	20	17	20
Homeownership:					
Clients Completing 8 Hour Class	61	53	54	55	50
HUD (9902) Individual	148	N/A	N/A	N/A	N/A
Counseling/Households Served	N/A	137	149	150	150
Clients <80% Median Income	112	121	144	140	140
Clients Purchasing Housing	30	28	33	30	20
Section 8 Homeownership					
Clients Purchasing Housing	0	0	1	1	1
Clients Completing Renter					
Counseling	0	0	0	85	80
Sunset Park Education:					
<u>Afterschool Program</u>					
Number Days of Operation	175	170	159	138	125
Number of Students Registered	31	31	22	17	20
Average Participating Students	19	20	11	10	15
Number of Instructional Hours	5,398	5,312	3,378	2,750	2,500
Total Books Read by Students	3,326	3,147	1,648	1,000	1,000
Average Books Read per Student	107	93	103	111	67
<u>Summer Program</u>					
Meals Served	874	812	838	879	800
Kids Registered	31	34	23	28	20
Off-site Activities	14	25	27	32	25

RECENT ACCOMPLISHMENTS:

Public Housing - Clark House and Sunset Park

The public housing developments continue to experience higher than average turnover, with 9 and 13 at Clark and Sunset, respectively. This is a 14.6% combined turnover rate. In addition, Sunset has had a number of unanticipated maintenance expenses, including the necessity to contract for turnover activities, replacing roofs following storm damage, and failing hot water heaters and furnaces. There also continues to be costs related to pest infestations. These circumstances have stretched the program budget and resulted in the continued review of operations for cost saving opportunities.

Staff has attended a number of trainings to develop a better understanding of regulatory compliance and opportunities to improve operations. Staff is evaluating everything from inventory control to contracts and staffing options. This evaluation led to the request to increase one .75 FTE maintenance staff person to a full-time position beginning July 1, 2018. This will allow maintenance staff to better keep up with daily maintenance and turnover requirements as well as take on more pest control activities.

Hershey Manor

Hershey Manor continues to operate with minimal vacancies. Staff continues to work on getting the aging HVAC system replaced, the chiller component of which failed this past summer. The U.S. Department of Housing and Urban Development has approved securing a second mortgage for the project and the system is currently being designed.

The property manager has completed two successful management reviews as required by HUD. In addition, the manager hosts monthly resident dinners to get residents out of their units and engaged in peer activities.

Section 8 Housing Choice Voucher Program

The Housing Choice Voucher Program was designated as High Performing again for fiscal year 2016/2017. The designation lessens the amount of HUD oversight the agency incurs, but it does not increase the resources available for program administration or assistance to clients.

Opportunities to improve services and efficiency are reviewed regularly, many of which were included in the last Administrative Plan update. One significant operational change has been to upgrade the client management system. While staff is still in the process of learning the new system, it is apparent there are opportunities to streamline compliance activities. The transition to utilizing the Community Development inspection staff to meet the HQS requirements has met the goal of creating consistency of inspections for rental properties city-wide. In addition, staff continues to review opportunities to streamline activities, identifying and eliminating duplicative or unnecessary processes, and other appropriate changes.

Staff continues to work on improving client stability through compliance. Staff works with the Housing Stability Navigator at Muscatine Center for Social Action (MCSA) to assist more difficult clients to overcome personal barriers to compliance. Working together, MMHA Housing Specialists and the Navigator have kept families from being evicted and have re-housed some very difficult families, including assisting some to secure housing and allowing them to utilize their vouchers.

The Agency renewed its contract with the Iowa Department of Inspection and Appeals, providing professional investigative services for households suspected of serious program violations. In calendar year 2017, this partnership resulted in confirmation of three violations that cost more than \$10,000 in overpaid rental assistance. All collection options are being pursued.

The Agency continues to use the vouchers as an opportunity to increase the supply of quality, affordable housing for clients. Harrison Lofts, which was approved for project-based vouchers in 2016 is anticipated to be certified for occupancy in May. In 2017, two projects, one new construction and one rehab, were approved for project-based vouchers. The rehab project is currently in the contracting phase. The new construction project is undergoing the Low-Income Housing Tax Credit evaluation process before the process to issue a contract for vouchers will be initiated. Staff continues to work with community organizations to identify additional housing opportunities or improve services to clients.

In addition, staff continues to evaluate opportunities to support City-wide goals to support availability of quality housing. The implementation of the Renter Class will enable clients to take better care of their units, and the streamlined rental inspection will insure units are code compliant. Through participation in Landlord Association meetings housing staff encourages landlords to actively work with tenants to maintain and improve properties.

Family Self-Sufficiency (FSS) Program

The new FSS Coordinator continues to work on rebuilding and refocusing the FSS program to address client needs, expand partnerships, and improve outcomes. The revised program will result in clarifying appropriate participant criteria, requirements of participation, and guidelines for graduating. The FSS Coordinator works with all Housing Specialists to identify clients for participation in the program. The current priority is to reestablish the Program Coordinating Committee (PCC) so that it will focus on external partnerships and services that enhance MMHA's, and partner agency's, ability to assist clients in accessing services that enhance their ability to obtain the highest degree of personal self-sufficiency possible. In addition, the PCC will help identify gaps in services and work collaboratively to fill them.

Housing Counseling Program

The Housing department continues to receive both HUD Housing Counseling and Local Housing Trust Funds to support the Housing Counseling Program. The program continues to be HUD certified. A new regulation requires that staff be certified to continue providing certified housing counseling services by 2018. Staff continues to look for additional funding opportunities to support program operations.

Staff continues to participate in the Local Housing Trust Fund Cluster. This group has again allocated funds to support the administration of the Housing Counseling Program. The Cluster also provides resources to the Greater Muscatine Chamber of Commerce for down payment assistance to qualified families who have completed the eight hour homebuyer course.

The renter class was launched in the fall of 2017. This class is designed to address a number of issues with tenants understanding both their rights and responsibilities. While the class is open to all community members, those on either the public housing or voucher waiting lists are given a priority over other households in their same preference category. In the first three months of offering the class, more than seventy individuals completed the six sessions offered.

The pre-purchase class continues to be offered about every six weeks with ten to fifteen participants in each session. Seven graduates were assisted to purchase their first home already this year. Staff continues to review opportunities to grow the program both in the Muscatine community and throughout southeast Iowa.

Sunset Park Education Center

Fiscal year 2017/2018 has been a year of change in the Sunset Park Education Programs. The long-time teacher of the program retired and it was determined the most feasible option was to partner with the Flickinger Learning Center for this service. By contracting for services costs have been minimized and there is an institutional structure that manages staff absences and knowledgeable oversight.

Again, turnover has impacted participation in the program, and enrollment and attendance are lower than they have been historically. Program and management staff are working to improve participation. However, there are notable advantages of this smaller "class". A few of the attendees have significant behavior and learning

issues and the smaller class size has allowed more focus on these issues, and notable improvements can be observed.

The Summer Program continues to be popular among resident children and activities support student learning with educational activities, as well as off-site events exposing children to cultural and community resources. A hot lunch and afternoon snack were provided five days a week through the summer lunch program administered by the United Way.

Summer program staff continued the community garden that the children tended and were provided opportunities to try the foods they harvested. In addition, staff continues to look for opportunities to engage community groups by having them present to the class or otherwise engage with the students. The Pilot Club made another donation, allowing the children to go bowling and attend the movies. The children participated in off-site activities 32 of the 43 days of operation, including weekly trips to the aquatic center and library. None of these excursions would be possible without the support of MuscaBus transit system transporting the children and program staff.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

Public Housing - Clark House and Sunset Park

- * To collect at minimum 98% of all rent due.
- * To maintain at minimum a 98% occupancy rate.
- * To work to improve the sense of community in public housing projects, especially Sunset Park.
- * To review public housing policies and procedures and incorporate appropriate measures to improve efficiencies and effectiveness.

Hershey Manor

- * To collect at minimum 99% of all rent due.
- * To maintain at minimum a 97% occupancy rate.
- * To complete the replacement of the HVAC system.

Section 8 Housing Choice Voucher Program

- * To maintain an average of 350 vouchers under lease throughout the fiscal year.
- * To expend 100% of housing assistance funding awarded.
- * To maintain High Performer status on SEMAP (Section 8 Management Assessment Program).

Family Self-Sufficiency (FSS) Program

- * To serve a minimum of 30 participants throughout the fiscal year.
- * To maintain a positive escrow balance for at least 40% of participants.

- * To secure continued funding for the FSS program.

Housing Counseling Program

- * To offer 6 Home Ownership classes in the fiscal year.
- * To have 50 students complete the home ownership class and receive a certificate of completion.
- * To offer 8 renter counseling classes in the fiscal year with a minimum of 10 participants each.
- * To schedule a minimum of 100 hours of one-on-one counseling and case management in areas such as Landlord/Tenant Relationships, Credit Awareness, Money Management, Loan Qualification, and Foreclosure Counseling.
- * To have 15 Home Ownership graduates successfully close on a home purchase.
- * To identify and encourage at least one current Section 8 participant to pursue homeownership through the Housing Choice Voucher Home Ownership program.

Sunset Park Education Center

- * To have the Sunset Park Afterschool Program open a minimum of 125 days during the school year.
- * To have a minimum of 20 students registered for the program.
- * To have an average attendance of at least 15 students per day.
- * To conduct a minimum of 2,000 hours of student instruction.
- * To have students read a minimum of 1,000 books.
- * To improve student proficiency in Math and Reading to support the on-going development of a qualified workforce.

Sunset Park Summer Program

- * To have a minimum of 20 children registered.
- * To serve a minimum of 800 lunches.
- * To expand children's knowledge of the community by accessing at least 10 off-site activities.

**Public Housing Program
Clark House and Sunset Park
Fund Statement**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Operating Reserve, July 1	\$ 75,673	\$ 90,462	\$ 4,702	\$ 44,713	\$ 3,263
Revenues					
Dwelling Rentals	\$ 447,809	\$ 387,328	\$ 410,000	\$ 394,000	\$ 396,500
Cable Fees	30,396	31,107	30,000	35,000	35,000
Federal Grants:					
Operating Subsidy	188,985	201,974	187,600	187,600	187,600
HUD Capital Funds:					
2013 Grant	5,892	0	0	0	0
2014 Grant	160,589	0	0	0	0
2015 Grant	0	163,243	0	0	0
2016 Grant	0	0	157,100	157,120	0
2017 Grant	0	0	0	15,000	147,450
2018 Grant	0	0	0	0	10,000
Interest Income	310	279	310	310	310
Contribution for AED	0	1,325	0	0	0
Sale of Equipment	0	963	0	0	0
Laundry Fees	8,629	8,035	9,000	8,000	8,000
Miscellaneous	4,721	3,149	2,850	1,350	1,350
Total Revenues	<u>\$ 847,331</u>	<u>\$ 797,403</u>	<u>\$ 796,860</u>	<u>\$ 798,380</u>	<u>\$ 786,210</u>
Funds Available	<u>\$ 923,004</u>	<u>\$ 887,865</u>	<u>\$ 801,562</u>	<u>\$ 843,093</u>	<u>\$ 789,473</u>
Expenditures					
Clark House	\$ 580,469	\$ 550,773	\$ 542,360	\$ 523,970	\$ 521,590
Sunset Park	252,073	292,379	257,620	315,860	265,580
Total Expenditures (1)	<u>\$ 832,542</u>	<u>\$ 843,152</u>	<u>\$ 799,980</u>	<u>\$ 839,830</u>	<u>\$ 787,170</u>
Operating Reserve, June 30	<u><u>\$ 90,462</u></u>	<u><u>\$ 44,713</u></u>	<u><u>\$ 1,582</u></u>	<u><u>\$ 3,263</u></u>	<u><u>\$ 2,303</u></u>
Increase (Decrease) in Operating Reserve	\$ 14,789	\$ (45,749)	\$ (3,120)	\$ (41,450)	\$ (960)

1. Expenditures include changes in compensated absences and other post-employment benefits.

**Public Housing Program
Clark House and Sunset Park
Summary of Revenues**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Clark House:					
Dwelling Rentals	\$ 324,609	\$ 305,583	\$ 315,000	\$ 309,000	\$ 310,000
Cable Fees	30,396	31,107	30,000	35,000	35,000
Federal Grants:					
Operating Subsidy	92,603	98,966	92,600	92,600	92,600
HUD Capital Funds:					
2013 Grant	2,685	0	0	0	0
2014 Grant	90,589	0	0	0	0
2015 Grant	0	56,240	0	0	0
2016 Grant	0	0	87,100	66,830	0
2017 Grant	0	0	0	6,800	82,550
2018 Grant	0	0	0	0	5,500
Interest Income	309	267	300	300	300
Laundry Fees	8,629	8,035	9,000	8,000	8,000
Contribution for AED	0	1,325	0	0	0
Miscellaneous	1,509	1,400	850	850	850
Subtotal	<u>\$ 551,329</u>	<u>\$ 502,923</u>	<u>\$ 534,850</u>	<u>\$ 519,380</u>	<u>\$ 534,800</u>
Sunset Park:					
Dwelling Rentals	\$ 123,200	\$ 81,745	\$ 95,000	\$ 85,000	\$ 86,500
Federal Grants:					
Operating Subsidy	96,382	103,008	95,000	95,000	95,000
HUD Capital Funds:					
2013 Grant	3,208	0	0	0	0
2014 Grant	70,000	0	0	0	0
2015 Grant	0	107,003	0	0	0
2016 Grant	0	0	70,000	90,290	0
2017 Grant	0	0	0	8,200	64,900
2018 Grant	0	0	0	0	4,500
Interest Income	1	12	10	10	10
Sale of Equipment	0	963	0	0	0
Miscellaneous	3,211	1,749	2,000	500	500
Subtotal	<u>\$ 296,002</u>	<u>\$ 294,480</u>	<u>\$ 262,010</u>	<u>\$ 279,000</u>	<u>\$ 251,410</u>
Total	<u><u>\$ 847,331</u></u>	<u><u>\$ 797,403</u></u>	<u><u>\$ 796,860</u></u>	<u><u>\$ 798,380</u></u>	<u><u>\$ 786,210</u></u>

Function:
Business Type

Department:
Housing

Activity:
Clark House

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 206,081	\$ 208,810	\$ 201,520	\$ 170,570	\$ 187,000	-7.21%
Commodities	26,545	24,853	28,400	26,450	26,600	-6.34%
Contractual Services	257,518	295,570	277,440	291,950	262,990	-5.21%
Capital Outlay	85,340	20,700	35,000	35,000	45,000	28.57%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 575,484</u>	<u>\$ 549,933</u>	<u>\$ 542,360</u>	<u>\$ 523,970</u>	<u>\$ 521,590</u>	-3.83%
Funding Sources						
Dwelling Rentals	\$ 324,609	\$ 305,583	\$ 315,000	\$ 309,000	\$ 310,000	-1.59%
Tenant Cable Fees	30,396	31,107	30,000	35,000	35,000	16.67%
Interest Income	309	267	300	300	300	0.00%
Federal Grants:						
Operating Subsidy	92,603	98,966	92,600	92,600	92,600	0.00%
HUD Capital Funds	93,274	56,240	87,100	73,630	88,050	1.09%
Miscellaneous	10,138	10,760	9,850	8,850	8,850	-10.15%
Total Funding Sources	<u>\$ 551,329</u>	<u>\$ 502,923</u>	<u>\$ 534,850</u>	<u>\$ 519,380</u>	<u>\$ 534,800</u>	-0.01%
Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Housing Administrator	0.45	0.45	0.45	0.45	0.45	
Housing Maintenance Supervisor/Inspector	0.55	0.23	-	-	-	
Maintenance Repairperson	0.50	0.50	0.50	0.50	0.50	
Custodian II	-	-	-	-	0.20	
Housing Specialist	1.00	1.00	1.00	0.50	0.50	
Total Full Time	<u>2.50</u>	<u>2.18</u>	<u>1.95</u>	<u>1.45</u>	<u>1.65</u>	
Part Time:						
Office Coordinator	0.05	0.06	0.06	0.06	0.06	
Custodian II	0.77	0.69	0.68	0.68	0.68	
Housing Specialist	0.11	-	-	-	-	
Office Assistant	0.13	0.04	-	-	-	
Total Part Time	<u>1.06</u>	<u>0.79</u>	<u>0.74</u>	<u>0.74</u>	<u>0.74</u>	
Total	3.56	2.97	2.69	2.19	2.39	\$ 130,870
Employee Benefits						56,130
Total Personal Services						<u>\$ 187,000</u>

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Apartment Rehabilitation	3	Yes	\$ 30,000
Appliances	10	Yes	5,000
Heat Treatment Equipment	1	No	10,000
			<u>\$ 45,000</u>

Function:
Business Type

Department:
Housing

Activity:
Sunset Park Housing

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 146,545	\$ 131,516	\$ 140,560	\$ 139,400	\$ 142,040	1.05%
Commodities	12,204	17,089	18,570	16,620	16,820	-9.42%
Contractual Services	75,223	94,396	73,490	79,440	77,020	4.80%
Capital Outlay	18,101	49,378	25,000	80,400	29,700	18.80%
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 252,073</u>	<u>\$ 292,379</u>	<u>\$ 257,620</u>	<u>\$ 315,860</u>	<u>\$ 265,580</u>	3.09%
Funding Sources						
Dwelling Rentals	\$ 123,200	\$ 81,745	\$ 95,000	\$ 85,000	\$ 86,500	-8.95%
Interest Income	1	12	10	10	10	0.00%
Federal Grants:						
Operating Subsidy	96,382	103,008	95,000	95,000	95,000	0.00%
HUD Capital Funds	73,208	107,003	70,000	98,490	69,400	-0.86%
Miscellaneous	3,211	2,712	2,000	500	500	-75.00%
Total Funding Sources	<u>\$ 296,002</u>	<u>\$ 294,480</u>	<u>\$ 262,010</u>	<u>\$ 279,000</u>	<u>\$ 251,410</u>	-4.05%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Housing Administrator	0.30	0.30	0.30	0.30	0.30	
Housing Maintenance Supervisor/Inspector	0.25	0.10	-	-	-	
Housing Specialist	0.38	0.38	0.38	0.50	0.50	
Housing Specialist-FSS Program	0.06	0.12	0.12	-	-	
Maintenance Repairperson	0.25	0.25	0.25	0.25	0.25	
Custodian II	-	-	-	-	0.70	
Total Full Time	<u>1.24</u>	<u>1.15</u>	<u>1.05</u>	<u>1.05</u>	<u>1.75</u>	
Part Time:						
Office Coordinator	0.05	0.05	0.05	0.05	0.05	
Custodian II	0.71	0.80	0.78	0.80	-	
Total Part Time	<u>0.76</u>	<u>0.85</u>	<u>0.83</u>	<u>0.85</u>	<u>0.05</u>	
Total	2.00	2.00	1.88	1.90	1.80	\$ 97,630
Employee Benefits						44,410
Total Personal Services						<u>\$ 142,040</u>

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Apartment Rehabilitation	4	Yes	\$ 20,000
Appliances	10	Yes	9,700
			<u>\$ 29,700</u>

Hershey Manor

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Revenues					
Dwelling Rentals	\$ 176,681	\$ 179,470	\$ 175,600	\$ 183,260 (1)	\$ 180,000 (2)
Housing Assistance Payments - HUD	270,519	277,080	280,400	279,340 (1)	282,600 (2)
HUD Payment Reduction for Vacancies	(5,864)	(5,147)	(13,680)	(13,878)	(13,878)
Interest Income	561	702	400	400	800
Cable Fees	16,091	16,757	16,000	19,000	19,040
Laundry Income	4,034	3,806	4,000	4,000	4,000
Donation for AED	0	1,325	0	0	0
Total Revenues	\$ 462,022	\$ 473,993	\$ 462,720	\$ 472,122	\$ 472,562
Operating Expenditures	318,643	375,448	358,340	385,300	341,140
Residual Receipts Before Depreciation, Principal Retirement, and Reserves	<u>\$ 143,379</u>	<u>\$ 98,545</u>	<u>\$ 104,380</u>	<u>\$ 86,822</u>	<u>\$ 131,422</u>
Additional Budget Items:					
Principal Retirement	(51,178)	(53,396)	(55,710)	(55,710)	(58,124)
Replacement Reserve Transfers	(30,085)	(30,228)	(30,228)	(30,228)	(30,228)
Debt Service Reserve Transfers	(49,668)	(49,668)	(49,668)	(49,668)	(49,668)
Portion of Above Interest from Reserve Funds	(301)	(669)	(350)	(750)	(750)
Transfers from Replacement Reserve (3)	8,242	58,941	37,500	53,500	14,200
Net Surplus (Deficit)	<u>\$ 20,389</u>	<u>\$ 23,525</u>	<u>\$ 5,924</u>	<u>\$ 3,966</u>	<u>\$ 6,852</u>
Surplus (Deficit) per Unit Month	<u>\$ 33.98</u>	<u>\$ 39.21</u>	<u>\$ 9.87</u>	<u>\$ 6.61</u>	<u>\$ 11.42</u>

1. The FY 2017/2018 HUD Housing Assistance Payments and dwelling rental amounts shown are based on the current fair market rent of \$771 with 3% allowed for vacancies.
2. The FY 2018/2019 budgeted HUD Housing Assistance Payments and dwelling rental amounts shown are based on the current fair market rent amount of \$771 with 3% allowed for vacancies. After the budget was adopted, an increase in the fair market rent to \$785 was approved by HUD.
3. Reflects the portion of the operating expenditures funded from the Replacement Reserve regardless of the timing of the actual funding transfer.

Function:
Community and Economic Development

Department:
Housing

Activity:
Hershey Manor Housing

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 88,617	\$ 81,574	\$ 82,850	\$ 82,830	\$ 92,100	11.16%
Commodities	9,621	12,261	15,700	12,000	12,250	-21.97%
Contractual Services	132,720	169,159	147,800	178,480	150,650	1.93%
Capital Outlay	8,242	58,941	37,500	37,500	14,200	-62.13%
Interest/Mortgage Insurance	79,443	76,850	74,490	74,490	71,940	-3.42%
Total Expenditures	<u>\$ 318,643</u>	<u>\$ 398,785</u>	<u>\$ 358,340</u>	<u>\$ 385,300</u>	<u>\$ 341,140</u>	-4.80%
Funding Sources						
Dwelling Rentals	\$ 176,681	\$ 179,470	\$ 175,600	\$ 183,260	\$ 180,000	2.51%
Housing Assistance Payments - HUD	264,655	271,933	266,720	265,462	268,722	0.75%
Interest Income	561	702	400	400	800	100.00%
Cable Fees	16,091	16,757	16,000	19,000	19,040	19.00%
Other Income	4,034	5,131	4,000	4,000	4,000	0.00%
Total Funding Sources	<u>\$ 462,022</u>	<u>\$ 473,993</u>	<u>\$ 462,720</u>	<u>\$ 472,122</u>	<u>\$ 472,562</u>	2.13%
Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Housing Administrator (Included in Management Fee)	0.10	0.10	0.10	0.10	0.10	
Housing Maintenance Supervisor/Inspector	0.10	0.04	-	-	-	
Custodian II	-	-	-	-	0.10	
Housing Specialist	0.50	0.50	0.50	0.50	0.50	
Maintenance Repairperson	0.25	0.25	0.25	0.25	0.25	
Total Full Time	<u>0.95</u>	<u>0.89</u>	<u>0.85</u>	<u>0.85</u>	<u>0.95</u>	
Part Time:						
Custodian	<u>0.57</u>	<u>0.51</u>	<u>0.53</u>	<u>0.53</u>	<u>0.53</u>	
Total	1.52	1.40	1.38	1.38	1.48	\$ 64,070
Employee Benefits						28,030
Total Personal Services						<u>\$ 92,100</u>

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Apartment Rehabilitation	5	Yes	\$ 10,000
Appliance Replacements	5	Yes	2,500
Computer	1	Yes	1,700
			<u>\$ 14,200</u>

Section 8 Voucher Program

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 49,544	\$ 64,072	\$ 57,022	\$ 113,386	\$ 117,636
Revenues:					
HUD Contributions-Housing Assistance Payments	\$ 1,718,674	\$ 1,669,305	\$ 1,694,500	\$ 1,691,350	\$ 1,694,200
HUD Contributions-Administration	201,617	203,635	198,520	193,300	180,400
HUD Contributions-Family Self-Sufficiency	60,507	58,919	55,310	51,840	58,780
HUD Contributions-Prior Year FSS Balance	0	6,110	0	0	0
FSS Escrow Forfeitures	2,252	2,395	0	2,650	0
Fraud Recovery - HUD Portion	863	1,413	500	1,000	800
Fraud Recovery - Admin Portion	863	1,413	500	1,000	800
Interest - Admin Reserve	52	167	50	150	100
Total Revenues	<u>\$ 1,984,828</u>	<u>\$ 1,943,357</u>	<u>\$ 1,949,380</u>	<u>\$ 1,941,290</u>	<u>\$ 1,935,080</u>
Funds Available	<u>\$ 2,034,372</u>	<u>\$ 2,007,429</u>	<u>\$ 2,006,402</u>	<u>\$ 2,054,676</u>	<u>\$ 2,052,716</u>
Expenditures:					
Housing Assistance Payments	\$ 1,703,543	\$ 1,624,458	\$ 1,695,000	\$ 1,695,000	\$ 1,695,000
Voucher Program Administration	202,114	202,960	204,740	189,090	193,570
Family Self-Sufficiency Coordinator:					
Grant Funded Portion (Current Grant)	60,507	58,919	55,310	51,840	58,780
Grant Funded Portion (Prior Year Grant)	0	6,110	0	0	0
Non-Grant Funded Portion	0	279	7,560	0	0
Family Self-Sufficiency Other Costs	4,136	1,317	2,320	1,110	2,350
Total Expenditures	<u>\$ 1,970,300</u>	<u>\$ 1,894,043</u>	<u>\$ 1,964,930</u>	<u>\$ 1,937,040</u>	<u>\$ 1,949,700</u>
Ending Balance, June 30	<u>\$ 64,072</u>	<u>\$ 113,386</u>	<u>\$ 41,472</u>	<u>\$ 117,636</u>	<u>\$ 103,016</u>
Ending Balance Reserved for:					
Housing Assistance Payments (1)	\$ 18,246	\$ 66,901	\$ 18,246	\$ 66,901	\$ 66,901
Administration	45,826	46,485	23,226	50,735	36,115
Total Ending Balance	<u>\$ 64,072</u>	<u>\$ 113,386</u>	<u>\$ 41,472</u>	<u>\$ 117,636</u>	<u>\$ 103,016</u>
Increase (Decrease) in Fund Balance	\$ 14,528	\$ 49,314	\$ (15,550)	\$ 4,250	\$ (14,620)

1. Beginning in 2012 HUD changed how the funding for Section 8 Housing Assistance payments was distributed to Housing agencies.

This change required Housing agencies to utilize their Housing Assistance Payment Reserve (Net Restricted Assets - NRA) to fund housing assistance payments in calendar years 2012 and 2013. The City-held reserve was depleted at the end of 2013/2014. HUD now holds each housing authority's Net Restricted Assets and balances are minimal or zero each year.

Function:
Community and Economic Development

Department:
Housing

Activity:
Section 8 Voucher Program

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 149,130	\$ 150,966	\$ 145,930	\$ 122,630	\$ 125,280	-14.15%
Commodities	5,646	2,266	3,700	4,050	4,350	17.57%
Contractual Services	1,750,882	1,674,186	1,750,110	1,757,410	1,758,940	0.50%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 1,905,658</u>	<u>\$ 1,827,418</u>	<u>\$ 1,899,740</u>	<u>\$ 1,884,090</u>	<u>\$ 1,888,570</u>	-0.59%
Funding Sources						
HUD Contribution	\$ 1,920,291	\$ 1,872,940	\$ 1,893,020	\$ 1,884,650	\$ 1,874,600	-0.97%
Repayment Agreements	1,726	2,826	1,000	2,000	1,600	60.00%
Interest	52	167	50	150	100	100.00%
Other Income	<u>2,252</u>	<u>2,395</u>	<u>-</u>	<u>2,650</u>	<u>-</u>	
Total Funding Sources	<u>\$ 1,924,321</u>	<u>\$ 1,878,328</u>	<u>\$ 1,894,070</u>	<u>\$ 1,889,450</u>	<u>\$ 1,876,300</u>	-0.94%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Housing Administrator	0.10	0.10	0.10	0.10	0.10	
Housing Maintenance Supervisor/Inspector	0.10	0.04	-	-	-	
Housing Specialist	<u>1.50</u>	<u>1.50</u>	<u>1.38</u>	<u>1.14</u>	<u>1.15</u>	
Total Full Time	<u>1.70</u>	<u>1.64</u>	<u>1.48</u>	<u>1.24</u>	<u>1.25</u>	
Part Time:						
Office Coordinator	0.39	0.48	0.50	0.50	0.50	
Housing Specialist	0.09	-	-	-	-	
Office Assistant	<u>0.11</u>	<u>0.03</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total	2.29	2.15	1.98	1.74	1.75	\$ 86,030
Employee Benefits						<u>39,250</u>
Total Personal Services						<u>\$ 125,280</u>

Function:
Community and Economic Development

Department:
Housing

Activity:
Family Self Sufficiency Program

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 60,507	\$ 59,198	\$ 62,870	\$ 51,840	\$ 57,380	-8.73%
Commodities	322	28	250	150	150	-40.00%
Contractual Services	3,813	7,399	2,070	960	3,600	73.91%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 64,642</u>	<u>\$ 66,625</u>	<u>\$ 65,190</u>	<u>\$ 52,950</u>	<u>\$ 61,130</u>	-6.23%
Funding Sources						
HUD Contribution	\$ 60,507	\$ 65,029	\$ 62,870	\$ 51,840	\$ 58,780	-6.51%
Section 8 HUD Admin Funds	<u>4,135</u>	<u>1,596</u>	<u>2,320</u>	<u>1,110</u>	<u>2,350</u>	1.29%
Total Funding Sources	<u>\$ 64,642</u>	<u>\$ 66,625</u>	<u>\$ 65,190</u>	<u>\$ 52,950</u>	<u>\$ 61,130</u>	-6.23%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Housing Specialist	1.00	0.79	1.00	0.79	0.85	\$ 35,400
Employee Benefits						<u>21,980</u>
Total Personnel Services						<u>\$ 57,380</u>

**Public Housing
Home Ownership Program
Fund Statement**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	106,732	84,554	\$ 57,554	\$ 72,573	\$ 56,873
Revenues:					
HUD Counseling Grant	\$ 11,516	\$ 19,125	\$ 16,300	\$ 18,250	\$ 18,000
Local Housing Trust Funds	19,300	17,470	15,300	21,650	21,000
Wells Fargo Grant	0	4,000	0	0	4,000
Interest	98	224	100	100	100
Other	317	2	0	0	0
Transfer from CDBG Fund:					
Housing Rehab Reimbursements	0	0	3,000	2,000	2,000
Total Revenues	<u>\$ 31,231</u>	<u>\$ 40,821</u>	<u>\$ 34,700</u>	<u>\$ 42,000</u>	<u>\$ 45,100</u>
Funds Available	\$ 137,963	\$ 125,375	\$ 92,254	\$ 114,573	\$ 101,973
Expenditures	<u>53,409</u>	<u>52,802</u>	<u>62,700</u>	<u>57,700</u>	<u>51,700</u>
Ending Balance, June 30	<u>84,554</u>	<u>72,573</u>	<u>\$ 29,554</u>	<u>\$ 56,873</u>	<u>\$ 50,273</u>
Increase (Decrease) in Fund Balance (1)	\$ (22,178)	\$ (11,981)	\$ (28,000)	\$ (15,700)	\$ (6,600)

1. The Housing department will be pursuing other outside funding for this program with the goal of making the Home Ownership program self-sustaining in future years.

Function:
Community and Economic Development

Department:
Housing

Activity:
Home Ownership Program

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 47,058	\$ 49,941	\$ 53,100	\$ 52,800	\$ 45,200	-14.88%
Commodities	341	326	1,100	1,000	1,000	-9.09%
Contractual Services	6,010	2,534	8,500	3,900	5,500	-35.29%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 53,409</u>	<u>\$ 52,801</u>	<u>\$ 62,700</u>	<u>\$ 57,700</u>	<u>\$ 51,700</u>	-17.54%
Funding Sources						
HUD Counseling Grant	\$ 11,516	\$ 19,125	\$ 16,300	\$ 18,250	\$ 18,000	10.43%
Local Housing Trust Fund	19,300	17,470	15,300	21,650	21,000	37.25%
Transfer from CDBG Fund - Housing Rehab Reimb.	-	-	3,000	2,000	2,000	-33.33%
Wells Fargo Grant	-	4,000	-	-	4,000	
Interest	98	224	100	100	100	0.00%
Other	317	2	-	-	-	
Total Funding Sources	<u>\$ 31,231</u>	<u>\$ 40,821</u>	<u>\$ 34,700</u>	<u>\$ 42,000</u>	<u>\$ 45,100</u>	29.97%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Housing Specialist	0.62	0.62	0.62	0.62	0.50	
Housing Administrator	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	
Total	0.67	0.67	0.67	0.67	0.55	\$ 29,500
Employee Benefits						<u>15,700</u>
Total Personal Services						<u>\$ 45,200</u>

**Public Housing
Sunset Park Education Program
Fund Statement**

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	6,053	4,728	1,778	\$ 2,165	2,265
Revenues:					
Contributions - United Way	\$ 23,800	\$ 21,850	\$ 23,000	\$ 16,000	\$ 20,000
Contributions - Kids First (Snacks)	1,275	0	0	0	0
Other Contributions	400	849	200	700	300
Community Foundation Grant	0	4,000	2,500	4,000	2,500
Interest	8	8	0	0	0
Other	0	0	0	1,500	1,000
Transfer from CDBG Fund:					
Housing Rehab Reimbursements	1,000	0	1,000	1,800	1,000
Total Revenues	<u>\$ 26,483</u>	<u>\$ 26,707</u>	<u>\$ 26,700</u>	<u>\$ 24,000</u>	<u>\$ 24,800</u>
Funds Available	\$ 32,536	\$ 31,435	\$ 28,478	\$ 26,165	\$ 27,065
Expenditures	<u>27,808</u>	<u>29,270</u>	<u>28,400</u>	<u>23,900</u>	<u>24,800</u>
Ending Balance, June 30	<u>4,728</u>	<u>2,165</u>	<u>\$ 78</u>	<u>\$ 2,265</u>	<u>\$ 2,265</u>
Increase (Decrease) in Fund Balance	\$ (1,325)	\$ (2,563)	\$ (1,700)	\$ 100	\$ 0

Function:
Community and Economic Development

Department:
Housing

Activity:
Sunset Park Education Program

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 23,315	\$ 27,739	\$ 26,600	\$ 16,200	\$ 16,800	-36.84%
Commodities	1,296	958	1,200	800	800	-33.33%
Contractual Services	3,198	573	600	6,900	7,200	1100.00%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	<u>\$ 27,809</u>	<u>\$ 29,270</u>	<u>\$ 28,400</u>	<u>\$ 23,900</u>	<u>\$ 24,800</u>	-12.68%
Funding Sources						
Donations	\$ 25,475	\$ 26,699	\$ 25,700	\$ 20,700	\$ 22,800	-11.28%
Transfer from CDBG Fund - Housing Rehab Reimb.	1,000	-	1,000	1,800	1,000	0.00%
Interest	8	8	-	-	-	
Other	-	-	-	1,500	1,000	
Total Funding Sources	<u>\$ 26,483</u>	<u>\$ 26,707</u>	<u>\$ 26,700</u>	<u>\$ 24,000</u>	<u>\$ 24,800</u>	-7.12%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Part Time:						
Program Coordinator	0.33	0.48	0.42	0.15	0.16	
Program Assistant	0.18	0.25	0.26	0.32	0.32	
Total	<u>0.51</u>	<u>0.73</u>	<u>0.68</u>	<u>0.46</u>	<u>0.48</u>	\$ 14,500
Employee Benefits						2,300
Total Personal Services						<u>\$ 16,800</u>

DEBT SERVICE FUND

DEBT SERVICE FUND

GENERAL INFORMATION:

Bond and interest payments on outstanding long-term debt are basically made from two (2) types of debt repayment funds: the Debt Service Fund and Revenue Sinking Funds. Revenue Sinking Funds are considered part of the Enterprise Fund structure and consequently are included in that section of the budget document.

The Debt Service Fund accounts for general obligation (G.O.) bonds, which are backed by the full faith and credit of the City of Muscatine. As of July 1, 2018, the City's G.O. bonds outstanding will total \$14,390,000 which includes \$10,300,000 of existing debt plus the estimated \$4,090,000 bond issue scheduled for May 2018. The May 2018 issue includes \$800,000 for the digester conversion portion of the High Strength Waste Receiving Station at the Water Pollution Control Plant. The annual debt service payments on this portion of the bond issue will be funded from the Water Pollution Control fund.

The City traditionally issues bonds every other year. A list of the projects to be funded from the 2018 issue and the estimated bond funding requirements are in the chart below.

City of Muscatine
List of Projects to be Funded from the May 2018 Bond Issue

	<u>Estimate of Bond Requirements</u>
Equipment:	
Aerial Fire Truck Replacement	\$ 1,125,000
Airport Projects:	
Airport Layout Plan Update (Local Share)	16,000
Airport - T-Hangar Design and Apron Expansion (Local Share)	38,000
Airport - Apron Expansion Phase II (Local Share)	36,000
Airport - T-Hangar Construction (Local Share of City Portion)	27,000
Trail Project:	
Kent Stein Park to Deep Lakes Park Trail (Estimated Local Share)	318,000
Pearls of the Progress Projects:	
Musser Public Library and HNI Community Center Remodeling (City Matching Funds for Community Attractions and Tourism Grant)	200,000
West Side Trail (City Matching Funds for Community Attractions and Tourism Grant)	200,000
Deferred Building Maintenance Projects:	
Roofs, Siding, Parking Lot Lights, Elevator Upgrades, etc.	360,000
Park Improvements:	
Deferred Maintenance - Weed Park Street Light Replacement	200,000
Deferred Maintenance - Soccer Sidewalk Lights	60,000
Weed Park Restroom Replacement - Rose Garden	100,000
Control Link System - Kent Stein Park	40,000
Soccer Field #3 Improvements	120,000
Soccer Parking Development (Portion of Estimated Project Cost)	360,000
Total General Obligation Portion of Issue (Debt Levy Funded Portion)	\$ 3,200,000
Water Pollution Control Funded Portion of Issue:	
Digester Conversion Portion of the High Strength Waste Receiving Station	800,000
Total Proposed Bond Issue (Before Issuance Costs)	\$ 4,000,000
Estimated Bond Issuance Costs	90,000
Total Proposed Bond Issue	<u><u>\$ 4,090,000</u></u>

CURRENT TRENDS AND ISSUES:

The debt service tax rate for the current year 2017/2018 is \$2.69458 per \$1,000 of valuation. This rate will decrease to \$2.53669 (a decrease of 5.9%) for 2018/2019. This decrease was possible due to higher taxable valuations for 2018/2019 and using a portion of the accumulated balance in the Debt Service fund. The City's financial consultant, Public Financial Management Inc. (PFM), assists the City with debt analysis as well as debt issuance.

In planning for the City's bond issues, PFM does an analysis of the amount of debt that the City can issue without increasing the debt service tax levy over the \$2.89/\$1,000 rate in previous financial models. Based on their assumptions for interest rates and assuming the State reimbursement for the commercial and industrial rollback continues, PFM's model shows the City can issue \$3.2 million in bonds in the spring of 2018 for project costs (with an additional \$90,000 allowed for issuance costs), and still be able to maintain a debt service tax levy rate estimated at \$2.70/\$1,000 or less in future years which is below the \$2.89/\$1,000 levy rate in previous debt models.

Revenues from property taxes, utility tax replacement funds, the State commercial and industrial property tax replacement funds, and interest total \$2,484,049. This amount plus \$48,069 in available debt service fund balance is the amount necessary to support estimated debt service payments of \$2,532,118 (the total estimated requirement for property tax supported debt in 2018/2019).

The State of Iowa limits the amount of general obligation bonds which a city may issue. This limitation amounts to 5% of actual valuation of all property within the city limits. The computation for the legal debt margin for the City of Muscatine as of July 1, 2018 is as follows:

City of Muscatine
Legal Debt Margin Estimate
As of July 1, 2018

Actual Valuation January 1, 2017		\$ 1,399,475,401
State Limit (5%)		0.05
Debt Limit		\$ 69,973,770
Bonded Debt:		
Current General Obligation Debt July 1, 2018	\$ 10,300,000	
New General Obligation Bond Issue in May 2018	4,090,000	
Tax Increment Bond Debt July 1, 2018	435,000	\$ 14,825,000
Percent of Debt Limit Used (Before Tax Increment Rebate Obligations)		21.2%
Estimated Tax Increment Rebate Obligations July 1, 2018:		
Musco Sports Lighting #1 (Including Amendment #1) - 67% for 15 years with final year 2019/2020 to maximum of \$1.8 million	\$ 812,113	
Cedar Development - 50% for 10 years to maximum of \$4,719,000 (final year 2018/2019)	3,033,305	
Musco Sport Lighting (Musser Street) - 50% for 10 years to maximum of \$325,000 (ten year period; beginning date not yet determined)	325,000	
Curry's Transportation - 50% for 10 years to maximum of \$350,000 (began in 2010/2011)	167,299	
Newcomb Properties - 50% for 10 years to maximum of \$100,000 (began in 2010/2011)	36,773	
Heinz - 50% for 15 years to a maximum of \$425,000 (began in 2011/2012; no incremental taxes in recent years)	399,322	
A & E Convenience - 50% for 10 years to maximum of \$40,000 (began in 2012/2013)	19,194	
The Villas at MCC, LLC - 50% for 10 years to maximum of \$425,000 (began in 2013/2014)	324,354	
R.L. Fridley Theatres Inc. - 15 years to maximum of \$1,500,000; declining percentages 95% to 50% (began in 2015/2016)	1,292,938	
Wal-View Developments Project #1 - 10 years to maximum of \$5,000,000; 100% for five years; 50% for five years (began in 2015/2016)		
<u>Subject to annual appropriation</u> ; only next year considered debt for legal debt margin computation; Annual appropriation for FY 19 is listed.	660,000	
H.J. Heinz - Agreement dated 2-20-14; 5 years to maximum of \$880,000; declining percentages 75%, 60%, 45%, 30%, and 15%; begins in 2016/2017; <u>Subject to annual appropriation</u> . Annual appropriation for FY 19 is listed	12,000	
Wal-View Developments Project #2 - 10 years to maximum of \$2,000,000; declining percentages 100%, 90%, 80%, 70%, 60%, 60%, 50%, 50%, 40%, 40%; (began in 2017/2018). <u>Subject to annual appropriation</u> . Annual appropriation for FY 19 is listed.	275,000	
Riverview Hotel Development - 20 years to maximum of \$6,000,000; declining percentages Years 1-5 100%, Years 6-7 95%, Years 8-15 75%, Years 16-20 50% (expected to begin in 2019/2020)		
<u>Subject to annual appropriation</u>	-	
Union Tank Development Agreement - 10 years 50% to maximum of \$45,000; (began in 2017/2018). <u>Subject to annual appropriation</u> . Annual appropriation for FY 19 is listed.	17,500	
Harrison Lofts LLC Development Agreement - 15 years with years 1-6 at 75% and years 7-15 at 70% to a maximum of \$675,000 (expected to begin in 2019/2020). <u>Subject to annual appropriation</u> .	-	
HNI Corporation Development Agreement - 50% for 10 years to a maximum of \$3,811,000 (expected to begin in 2019/2020). <u>Subject to annual appropriation</u> .	-	\$ 7,374,798
Percent of Debt Limit Used for Tax Increment Rebate Obligations		10.5%
Total Debt Subject to Debt Limit		22,199,798
Legal Debt Margin		\$ 47,773,972
Percent of Legal Debt Limit Used		31.7%

The City's debt policy provides that 40% of the legal debt limit is to be reserved for emergency purposes. Following is a computation of the City's debt margin using the self-imposed debt limit:

City's Self-Imposed Limit - 60% of the Legal Limit	\$ 41,984,262
Total Debt Subject to Debt Limit	<u>22,199,798</u>
Debt Margin Using Self-Imposed Limit	<u>\$ 19,784,464</u>
Percent of Self-Imposed Debt Limit Used	52.9%

The City's general obligation and tax increment debt on a per capita basis is \$622.40 as of June 30, 2018.

It should be noted that the policy reserving 40% of the legal debt limit for emergency purposes was put in place before TIF rebates were required to be counted as debt subject to the debt limit. If the TIF rebates were excluded from the debt in the above calculation there would be \$27,159,262 of the self-imposed limit remaining and only 35.3% of the self-imposed limit would be used. The full amounts of the TIF rebate agreements subject to annual appropriations are not required to be included as debt in the computation of the legal debt margin, only the payments for the fiscal year after the annual appropriation is approved. Annual appropriation resolutions were approved by City Council in October of 2017 for the 2018/2019 annual appropriation rebates for Wal-View for their first project in the amount of \$660,000, for H.J. Heinz for \$12,000, for Wal-View for their 2nd project for \$275,000, and for Union Tank Car Company for \$17,500. The recent agreements with Riverview Hotel Development, Harrison Lofts, LLC, and HNI all have annual appropriation provisions. It is proposed that future TIF rebate agreements continue to be subject to annual appropriations to limit the amount of debt that is required to be considered for the legal debt limit computation.

Although tax increment bonds and tax increment rebate obligations are required by State law to be included in the computation of the debt subject to the debt limit, these obligations are totally financed by incremental taxes received from the benefited property. Additionally, although certain portions of the general obligation debt are funded solely from user fees and sources other than property taxes, these issues are also required by State law to be considered in the computation of the City of Muscatine's legal debt margin.

Debt Service Fund
General Obligation Bonds
Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 95,562	\$ 125,952	\$ 242,951	\$ 257,173	\$ 215,964
Revenues					
Property Tax	\$ 2,356,436 (1)	\$ 2,456,260 (2)	\$ 2,453,089 (4)	\$ 2,453,089 (4)	\$ 2,372,694 (4)
Utility Tax Replacement Excise Tax	10,469	8,415	8,259	8,259	7,614
Commercial and Industrial Replacement Funds	114,968	111,651	104,499	104,499	102,741
Interest	1,266	3,895	500	500	1,000
Refunding Bond Proceeds	1,299,121	0	0	0	0
Premium on Refunding Bonds	44,327	0	0	0	0
Transfers In:					
Landfill	79,711	0	0	0	0
Downtown Tax Increment Fund	208,450	203,050	202,650	202,650	207,100
Water Pollution Control Fund	0	0	0	0	97,800
Total Revenues	<u>\$ 4,114,748</u>	<u>\$ 2,783,271</u>	<u>\$ 2,768,997</u>	<u>\$ 2,768,997</u>	<u>\$ 2,788,949</u>
Funds Available	<u>\$ 4,210,310</u>	<u>\$ 2,909,223</u>	<u>\$ 3,011,948</u>	<u>\$ 3,026,170</u>	<u>\$ 3,004,913</u>
Expenditures					
Charges for Services	\$ 2,750	\$ 2,000	\$ 3,500	\$ 3,500	\$ 2,500
Bonds	2,410,000	2,290,000	2,505,000	2,505,000	2,405,000
Bonds Retired with Refunding	1,310,000	0	0	0	0
Interest	344,503	360,050	301,706	301,706	238,066
Refunding Bond Issuance Costs	17,105	0	0	0	0
Estimated Debt Requirements New Issue:					
Bonds	0	0	0	0	75,000
Interest	0	0	0	0	116,452
Total Expenditures	<u>\$ 4,084,358</u>	<u>\$ 2,652,050</u>	<u>\$ 2,810,206</u>	<u>\$ 2,810,206</u>	<u>\$ 2,837,018</u>
Ending Balance, June 30	<u>\$ 125,952</u>	<u>\$ 257,173 (3)</u>	<u>\$ 201,742</u>	<u>\$ 215,964</u>	<u>\$ 167,895</u>
Amount of Fund Balance Assigned for Debt Principal Payment in Future Years		<u>100,000</u>			
Unassigned Ending Balance, June 30		<u>\$ 157,173</u>			
Increase (Decrease) in Fund Balance	\$ 30,390	\$ 131,221	\$ (41,209)	\$ (41,209)	\$ (48,069)
Debt Service Tax Levy Rates (Per \$1,000 of Taxable Valuation)	\$ 2.79677	\$ 2.78470	\$ 2.69458	2.69458	\$ 2.53669

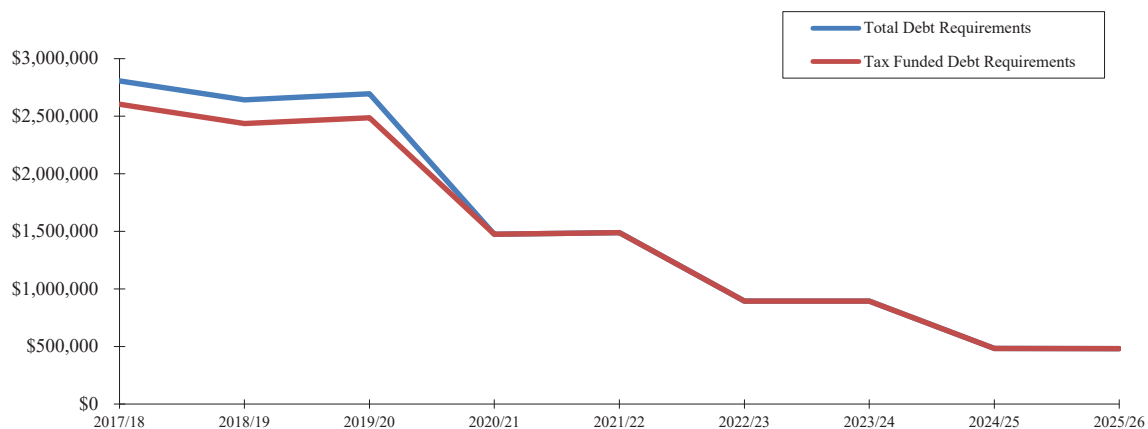
1. The 2015/2016 Debt service tax levy rate was lower than the \$2.89 target rate for future years due to actual interest rates on June 2014 bond issue being lower than projected.
2. The 2016/2017 Debt Service tax levy rate was based on not exceeding the \$2.89 target level. The debt repayment schedule on the May 2016 issue was structured to not exceed this rate in 2016/2017 and future years.
3. The City's financial consultant structured the debt repayment schedule on the 2016 bond issue to enhance the marketability of the bonds while maintaining the debt service tax rate in future years. This involved crediting the debt service portion of the 2016/2017 State reimbursement to the Debt Service fund in the current year with \$100,000 of this amount to be used for future year debt service costs.
4. The 2017/2018 and 2018/2019 Debt Service tax levy rates were based on not exceeding the \$2.89 target level. The levy rates were less than the target amounts due in part to the receipt of the State Commercial and Industrial reimbursements.

DEBT SERVICE FUND

SUMMARY OF BOND AND INTEREST REQUIREMENTS

CURRENT GENERAL OBLIGATION BONDS

Fiscal Year	Principal	Interest	Total Requirements Current Debt	TIF Funded Debt Requirements	Expected Tax Funded Debt Requirements
2017/18	\$ 2,505,000	\$ 301,706	\$ 2,806,706	\$ 202,650	\$ 2,604,056
2018/19	2,405,000	238,066	2,643,066	207,100	2,435,966
2019/20	2,515,000	178,591	2,693,591	206,250	2,487,341
2020/21	1,360,000	115,053	1,475,053	-	1,475,053
2021/22	1,400,000	87,488	1,487,488	-	1,487,488
2022/23	835,000	57,918	892,918	-	892,918
2023/24	855,000	39,018	894,018	-	894,018
2024/25	460,000	21,513	481,513	-	481,513
2025/26	470,000	11,163	481,163	-	481,163
Total	\$ 12,805,000	\$ 1,050,516	\$ 13,855,516	\$ 616,000	\$ 13,239,516



Annual Bond and Interest Requirements

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose Bonds

**Pavement Management Program, Other Street Improvements,
Mad Creek Flood Control Project, Weed Park Tennis Courts,
Public Safety Geothermal Project, Airport, and Trail Projects
(\$5,890,000 General Obligation Portion of Issue)**

**Downtown Urban Renewal Tax Increment Revenue-Funded Projects
3rd and Chestnut Parking Lot Reconstruction,
Downtown Parking Lot, Street and Alley Resurfacing,
Riverfront Flood Repairs, and City Hall Boiler Replacement
(\$1,535,000 Portion of Issue)**

\$7,425,000 Total Issue Dated June 1, 2010

Fiscal Year	Principal	Interest	Total Requirements
2017/18	\$ 1,085,000	\$ 111,713	\$ 1,196,713
2018/19	1,295,000	79,163	1,374,163
2019/20	1,290,000	40,313	1,330,313
Total	<u>\$ 3,670,000</u>	<u>\$ 231,189</u>	<u>\$ 3,901,189</u>

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose and Refunding Bonds

**Clay Street Bridge Improvements, Cedar Street Improvements Phase I,
Colorado Street Improvements Phase I, Hershey Street Improvements,
Mississippi Drive Corridor Environmental Impact Study,
Southend Fire Station, Mad Creek Levee Project, Various Airport
Improvements Projects, and Refunding of 2003 Bond Issue**

\$4,715,000 Total Issue Dated June 1, 2012

Fiscal Year	Principal	Interest	Total Requirements
2017/18	\$ 540,000	\$ 42,400	\$ 582,400
2018/19	550,000	36,460	586,460
2019/20	555,000	29,035	584,035
2020/21	570,000	20,710	590,710
2021/22	<u>580,000</u>	<u>11,020</u>	<u>591,020</u>
Total	<u>\$ 2,795,000</u>	<u>\$ 139,625</u>	<u>\$ 2,934,625</u>

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose and Refunding Bonds

Cedar Street Improvements Series B, Colorado Street Series B, Airport Improvements, Library Building Improvements, and Ambulance Equipment

\$2,575,000 Total Issue Dated June 2, 2014

Fiscal Year	Principal	Interest	Total Requirements
2017/18	\$ 125,000	\$ 48,805	\$ 173,805
2018/19	360,000	46,305	406,305
2019/20	370,000	39,105	409,105
2020/21	375,000	31,705	406,705
2021/22	390,000	24,205	414,205
2022/23	395,000	16,405	411,405
2023/24	405,000	8,505	413,505
Total	<u>\$ 2,420,000</u>	<u>\$ 215,035</u>	<u>\$ 2,635,035</u>

DEBT SERVICE FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

General Obligation Corporate Purpose and Refunding Bonds

Mulberry Avenue Street Improvements, Art Center HVAC and Building Envelope, Other Public Building Improvements, Airport Runway and Other Airport Improvements, Parks Improvements, and Building Demolitions

\$4,550,000 Total Issue Dated May 26, 2016

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2017/18	\$ 755,000	\$ 98,788	\$ 853,788
2018/19	200,000	76,138	276,138
2019/20	300,000	70,138	370,138
2020/21	415,000	62,638	477,638
2021/22	430,000	52,263	482,263
2022/23	440,000	41,513	481,513
2023/24	450,000	30,513	480,513
2024/25	460,000	21,513	481,513
2025/26	470,000	11,163	481,163
Total	<u><u>\$ 3,920,000</u></u>	<u><u>\$ 464,667</u></u>	<u><u>\$ 4,384,667</u></u>

CAPITAL IMPROVEMENTS PROGRAM

CAPITAL IMPROVEMENTS PROGRAM

GENERAL INFORMATION:

The City has established a Comprehensive Capital Improvements Program as a separate document from the Annual Operating Budget. The Annual Operating Budget includes funding estimates on a fiscal year basis for various capital improvement projects to be funded in part or in whole from such funding sources as: bond issues supported by general property taxes or other revenues of the City; Local Option Sales Taxes; Road Use Taxes; various State or federal grants; or available balances of the various Enterprise Funds which support improvements associated with those activities. Capital improvements include acquisition and construction of buildings, additions to structures, and construction or improvements to parks, streets, bridges, sidewalks, storm sewers, sanitary sewers, and other infrastructure. The City of Muscatine has limited the classification of these improvements to major non-recurring expenditures or improvements of physical facilities in excess of \$25,000.

In order for the City of Muscatine to meet the community's need for these public facilities and improvements, careful planning is required in order to insure the availability of financial resources when the need for the improvement occurs. The City has developed the Five Year Capital Improvements Program in order to establish a realistic plan of action by balancing the needed capital improvements with available resources. Capital improvements are identified and submitted to the Planning and Zoning Commission for their initial review. Their recommendations, in addition to staff's, are presented to City Council on a priority basis. Available financial resources are identified and Council approves the projects according to the need and availability of resources.

CURRENT TRENDS AND ISSUES:

The operating budget will again be supplemented with an aggressive Five Year Capital Improvement Plan. In February of 2016 the City Council approved a resolution to adopt the Five Year Capital Improvement Plan for fiscal years 2015/2016 through 2019/2020. Elected officials, citizens, and City staff participated in the development of the Plan and a public hearing was held prior to the Plan's adoption. This Plan is a document separate from the City's budget and it can be accessed from the City's website. The Plan's capital project summary schedule, however, listing all Plan projects has been included in this section of this budget document in order to provide a correlation between these two documents. During the annual budget process, this Plan is used to determine capital improvement projects to be included in the budget for the upcoming year. A number of projects in this Plan are subject to the receipt of federal, state, or local grant funding. As such, projects in the Plan may be accelerated or deferred based on funding availability. The projects in the 2017/2018 revised estimate and 2018/2019 budget are projects which have approved funding sources. If outside funding is awarded for projects in the Plan but not yet in the adopted budget, the City will make the appropriate amendments to the current or upcoming budget.

The major emphasis in the City's Capital Improvements Program in the upcoming year will continue to be the upgrading of the City's streets and sewer systems, park facility improvements, and improvements at the City's Water Pollution Control Plant and airport.

Pavement Management Program/Street Projects

In 2007 the City began a Comprehensive Pavement Management Program to upgrade the City's overall street conditions. Funding allocations totaling \$5 million were used in 2007 through 2009 to complete the initial upgrade. These initial costs were funded with general obligation bond proceeds. Thereafter an annual allocation of at least \$500,000 is needed to maintain the streets at this higher level. The ongoing annual maintenance of the improved streets began in 2010 with these costs funded from the 20% allocation of local

option sales taxes as provided for in the voter referendum in 2008 for the local option sales tax extension. This 20% allocation is estimated at approximately \$550,000 annually. In 2018/2019 the Local Option Sales Tax funding for pavement management projects of \$553,200 will be supplemented with a \$446,800 allocation of Road Use Tax funds which total to a \$1 million allocation for pavement management projects. The additional Road Use Tax funding is available as a result of the State legislature increasing the gasoline tax by \$.10 per gallon effective March 1, 2015.

In addition to the ongoing Pavement Management Program, the City continues to use grant funding or other funding sources to complete improvements to heavily-used streets in the community. In January of 2018 the City received notification that its applications for Traffic Safety Improvement Program (TSIP) grants to fund construction of a mini-roundabout at the Houser/Fulliam intersection and the conversion of a portion of Park Avenue from a 4-lane to a 3-lane configuration were approved by the Iowa Department of Transportation. The grants will fund 100% of the estimated \$167,700 in construction costs for the Houser/Fulliam project and \$325,000 of the estimated \$421,800 in construction costs for the Park Avenue project. The City will be responsible for the remaining \$96,800 of project costs for the Park Avenue project and the estimated \$20,000 in engineering design costs for the Houser/Fulliam project and \$27,000 in engineering design for the Park Avenue project. Road Use Tax funds will fund the local share of the costs for these two projects.

The State transferred jurisdiction and maintenance responsibilities for the Mississippi Drive Corridor from the Mississippi River Bridge south to the Highway 61 Bypass in September of 2014. The State provided \$13 million of funding that the City can use to reconstruct and improve this corridor. Engineering design began in 2014/2015 and continued in 2015/2016 and 2016/2017 for the portion of this corridor from the Mississippi River bridge to Grandview Avenue. Construction for phase one of this project, from the Mississippi River bridge to Broadway, excluding the Mulberry Avenue intersection, began in the late spring of 2017 and will continue through calendar year 2018. The CP Railroad is contributing a total of \$4 million (\$2 million in 2016/2017, \$1 million in 2017/2018, and \$1 million in 2018/2019) for this project. Muscatine Power & Water will also contribute funding for utility relocation work required by this project. The balance of the project costs will be funded from the Transfer of Jurisdiction funds. Project costs in 2018/2019 include those for the completion of the contract for phase one of the project, for construction of a roundabout at the 2nd Street and Mulberry Avenue intersection, for construction of the Grandview Avenue (Carver Corner) intersection, design and the start of construction for the Grandview Avenue portion of the project, and engineering inspection services.

Sewer Improvement Projects

Sewer improvements continue to be identified as a high priority by City Council. In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2028. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. The only remaining project in the Consent Order is the separation of the combined sewers in the West Hill area. This project will be constructed in multiple phases over the next ten years and the total cost for all of the phases is projected to reach or exceed \$55 million. Construction on Phase 1 of the project began in the summer of 2012 and was completed in the fall of 2013. Phase 2 of this project began in the summer of 2013 and was completed in the fall of 2014. Bids for Phase 3 of the project were received in March of 2015. The Phase 3 contract provides for three areas of work to be completed in calendar years 2015, 2016, and 2017. Bids for Phase 4 of the project were received in March of 2018. Phase 4 also consists of three work areas to be constructed during the next three calendar years (2018, 2019, and 2020).

The current 10-year local option sales tax period was scheduled to end on June 30, 2019 and a referendum was held on March 6, 2018 on the proposal to extend this tax for an additional 15 years to fund future sewer (80%) and street (20%) improvement projects. The extension of this tax was again approved by voters with

88% voting in favor of the extension. The 80% allocation of the local option sales tax for sewer improvements will fund project costs and anticipated debt service costs for the West Hill Sewer Separation project

Water Pollution Control Plant (WPCP) Improvement Projects

Engineering design began in 2013/2014 and continued in 2014/2015, 2015/2016, 2016/2017, and 2017/2018 for the High Strength Waste Receiving Station which involves the construction of two large dumping areas to accept hauled waste. One dumping area will be for septic, recreational vehicle, and City jet/vac material disposal. The other site will allow the City to accept FOG (Fats, Oils, and Grease) waste from local restaurants. This waste helps produce methane gas in the Plant's anaerobic digesters. This gas can be used to run the boilers, heat buildings, and produce fuel. When the project is completed the City will receive disposal fees from waste haulers, greatly reduce carbon emissions, and save on energy costs at the Plant. The project is scheduled to be bid in the spring of 2018 with construction to begin late in 2017/2018 and be completed in fiscal year 2018/2019. The total construction cost estimate is \$3.8 million. Due to funding limitations in the Water Pollution Control Plant Reserve, the digester conversion portion of the project (estimated at \$800,000) will be funded from the May 2018 bond issue with that portion of the issue repaid with WPCP funds.

Pearls of Progress Projects

The HNI Corporation donated their former headquarters building in downtown Muscatine to the City to be used as the new HNI Community Center and Musser Public Library. The cost to convert this building into the new community center and library is estimated at \$1.3 million. This is one of the four projects in the City's Pearls of Progress Project that was awarded a \$500,000 Community Attractions and Tourism (CAT) Grant from the State of Iowa. The other projects include the Community Dog Park, construction of the West Side Trail to connect Kent Stein Park to Discovery Park, and the Muscatine County project to construct cabins at Deep Lakes Park. The estimated total cost of these projects is over \$8.1 million. Funding will be from grants, donations (including the donation of the library building), City bond proceeds, County Conservation Board funds, and the CAT grant.

Other Projects

Other significant capital projects budgeted for 2018-2019 include replacement of the Rose Garden restroom at Weed Park, Soccer Field #3 improvements, construction of a parking lot across the street from the Soccer Complex, continuation of deferred maintenance projects on city buildings, and the new T-Hangar construction project at the airport.

SUMMARY:

The following pages identify and describe all capital projects currently in the planning stage or under construction in 2017/2018 as well as those planned for 2018/2019. This section also includes listings of these projects for both 2017/2018 and 2018/2019. Total capital project costs are estimated at \$17,895,900 for 2017/2018 and \$16,574,600 for 2018/2019. A separate listing of capital outlay items included in department operating budgets in 2018/2019 is also included in this section of the budget for informational purposes. These items total \$1,767,200 which brings the total budget for capital outlay and capital projects to \$18,341,800 for 2018/2019. The remaining pages of this section are summary and detail capital projects listings from the City's Five Year Capital Improvements Plan.

**CAPITAL IMPROVEMENT PROJECTS
CAPITAL PROJECTS FUND**

FISCAL YEAR 2017/2018 PROJECTS UNDER CONSTRUCTION

On-Going Pavement Management Program: In 2009/2010 the city completed the initial 3-year plan to upgrade the condition of city streets. The initial costs were funded with general obligation bond proceeds. Annual allocations to maintain streets at this higher level began in 2010. This ongoing program has been funded from the 20% allocation of the local option sales tax dedicated by voter referendum for the pavement management program. In recent years, the Local Option Sales Tax funding for pavement management projects has been supplemented with an allocation of Road Use Tax funds. The additional Road Use Tax funding is available as a result of the State legislature increasing the gasoline tax by \$.10 per gallon effective March 1, 2015. The Local Option and Road Use Tax funds will be used for street resurfacing, full depth patching, and curb and gutter replacement.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Local Option Sales Tax Funds	\$ 581,000
Road Use Tax Funds	431,500
	<u>\$ 1,012,500</u>

Future Impact on Operating Budget: This project will maintain streets at a higher level to avoid future costs.

Railroad Crossing Improvements: This project will fund the costs to upgrade the Dick Drake Way railroad crossings.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Road Use Tax Funds	\$ 150,000

Future Impact on Operating Budget: None

Mississippi Drive Corridor Project – Environmental Study and Preliminary Design: In 2007 the City in conjunction with the Iowa Department of Transportation (IDOT) completed a study on the section of U.S. Highway 61 Business Route from the Mississippi River Bridge to Grandview Avenue. The IDOT provided funding for 80% of the cost of this study. Since that time two additional grants were awarded that allowed this project to move forward to the next step. They included \$444,600 through the Transportation and Community System Preservation Fund (TCSP) and \$600,000 from the Statewide Transportation Improvement Program (STIP) administered through the Bi-State Regional Commission's Transportation Improvement Plan (TIP). Both of these funding sources required a 20% local match that was funded from the 2012 bond issue. Following a consultant selection process outlined by the Iowa Department of Transportation (IDOT), the city selected Stanley Consultants to provide the environmental study and preliminary design services. This work began in 2009/2010, continued in 2010/2011, 2011/2012, 2012/2013, 2013/2014, 2014/2015, 2015/2016, 2016/2017, and is expected to be completed in 2017/2018. This work was needed before the City could proceed with construction of the improvements to this corridor.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Federal TCSP and STIP Grants	\$ 2,500
Prior Year Bond Proceeds	3,500
	<u>\$ 6,000</u>

Future Impact on Operating Budget: There is no impact from the environmental study and preliminary design for this project.

Mulberry Avenue Improvements – Houser Street to Highway 61 Bypass: The contract for this project was awarded in May of 2016 and the project was substantially completed in fiscal year 2016/2017. Funding for this project included \$1,200,000 in Federal STP funds, \$800,000 from the 2016 bond issue, \$200,000 from the Sewer Extension Reserve for related drainage work, with the balance of the project costs funded from Road Use Tax funds. Final project costs of \$24,000 were incurred in 2017/2018 with these costs funded from Road Use Tax.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Road Use Tax	\$ 24,000

Future Impact on Operating Budget: With the improvements to this street, annual maintenance costs will be reduced. Specific cost savings cannot be determined.

Transfer of Jurisdiction/Mississippi Drive and Grandview Avenue Improvements: The State transferred jurisdiction and maintenance responsibilities for the Mississippi Drive Corridor from the Mississippi River Bridge south to the Highway 61 Bypass in September of 2014. The State provided \$13 million of funding that the City can use to reconstruct and improve this corridor. Engineering design began in 2014/2015 and continued in 2015/2016 and 2016/2017 for the portion of this corridor from the Mississippi River bridge to Grandview Avenue. Construction for phase one of this project, from the Mississippi River bridge to Broadway, excluding the Mulberry Avenue intersection, began in the late spring of 2017 and will continue through calendar year 2018. The CP Railroad is contributing a total of \$4 million of funding (\$2 million in 2016/2017, \$1 million in 2017/2018, and \$1 million in 2018/2019) for this project. Muscatine Power & Water will also contribute funding for utility relocation work required by this project. The balance of the project costs will be funded from the Transfer of Jurisdiction funds. Project costs in 2017/2018 include property acquisition and demolition costs, engineering design costs, engineering inspection services, and contract costs.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Transfer of Jurisdiction Funds	\$ 4,694,000
Contribution from the Railroad	1,000,000
Reimbursements from Muscatine Power & Water	867,500
Iowa Department of Natural Resources Grant	13,650
Interest on Transfer of Jurisdiction Funds	74,850
	<u>\$ 6,650,000</u>

Future Impact on Operating Budget: When improvements to this corridor are completed, annual maintenance costs will be reduced. Specific cost savings cannot be determined.

Houser/Fulliam Intersection Improvements: In January of 2018 the City received notification that its application for a Traffic Safety Improvement Program (TSIP) grant to fund construction of a mini-roundabout at the Houser/Fulliam intersection was approved by the Iowa Department of Transportation. The grant will fund 100% of the estimated \$167,700 in construction costs for this project. The City will be responsible for funding the estimated \$20,000 in engineering design costs for the project. Engineering design will be completed in 2017/2018 with construction in 2018/2019.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Road Use Tax Funds	\$ 20,000

Future Impact on Operating Budget: This project will not have an impact on future operating budgets. Improved traffic flow and safety is expected with this project, especially during the hours before and after school.

Park Avenue Improvements: In January of 2018 the City received notification that its application for a Traffic Safety Improvement Program (TSIP) grant to convert a portion of Park Avenue from a 4-lane to a 3-lane configuration was approved by the Iowa Department of Transportation. The grant will fund \$325,000 of the estimated \$421,800 in construction costs for this project. The City will be responsible for the remaining \$96,800 of project costs and the estimated \$27,000 in engineering design costs for the project. Engineering design will be completed in 2017/2018 with construction in 2018/2019.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Road Use Tax Funds	\$ 27,000

Future Impact on Operating Budget: This project will not have an impact on future operating budgets.

New Sidewalk Program: The 2014/2015 budget included funding to begin a new sidewalk installation program. Annual allocations of approximately \$100,000 from the Road Use Tax fund are proposed to be used to fund this ongoing program. A total of \$110,042 was expended for new sidewalk in 2014/2015, \$132,640 in 2015/2016, and \$114,649 in 2016/2017. The allocation for 2017/2018 is budgeted at \$106,000. The first several years of this program will focus on gaps in sidewalks in school areas.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Road Use Tax Funds	\$ 106,000

Future Impact on Operating Budget: None since sidewalks in residential areas are the responsibility of the property owners.

Kent Stein Park to Deep Lakes Park Trail: The local Trails Committee secured a federal grant for this trail project and an Iowa Recreational Trails grant provided additional funding for this project. The

grants, however, did not fund preliminary project costs including surveys and trail design services. The Trails Committee requested and received financial assistance from the City in the amount of \$50,000 for these costs with this amount funded from the 2010 bond issue. The trail survey and design work began in 2011/2012 and continued through 2016/2017 when the final route was determined, the trail design was completed, and easements secured. The project was substantially completed and the trail was opened in the late fall of 2017. The final work to close out the contract will be completed in the spring of 2018.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Federal and State Grants	\$ 840,800
Local Contribution	10,000
Bond Proceeds	318,000
	<u>\$ 1,168,800</u>

Future Impact on Operating Budget: There will be an increase in costs for trail maintenance once the trail is constructed. The amount is estimated at \$1,500 annually.

Riverfront Development Project: Funds are available in this prior year capital project fund to add security gates and cameras at the boat harbor.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Available Balance	\$ 10,200

Future Impact on Operating Budget: This project will not have an impact on future operating budgets.

Park Lighting Improvement Projects: The May 2018 bond issue includes funds to replace the street lights and the related wiring in Weed Park at an estimated cost of \$200,000. The bond issue will also provide funding to replace the sidewalk and parking lot lights at the Soccer Complex at an estimated cost of \$60,000.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Bond Proceeds	\$ 260,000

Future Impact on Operating Budget: There will be savings in annual maintenance costs when these projects are completed. The amount cannot be determined.

Kent Stein Park Control Link Lighting Project: The May 2018 bond issue includes funds to install the Control Link Lighting system on the remaining eight ball diamonds at Kent Stein Park. This system controls, monitors, and assists in managing the lighting system in the park.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Bond Proceeds	\$ 40,000

Future Impact on Operating Budget: There will be savings in electric usage with this system and also savings in replacement of bulbs since the lights will only be on for programmed usage. Utility usage is not billed for this public facility by Muscatine Power & Water, the municipal utility. Costs savings from less frequent light bulb changes has not been determined.

Soccer Complex Parking Expansion Project: The May 2018 bond issue includes funds to construct a parking lot across from the Soccer Complex. The City is looking to supplement the bond funding with grants or contributions for this project.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Bond Proceeds	\$ 320,000

Future Impact on Operating Budget: This parking lot will only be used during the soccer season; no impact on future operating budgets is expected.

Musser Public Library and HNI Community Center Project: The HNI Corporation donated their former headquarters building in downtown Muscatine to the City to be used as the new HNI Community Center and Musser Public Library. The cost to convert this building into the new community center and library is estimated at \$1.3 million. This is one of the four projects in the City's Pearls of Progress Project that was awarded a \$500,000 Community Attractions and Tourism (CAT) Grant from the State of Iowa.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
CAT Grant Funds	\$ 150,000
Bond Proceeds	200,000
Prior Year Grants and Contributions	590,700
Current Year Donations	254,300
Library Trust Fund	100,000
	<u>\$ 1,295,000</u>

Future Impact on Operating Budget: There will be increased building and grounds maintenance costs with the larger library facility. The City has budgeted one additional 25-hour per week janitor position for the increased building cleaning needs at an estimated annual cost of \$25,000; increased building system maintenance contact costs of \$7,900; and an estimated \$7,700 for grounds maintenance services. These total to \$40,600 in increased annual operating costs. Utility costs are not expected to increase with the new building.

Community Dog Park Project: The Community Dog Park is one of the four projects in the City's Pearls of Progress Project that was awarded a \$500,000 Community Attractions and Tourism (CAT) Grant from the State of Iowa. The cost of the project is estimated at \$206,800. The site for the Dog Park is near the City's Recycling Center and Transfer Station and close to the Kent Stein Park to Deep Lakes Park Trail.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
CAT Grant Funds	\$ 75,000
Donations	131,800
	<u>\$ 206,800</u>

Future Impact on Operating Budget: Parks staff will be maintaining the new facility and annual operating costs are estimated at \$3,000 for labor and materials. These fees are expected to be offset by Dog Park user permit fees so no net impact on future operating budgets is expected.

West Side Trail Project: The West Side Trail project is one of the four projects in the City's Pearls of Progress Project that was awarded a \$500,000 Community Attractions and Tourism (CAT) Grant from the State of Iowa. The total cost of the project is estimated at \$813,000. This trail will connect Kent Stein Park and Discovery Park. The design of the new trail will be completed in 2017/2018 with construction in calendar year 2019.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Bond Proceeds	\$ 200,000
Donations	18,600
	<u>\$ 218,600</u>

Future Impact on Operating Budget: Parks staff will be maintaining the new trail. Annual operating costs are estimated at \$1,500.

Aerial Fire Truck: The May 2018 bond issue includes funding to replace the City's current aerial fire truck which was purchased in 1998 and has reached the end of its useful life.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Bond Proceeds	\$ 1,125,000

Future Impact on Operating Budget: There will be savings in annual maintenance costs with the new fire truck. The amount cannot be determined.

Railroad Quiet Zone Project: In 2016/2017 the City entered into an engineering agreement with Bolton & Menk, Inc. to conduct a Railroad Quiet Zone feasibility study for downtown Muscatine at a cost of approximately \$25,000. The City had a funding agreement with the Stanley Howe Revocable Trust to reimburse the City for the cost of this study. Based on the results of the study, the project was determined to be feasible and the City entered into an agreement with the Canadian Pacific Railroad to install the necessary equipment for the Quiet Zone. The City is also constructing additional improvements for safe pedestrian crossings. The Howe Foundation has agreed to fund up to \$1 million for the actual project costs.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Howe Foundation Contribution	\$ 825,000

Future Impact on Operating Budget: Once installed the Railroad will maintain the Quiet Zone equipment and there will be no impact on future City operating budgets.

Levee Improvement/Maintenance Projects: Cities in Iowa can levy up to \$.0675 per \$1,000 of valuation for levee improvements or maintenance costs. At the time the 2017/2018 budget was prepared the Corps of Engineers had required the City to contract for a levee toe repair study. It was anticipated that repairs would be needed once the study was completed and the City levied the maximum amount of the levee tax levy for 2017/2018 which generated \$57,200. The results of the study, however, concluded that the repair was not necessary. The 2017/2018 revised estimate allows for a portion of the 2017/2018 levee tax levy proceeds to be used for routine levee certification or maintenance costs.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Levee Tax Levy	\$ 25,000

Future Impact on Operating Budget: Levee maintenance work reduces future levee repair costs. The amount cannot be determined.

Southend Fire Station Project: This new fire station was completed in 2012. There were several contract issues, however, before the contract could be closed out. The issues with the contractor were settled in 2016/2017. The 2017/2018 funding amount represents the settlement with the project architect and related legal costs. This was the final issue remaining on this project.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Transfer from the Ambulance Fund	\$ 14,700
Transfer from Other Capital Projects	12,200
	<u>\$ 26,900</u>

Future Impact on Operating Budget: This project had no impact on future operating budgets as fire station staffing remained the same. While the new station is larger than the previous station, utility costs did not increase due to more efficient heating and cooling systems in the new facility.

Financial Software System Replacement: City Council approved the agreement with Springbrook for new financial software in December 2012 and the software conversion began in the summer of 2013 and was substantially completed in 2013/2014. The total cost of purchasing and implementing the new software was \$160,000. Initial payments totaling \$99,100 were made in 2012/2013, \$54,400 in 2013/2014, \$800 in 2014/2015, leaving a balance of \$5,700. The City continues to hold the balance until the Fire FLSA programming is completed and functions as intended. Springbrook has since been acquired by Accela and there has been no response to the City's requests for this programming. The 2017/2018 funding amount allows for the remaining balance to be paid. This payment, however, will only be made when the final programming is completed.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Prior Year General Fund Transfer	\$ 5,700

Future Impact on Operating Budget: Annual software costs for the new system are approximately \$800 higher per year than those for the previous system. The new system, however, includes several applications not included in the previous system.

Public Building and Facility Improvements: A number of significant building and facility deferred maintenance and improvement projects were included in department budget requests for 2015/2016. Due to the significant cost of these items, funding for these projects was included in the 2016 bond issue. The items included the HVAC replacement at the Art Center; Art Center window and other building envelope improvements; roof replacements at City Hall and a portion of the Public Safety Building; tuck-pointing the Music Room at the Art Center; replacement of the playground surface at Musser Park; replacing Rip Rap on a portion of the riverfront; and replacing Rip Rap along the Slough bank in Kent Stein Park. Most of these projects were completed in the 2016/2017 fiscal year. The remaining projects include the Public Safety HVAC project, the Art Center Gallery roof, Art Center concrete repairs, and the remaining portion of the Public Safety Building roof. These projects are scheduled to be completed by the end of the 2017/2018 fiscal year.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Prior Year Bond Proceeds	\$ 116,200

Future Impact on Operating Budget: There will be savings in annual maintenance costs when the HVAC system and other building and facility improvements are completed. The amounts cannot be determined.

Public Building Storm Damage Repair Projects: A tornado on March 3, 2017 resulted in a hole in the roof and related interior damages at the Library and the June 17, 2017 hail storm damaged the roofs of many other City buildings. The total estimated repair costs of \$287,600 are expected to be reimbursed by insurance.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Insurance Reimbursements	\$ 287,600

Future Impact on Operating Budget: None.

Port Development Study/Project: In March of 2016 the City was awarded a LIFTS (Linking Iowa's Freight Transportation System) grant from the Iowa Department of Transportation for a study to evaluate constructing an inter-modal port on the Mississippi River in Muscatine. The grant funded 80% of the cost of the study with the remaining 20% funded by Kent Corporation. Staff has been working with the Kent Corporation to determine the economic viability of the project via a market analysis and now awaits a "Go or No Go" decision before proceeding. It is anticipated that a "Go" decision will be received in the early part of 2018 and the City would contribute by submitting for infrastructure grants to develop 41st Street from Highway 61 to the Port and facilitate the

railroads' investment into the site. The Kent Corporation would be financially responsible for the environmental analysis, design, engineering, permitting, and construction of the Port. No City funding has been included in the 2017/2018 budget.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
To be determined	To be determined

Future Impact on Operating Budget: This project is still being evaluated for possible future year construction. If the project proceeds, the City will be seeking grants to fund street and related infrastructure improvements.

Housing Demand Study: One of the City Council goals for 2016/2017 was to conduct a housing demand study. This study addressed housing needs in the community including those for employees of local businesses and industries that work in but do not reside in the City. It also addressed the types of housing in demand in the community. The total cost of the study was \$32,000 with \$12,800 incurred in 2016/2017 and the balance of \$19,200 in 2017/2018. This study will be funded from future Tax Increment funds.

<u>Source</u>	<u>FY 2017/2018 Funding Amount</u>
Future Tax Increment Funding	\$ 19,200

Future Impact on Operating Budget: There will be no impact on the operating budget from the study.

Storm and Sanitary Sewer Improvements: In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2028. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order is the separation of the combined sewers in the West Hill area. Many of the City's sewer improvement projects have been funded through the one (1) percent local option sales tax and others have been funded through sewer fees allocated to the Sewer Extension and Improvement Reserve in the Collection and Drainage Fund. On March 6, 2018 voters in the City approved the extension of the Local Option Tax for a 15-year period through June 30, 2034 with 80% of the funds to be used for sewer improvements and 20% for street improvements.

West Hill Sewer – The City has an agreement with an engineering firm for conceptual and final design services for this major sewer separation project. This project is required to be completed by 2028 under the City's Consent Order with the Environmental Protection Agency. This project will be constructed in multiple phases over the next ten years and the total cost for all of the phases is projected to reach or exceed \$55 million. Construction on Phase 1 of the project began in the summer of 2012 and was completed in the fall of 2013. Phase 2 of this project began in the summer of 2013 and was completed in the fall of 2014. Bids for Phase 3 of the project were received in March of 2015. The Phase 3 contract provides for three areas of work to be completed in calendar years 2015, 2016, and 2017. This schedule corresponds with local option sales tax funding available for this project each year. Bids were received in

March of 2018 for Phase 4 of the project, which will again be done over three years. The 2017/2018 funding amount reflects the final work on Phases 3-C and a portion of the work on Phase 4-A.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Local Option Sales Tax Funds	\$ 2,321,100

Future Impact on Operating Budget: This project will reduce maintenance costs to the storm and sanitary sewer system. Specific cost savings cannot be determined.

Musser Park to Water Pollution Control Plant Emergency Force Main Repair Project: In October of 2017 a sewer leak was discovered in the 30" force main sewer between the Musser Park Lift Station and the Water Pollution Control Plant. The break was located at the intersection of Day, Birch and Nebraska Streets. In order to assess the damage the line had to be shut down and drained. This process required closing the pipe that flows from the Papoose Creek Lift Station. This closing resulted in a direct discharge of sanitary sewer water to the Mississippi River at Papoose Creek. Due to the condition of the pipe at the break and past experience with breakage of this type and age of pipe, the best repair option was to line the existing sewer pipe.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Sewer Extension and Improvement Reserve	\$ 700,000

Future Impact on Operating Budget: This project will extend the life of this force main but will have no impact on future operating budgets.

Water Pollution Control Plant (WPCP) High Strength Waste Receiving Station Project: Engineering design began in 2013/2014 and continued in 2014/2015, 2015/2016, 2016/2017, and 2017/2018 for this project which involves the construction of two large dumping areas to accept hauled waste. One dumping area will be for septic, recreational vehicle, and City jet/vac material disposal. The other site will allow the City to accept FOG (Fats, Oils, and Grease) waste from local restaurants. This waste helps produce methane gas in the Plant's anaerobic digesters. This gas can be used to run the boilers, heat buildings, and produce fuel. When the project is completed the City will receive disposal fees from waste haulers, greatly reduce carbon emissions, and save on energy costs at the Plant. The project is scheduled to be bid in the spring of 2018 with construction to begin late in 2017/2018 and be completed in fiscal year 2018/2019. The total construction cost estimate is \$3.8 million. Due to funding limitations in the Water Pollution Control Plant Reserve, the digester conversion portion of the project (estimated at \$800,000) will be funded from the May 2018 bond issue with that portion of the issue repaid with WPCP funds.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Water Pollution Control Plant Reserve	\$ 625,000

Future Impact on Operating Budget: Energy costs are expected to be reduced by \$80,000 annually when this project is completed. No additional personnel will be needed for the new receiving station.

Storm Water – Mad Creek Inflow and Infiltration Study: The purpose of this study is to evaluate areas where and ways to control storm water entering the sanitary sewer in the Mad Creek area. The estimated cost of this study is \$29,400 with \$6,300 paid in 2016/2017 and the estimated balance of \$23,100 in 2017/2018.

<u>Funding Source</u>	<u>FY 2017/2018 Funding Amount</u>
Collection and Drainage Storm Water Funds	\$ 23,100

Future Impact on Operating Budget: There will be no impact from this study.

Airport Runway Rehabilitation Project: There were several concrete blowups on the runways at the airport in recent years. This project involved planning, project design work, and construction to rehabilitate the main runway 6/24 to prevent future similar occurrences. The contract for the project was approved in October of 2015, construction began in the spring of 2016, and construction was substantially completed in the fall of 2016. An FAA grant will fund 90% of project costs with a 10% local match required. The 2017/2018 funding amount represents project and grant administration costs.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Federal Aviation Administration (FAA) Grant	\$ 25,300

Future Impact on Operating Budget: This project will reduce repair costs from any future runway blowups. The amount of savings, however, cannot be determined.

Airport Zoning Ordinance Update: A State grant will provide 85% funding for the update of the Airport Zoning Ordinance. This work is scheduled to begin in 2017/2018 and to be completed in 2018/2019.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
State Grant	\$ 4,300
Prior Year Bond Proceeds	700
	<u>\$ 5,000</u>

Future Impact on Operating Budget: None

Airport Layout Plan (ALP): Engineering work to update the Airport Layout Plan began in the spring of 2016, continued in 2016/2017, and is expected to be completed in 2017/2018. The FAA requires the ALP update and will fund 90% of the cost of the update.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
Federal Aviation Administration (FAA) Grant	\$ 18,700
May 2018 Bond Proceeds	16,000
	<u>\$ 34,700</u>

Future Impact on Operating Budget: None

Airport T-Hangar Design and Apron Expansion Project: A State grant was awarded which will fund 85% of the cost of the Airport T-Hangar design and the apron expansion project. An additional grant was awarded which will fund costs to construct the new T-Hangar. The construction contract has been awarded for the apron expansion work and engineering design for the new T-Hangar is in progress. The engineering design work for the new T-Hangar and the apron expansion work is expected to be completed by the end of the 2017/2018 fiscal year.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
State Grant	\$ 185,500
May 2018 Bond Proceeds	38,000
	<u>\$ 223,500</u>

Future Impact on Operating Budget: There will be no impact from the apron expansion or the design of the new T-Hangar. The new T-Hangar is expected to generate \$22,800 in new hangar rental fees annually. Expenditure are projected to increase by \$2,000 annually for increased utility and insurance costs.

Airport Apron Expansion Project –Phase 2: A State grant was awarded which will fund 85% of the cost of Phase 2 of the apron expansion project. Engineering design is expected to be completed in 2017/2018 and construction is scheduled to begin in 2017/2018 and be completed in 2018/2019.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
State Grant	\$ 61,100
May 2018 Bond Proceeds	36,000
	<u>\$ 97,100</u>

Future Impact on Operating Budget: There will be no impact from the apron expansion project.

Airport T-Hangar Construction Project: A State grant was awarded which will fund 85% of the new T-Hangar construction costs. The grant and local match will fund construction of the base portion of the new hangar. A Development group will build the remaining portion of the new hangar and pay directly for their portion of the cost. Construction is scheduled to begin in the spring of 2018 be completed in 2018/2019.

<u>Funding Sources</u>	<u>FY 2017/2018 Funding Amount</u>
State Grant	\$ 45,000
May 2018 Bond Proceeds	27,000
	<u>\$ 72,000</u>

Future Impact on Operating Budget: The new T-Hangar is expected to generate \$22,800 in new hangar rental fees annually. Expenditure are projected to increase by \$2,000 annually for increased utility and insurance costs.

**CAPITAL IMPROVEMENT PROJECTS
CAPITAL PROJECTS FUND**

FISCAL YEAR 2018/2019 PROJECTS SCHEDULED FOR CONSTRUCTION

On-Going Pavement Management Program: In 2009/2010 the city completed the initial 3-year plan to upgrade the condition of city streets. The initial costs were funded with general obligation bond proceeds. Annual allocations to maintain streets at this higher level began in 2010. This ongoing program has been funded from the 20% allocation of the local option sales tax dedicated by voter referendum for the pavement management program. In 2018/2019 the Local Option Sales Tax funding for pavement management projects will again be supplemented with an allocation of Road Use Tax funds. The additional Road Use Tax funding is available as a result of the State legislature increasing the gasoline tax by \$.10 per gallon effective March 1, 2015. The 2018/2019 allocation will be used for street resurfacing, full depth patching, and curb and gutter replacement.

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
Local Option Sales Tax Funds	\$ 553,200
Road Use Tax Funds	446,800
	<u>\$ 1,000,000</u>

Future Impact on Operating Budget: This project will maintain streets at a higher level to avoid future costs.

Transfer of Jurisdiction/Mississippi Drive and Grandview Avenue Improvements: The State transferred jurisdiction and maintenance responsibilities for the Mississippi Drive Corridor from the Mississippi River Bridge south to the Highway 61 Bypass in September of 2014. The State provided \$13 million of funding that the City can use to reconstruct and improve this corridor. Engineering design began in 2014/2015 and continued in 2015/2016 and 2016/2017 for the portion of this corridor from the Mississippi River bridge to Grandview Avenue. Construction for phase one of this project, from the Mississippi River bridge to Broadway, excluding the Mulberry Avenue intersection, began in the late spring of 2017 and will continue through calendar year 2018. The CP Railroad is contributing a total of \$4 million (\$2 million in 2016/2017, \$1 million in 2017/2018, and \$1 million in 2018/2019) for this project. Muscatine Power & Water will also contribute funding for utility relocation work required by this project. The balance of the project costs will be funded from the Transfer of Jurisdiction funds. Project costs in 2018/2019 include completion of the contract for phase one of the project, construction of a roundabout at the 2nd Street and Mulberry intersection, construction of the Grandview Avenue (Carver Corner) intersection, design and the start of construction for the Grandview Avenue portion of the project, and engineering inspection services.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
Transfer of Jurisdiction Funds	\$ 5,262,000
Contribution from the Railroad	1,000,000
Contribution from Muscatine Power & Water	220,000
Interest on Transfer of Jurisdiction Funds	50,000
	<u>\$ 6,532,000</u>

Future Impact on Operating Budget: When improvements to this corridor are completed, annual maintenance costs will be reduced. Specific cost savings cannot be determined.

New Sidewalk Program: The 2014/2015 budget first included funding to begin a new sidewalk installation program. Annual allocations of approximately \$100,000 from the Road Use Tax fund are proposed to be used to fund this ongoing program. The first years of this program will focus on gaps in sidewalks in school areas.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
Road Use Tax Funds	\$ 105,000

Future Impact on Operating Budget: None since sidewalks in residential areas are the responsibility of the property owners.

Houser/Fulliam Intersection Improvements: In January of 2018 the City received notification that its application for a Traffic Safety Improvement Program (TSIP) grant to fund construction of a mini-roundabout at the Houser/Fulliam intersection was approved by the Iowa Department of Transportation. The grant will fund 100% of the estimated \$167,700 in construction costs for this project. The City will be responsible for funding the estimated \$20,000 in engineering design costs for the project. Engineering design will be completed in 2017/2018 with construction in 2018/2019.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
Federal Traffic Safety Improvement Grant	\$ 167,700

Future Impact on Operating Budget: This project will not have an impact on future operating budgets. Improved traffic flow and safety is expected with this project, especially during the hours before and after school.

Park Avenue Improvements: In January of 2018 the City received notification that its application for a Traffic Safety Improvement Program (TSIP) grant to convert a portion of Park Avenue from a 4-lane to a 3-lane configuration was approved by the Iowa Department of Transportation. The grant will fund \$325,000 of the estimated \$421,800 in construction costs for this project. The City will be responsible for the remaining \$96,800 of project costs and the estimated \$27,000 in engineering design costs for the project. Engineering design will be completed in 2017/2018 with construction in 2018/2019.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
Road Use Tax Funds	\$ 96,800
Federal Traffic Safety Improvement Grant	325,000
	<u>\$ 421,800</u>

Future Impact on Operating Budget: This project will not have an impact on future operating budgets.

Weed Park Rose Garden Restroom Replacement Project: The May 2018 bond issue includes funding for improvements in several park facilities including replacement of this restroom in Weed Park.

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
May 2018 Bond Proceeds	\$ 100,000

Future Impact on Operating Budget: Maintenance costs should be reduced with a new restroom. Specific savings cannot be determined.

Soccer Field # 3 Improvements: The May 2018 bond issue includes funding for improvements in several park facilities including the soccer complex. This project involves removing all of the current turf and replacing it with an aggressive species of Kentucky bluegrass to limit infestation of poa annua throughout the field. The project will also include replacement of the current hydraulic irrigation system with an electric irrigation system.

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
May 2018 Bond Proceeds	\$ 120,000

Future Impact on Operating Budget: Maintenance costs should be reduced with the new field. Specific savings cannot be determined.

West Side Trail Project: The West Side Trail project is one of the four projects in the City's Pearls of Progress Project that was awarded a \$500,000 Community Attractions and Tourism (CAT) Grant from the State of Iowa. The total cost of the project is estimated at \$813,000. This trail will connect Kent Stein Park and Discovery Park. The design of the new trail will be completed in 2017/2018 with construction in calendar year 2019 (estimated 50% of construction in 2018/2019 and 50% in 2019/2020).

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
Portion of May 2018 Bond Proceeds	\$ 105,200
Federal STP Grant	252,500
Donations	14,200
	<u>\$ 371,900</u>

Future Impact on Operating Budget: Parks staff will be maintaining the new trail. Annual operating costs are estimated at \$1,500.

Deep Lakes Park Cabins (County Project): The Deep Lakes Park Cabins project is one of the four projects in the City's Pearls of Progress Project that was awarded a \$500,000 Community Attractions and Tourism (CAT) Grant from the State of Iowa. The total cost of the cabins is estimated at \$1 million. The County Conservation Board is providing \$500,000 of the funds for this project. The City is accounting for the CAT grant proceeds as well as the donations and pledges for the four CAT grant projects. The 2018/2019 budgeted amount represents the portion of the CAT grant and the donations and pledges for County's Deep Lakes Park Cabins project.

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
CAT Grant Proceeds	\$ 200,000
Donations	300,000
	<u>\$ 500,000</u>

Future Impact on Operating Budget: None since this is a County Conservation Board project.

Levee Improvement/Maintenance Projects: Cities in Iowa can levy up to \$.0675 per \$1,000 of valuation for levee improvements or maintenance costs. At the time the 2017/2018 budget was prepared the Corps of Engineers had required the City to contract for a levee toe repair study. It was anticipated that repairs would be needed once the study was completed and the City levied the maximum amount of the levee tax levy for 2017/2018 which generated \$57,200. The results of the study, however, concluded that the repair was not necessary. The 2017/2018 revised estimate and 2018/2019 budget each allow for a portion of the 2017/2018 levee tax levy proceeds to be used for routine levee certification or maintenance costs.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
Levee Tax Levy	\$ 25,000

Future Impact on Operating Budget: Levee maintenance work reduces future levee repair costs. The amount cannot be determined.

Public Building Deferred Maintenance Projects: The City's May 2016 bond issue included funding of \$1,375,000 for Art Center HVAC and window improvements and a total of \$525,000 for deferred maintenance projects and improvements in other city buildings. The City's May 2018 bond issue includes \$360,000 to continue building deferred maintenance projects. These improvements will include roof replacements, elevator upgrades, parking lot resurfacing, parking lot lighting upgrades, and similar items.

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
May 2018 Bond Proceeds	\$ 321,100

Future Impact on Operating Budget: There will be savings in annual maintenance costs when these improvements are completed. The amount cannot be determined.

Port Development Study/Project: In March of 2016 the City was awarded a LIFTS (Linking Iowa's Freight Transportation System) grant from the Iowa Department of Transportation for a study to evaluate constructing an inter-modal port on the Mississippi River in Muscatine. The grant funded 80% of the cost of the study with the remaining 20% funded by Kent Corporation. Staff has been working with the Kent Corporation to determine the economic viability of the project via a market analysis and now awaits a "Go or No Go" decision before proceeding. It is anticipated that a "Go" decision will be received in the early part of 2018 and the City would contribute by submitting for infrastructure grants to develop 41st Street from Highway 61 to the Port and facilitate the railroads' investment into the site. The Kent Corporation would be financially responsible for

the environmental analysis, design, engineering, permitting, and construction of the Port. No City funding has been included in the 2018/2019 budget.

<u>Source</u>	<u>FY 2018/2019 Funding Amount</u>
To be determined	To be determined

Future Impact on Operating Budget: This project is still being evaluated for possible future year construction. If the project proceeds, the City will be seeking grants to fund street and related infrastructure improvements.

Downtown Streetscape Project - Design: Improvements to downtown sidewalks and streets have been identified as a future year project with these improvements proposed to be funded from future tax increment funds. The 2018/2019 funding amount is for design costs for this future year project.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
Future Tax Increment Funds	\$ 100,000

Future Impact on Operating Budget: No impact is expected from the design or the project.

Storm and Sanitary Sewer Improvements: In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2028. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order is the separation of the combined sewers in the West Hill area. Many of the City's sewer improvement projects have been funded through the one (1) percent local option sales tax and others have been funded through sewer fees allocated to the Sewer Extension and Improvement Reserve in the Collection and Drainage Fund. On March 6, 2018 voters in the City approved the extension of the Local Option Tax for a 15-year period through June 30, 2034 with 80% of the funds to be used for sewer improvements and 20% for street improvements.

West Hill Sewer – The City has an agreement with an engineering firm for conceptual and final design services for this major sewer separation project. This project is required to be completed by 2028 under the City's Consent Order with the Environmental Protection Agency. This project will be constructed in multiple phases over the next ten years and the total cost for all of the phases is projected to reach or exceed \$55 million. Construction on Phase 1 of the project began in the summer of 2012 and was completed in the fall of 2013. Phase 2 of this project began in the summer of 2013 and was completed in the fall of 2014. Bids for Phase 3 of the project were received in March of 2015. The Phase 3 contract provides for three areas of work to be completed in calendar years 2015, 2016, and 2017. This schedule corresponds with local option sales tax funding available for this project each year. Bids were received in March of 2018 for Phase 4 of the project, which will again be done over three years. The 2018/2019 funding amount reflects the final work on Phase 4-A, and a portion of the work for Phase 4-B.

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
Local Option Sales Tax Funds	\$ 2,211,800
Reimbursement from Muscatine Power & Water	300,200
	<u>\$ 2,512,000</u>

Future Impact on Operating Budget: This project will reduce maintenance costs to the storm and sanitary sewer system. Specific cost savings cannot be determined.

Water Pollution Control Plant (WPCP) High Strength Waste Receiving Station Project: Engineering design began in 2013/2014 and continued in 2014/2015, 2015/2016, 2016/2017, and 2017/2018 for this project which involves the construction of two large dumping areas to accept hauled waste. One dumping area will be for septic, recreational vehicle, and City jet/vac material disposal. The other site will allow the City to accept FOG (Fats, Oils, and Grease) waste from local restaurants. This waste helps produce methane gas in the Plant's anaerobic digesters. This gas can be used to run the boilers, heat buildings, and produce fuel. When the project is completed the City will receive disposal fees from waste haulers, greatly reduce carbon emissions, and save on energy costs at the Plant. The project is scheduled to be bid in the spring of 2018 with construction to begin late in 2017/2018 and be completed in fiscal year 2018/2019. The total construction cost estimate is \$3.8 million. Due to funding limitations in the Water Pollution Control Plant Reserve, the digester conversion portion of the project (estimated at \$800,000) will be funded from the May 2018 bond issue with that portion of the issue repaid with WPCP funds.

<u>Funding Source</u>	<u>FY 2018/2019 Funding Amount</u>
Water Pollution Control Plant Reserve	\$ 2,500,000
May 2018 Bond Proceeds	800,000
	<u>\$ 3,300,000</u>

Future Impact on Operating Budget: Energy costs are expected to be reduced by \$80,000 annually when this project is completed. No additional personnel will be needed for the new receiving station.

Airport Zoning Ordinance Update: A State grant will provide 85% funding for the update of the Airport Zoning Ordinance. This work is scheduled to begin in 2017/2018 and to be completed in 2018/2019.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
State Grant	\$ 16,000
Prior Year Bond Proceeds	2,800
	<u>\$ 18,800</u>

Future Impact on Operating Budget: None

Airport Apron Expansion Project –Phase 2: A State grant was awarded which will fund 85% of the cost of Phase 2 of the apron expansion project. Engineering design is expected to be completed in 2017/2018 and construction is scheduled to begin in 2017/2018 and be completed in 2018/2019.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
State Grant	\$ 142,500
May 2018 Bond Proceeds	<u>25,200</u>
	<u>\$ 167,700</u>

Future Impact on Operating Budget: There will be no impact from the apron expansion project.

Airport T-Hangar Construction Project: A State grant was awarded which will fund 85% of the new T-Hangar construction costs. The grant and local match will fund construction of the base portion of the new hangar. A Development group will build the remaining portion of the new hangar and pay directly for their portion of the cost. Construction is scheduled to begin in the spring of 2018 and be completed in 2018/2019.

<u>Funding Sources</u>	<u>FY 2018/2019 Funding Amount</u>
State Grant	\$ 105,000
May 2018 Bond Proceeds	<u>18,600</u>
	<u>\$ 123,600</u>

Future Impact on Operating Budget: The new T-Hangar is expected to generate \$22,800 in new hangar rental fees annually. Expenditure are projected to increase by \$2,000 annually for increased utility and insurance costs.

City of Muscatine
Capital Project Appropriations
Fiscal Year Basis
Revised Estimate 2017/2018

<u>Project</u>	<u>Revised Estimate 2017/2018</u>	<u>Funding Sources/Comments</u>
Street and Sidewalk Projects:		
Ongoing Pavement Management Program	\$ 1,012,500	Local option sales tax and road use tax
Railroad Crossing Improvements	150,000	Dick Drake Way crossings; road use tax funding
Corridor Project-Environmental Impact; Prel. Design	6,000	Federal grant and prior year bond proceeds
Transfer of Jurisdiction-Mississippi Drive/Grandview	6,650,000	Estimated FY 18 project costs; \$1 million from Railroad, estimated \$867,500 from MP&W, \$13,650 IDNR grant, estimated \$74,850 interest; balance from Transfer of Jurisdiction funds
Houser/Fulliam Intersection Improvements	20,000	Engineering design; road use tax funding
Park Avenue Portion to 3-Lane	27,000	Engineering design; road use tax funding
Mulberry Avenue Improvements	24,000	Estimated final project costs; final grant funding with balance from road use tax
Cemetery Road Resurfacing	900	Available balance for misc. expense
New Sidewalk Program	106,000	Road use tax annual allocation for new sidewalks
Parks Projects:		
Riverfront Development Project	10,200	Available balance for boat harbor gates and security cameras
Weed Park Light Replacements	200,000	Estimated project cost; bond funding
Soccer Sidewalk Light Replacements	60,000	Estimated project cost; bond funding
Canon Avenue Trailhead Project	400	Donation for final project cost
Control Link System for Kent Stein Park Lights	40,000	Estimated project cost; bond funding
Parking Expansion for Soccer Complex	360,000	Bond proceeds for project costs; donations may supplement funding
Community Attractions and Tourism (CAT) Grant Projects:		
Library and HNI Community Center Renovation	1,295,000	CAT grant, donations, bond proceeds, and transfer from Library Trust
Community Dog Park	206,800	CAT grant and donations
West Side Trail	69,000	Trail study and environmental in FY 18; bond proceeds, donations, and future CAT grant funds
Other Projects:		
Aerial Fire Truck Replacement	1,125,000	Bond proceeds
Railroad Quiet Zone Project	825,000	Estimated project costs; prior year and current year donations
Levee Improvements/Maintenance	25,000	Levee tax levy for levee maintenance costs
Southend Fire Station Project	26,900	Final architect settlement and legal costs; funding transfers to close out project
Housing Demand Study	19,200	Final costs of study; TIF funding
Kent Stein Park to Deep Lakes Park Trail	1,029,600	Estimated final project costs; federal and state grant funds, donation, and bond proceeds
Financial Software (Prior Year Project)	5,700	Available balance for final project costs
Public Building Deferred Maintenance	116,200	Estimated FY 18 project costs; bond funding
Public Building Storm Damage Repairs	287,600	2017 storm damages; insurance reimbursements
Estimated Bond Issuance Costs	90,000	Bond proceeds
Subtotal - General Government	<u>\$ 13,788,000</u>	
Water Pollution Control:		
West Hill Sewer Separation Project	\$ 2,390,000	Estimated FY 18 project costs; local option sales tax
High Strength Waste Receiving Station	625,000	Estimated FY 18 portion of project costs; Plant Replacement Reserve
Musser Park to WPCP Force Main Repair	700,000	Estimated project cost; transfer from Sewer Extension Reserve
Storm Water - Mad Creek I & I Study	<u>23,100</u>	Estimated FY 18 portion of study; Storm Water operations funding
Subtotal - Water Pollution Control	<u>\$ 3,738,100</u>	
Airport:		
Airport Zoning Ordinance Update	\$ 5,000	Estimated FY 18 project costs; State grant and prior year bond funding
Airport T-Hangar Design and Apron Expansion	218,500	Estimated FY 18 portion of project costs; State grant and bond funding
Airport Apron Expansion Phase II	71,900	Estimated FY 18 portion of project costs; State grant and bond funding
Airport Master Plan	20,900	Estimated FY 18 project costs; FAA grant and bond funding
Airport T-Hangar Construction	<u>53,500</u>	Estimated FY 18 portion of project costs; State grant and bond funding
Subtotal - Airport Projects	<u>\$ 369,800</u>	
Total	<u><u>\$ 17,895,900</u></u>	

City of Muscatine
Capital Project Appropriations
Fiscal Year Basis
Budget 2018/2019

<u>Project</u>	<u>Budget 2018/2019</u>	<u>Funding Sources/Comments</u>
Street and Sidewalk Projects:		
Ongoing Pavement Management	\$ 1,000,000	Local option sales tax and road use tax
Transfer of Jurisdiction-Mississippi Drive/Grandview	6,532,000	Estimated FY 19 project costs; final \$1 million from Railroad, estimated \$220,000 from MP&W, estimated interest \$50,000; balance from Transfer of Jurisdiction funds
New Sidewalk Program	105,000	Road use tax annual allocation for sidewalks
Houser/Fulliam Intersection Improvements	167,700	Federal grant for 100% of construction costs
Park Avenue Conversion of Portion to 3-Lanes	421,800	Federal grant and road use tax
Parks Projects:		
Weed Park Rose Garden Restroom Replacement	100,000	Bond funding
Soccer Field #3 Improvements	120,000	Bond funding
Community Attractions and Tourism (CAT) Grant Projects:		
West Side Trail	371,900	Estimated FY 19 portion (50%) of contract costs; 50% of STP grant, donations, and FY 18 bond proceeds
Deep Lakes Park Cabins (County Project)	500,000	Portion of CAT grant and contributions for County project
Other Projects:		
Levee Improvements/Maintenance	25,000	Levee tax levy for levee maintenance costs
Public Building Deferred Maintenance Projects	321,100	Estimated FY 19 project costs; bond funding
Downtown Streetscape Improvements - Design	100,000	Estimated planning and design costs; future TIF funding
Subtotal - General Government	<u>\$ 9,764,500</u>	
Water Pollution Control:		
West Hill Sewer Separation Project	\$ 3,200,000	Estimated project costs in FY 19; estimated \$300,200 MP&W reimbursement and local option sales tax
High Strength Waste Receiving Station	3,300,000	Estimated FY 19 project costs; Plant Replacement Reserve and \$800,000 of May 2018 bond proceeds
Subtotal - Water Pollution Control	<u>\$ 6,500,000</u>	
Airport:		
Airport Zoning Ordinance Update	\$ 18,800	Estimated FY 19 final costs; State grant and bond proceeds
Airport Apron Expansion Phase II	167,700	Estimated FY 19 portion of construction costs; State grant and bond proceeds
Airport T-Hangar Construction Project	123,600	Estimated FY 19 portion of construction costs; State grant and bond proceeds
Subtotal - Airport Projects	<u>\$ 310,100</u>	
Total	<u><u>\$ 16,574,600</u></u>	

City of Muscatine
Capital Outlay Items in Department Operating Budgets
2018/2019 Budget

		Funding Sources				
Fund/Department/Item	Budget	General Fund	Equipment Replacement	Road Use Tax	Other Sources	Enterprise or Other Funds
General Fund						
Mayor & Council						
City App	\$ 11,200	\$ 11,200	\$ -	\$ -	\$ -	\$ -
Council Chambers Security Improvements	3,000	3,000	-	-	-	-
Alarm Button System	3,000	3,000	-	-	-	-
Subtotal	\$ 17,200	\$ 17,200	\$ -	\$ -	\$ -	\$ -
Information Technology						
Computer Equipment Replacement Fund	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ -
Network Firewall	13,400	13,400	-	-	-	-
Subtotal	\$ 53,400	\$ 53,400	\$ -	\$ -	\$ -	\$ -
Buildings and Grounds						
Computer Software for Building Maintenance	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Tile - Public Works Sewer Division Area	5,600	5,600	-	-	-	-
Tile - Fire Department Day Room	3,500	3,500	-	-	-	-
Air Conditioner Units (2) - City Hall	1,000	1,000	-	-	-	-
Carpet Police Department Offices	4,300	4,300	-	-	-	-
Utility Van	25,000	-	25,000	-	-	-
Subtotal	\$ 64,400	\$ 39,400	\$ 25,000	\$ -	\$ -	\$ -
Police Operations						
DVD/CD Burner/Robot for Watch Guard Video System	\$ 9,500	\$ 9,500	\$ -	\$ -	\$ -	\$ -
Chemical Munitions	4,000	4,000	-	-	-	-
Tactical Pole Camera	15,000	15,000	-	-	-	-
Stalker Radar Unit (2)	5,800	5,800	-	-	-	-
Light Bars for Police Vehicles (2)	7,000	7,000	-	-	-	-
Pickup Truck for Drug Task Force	35,000	-	35,000	-	-	-
Police Patrol Vehicles (5 Tahoes)	238,600	-	238,600	-	-	-
Subtotal	\$ 314,900	\$ 41,300	\$ 273,600	\$ -	\$ -	\$ -
Fire Operations						
PID (Gas) Monitor/Docking Station	\$ 7,000	\$ 7,000	\$ -	\$ -	\$ -	\$ -
Level A Haz Mat Suits (6)	8,400	8,400	-	-	-	-
3/4 Ton 4x4 Pickup	39,000	-	39,000	-	-	-
Subtotal	\$ 54,400	\$ 15,400	\$ 39,000	\$ -	\$ -	\$ -
Community Development						
Large Screen Monitor	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Cemetery Operations						
Zero Turn Mower	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Subtotal	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Park Maintenance						
Tree Spade	\$ 21,000	\$ 21,000	\$ -	\$ -	\$ -	\$ -
Right-of-Way Tractor and Mower	51,000	-	-	51,000	-	-
Boom Lift	30,000	-	30,000	-	-	-
Subtotal	\$ 102,000	\$ 21,000	\$ 30,000	\$ 51,000	\$ -	\$ -
Kent-Stein Park						
Popcorn Machine for Concessions	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -

<u>Fund/Department/Item</u>	<u>Budget</u>	<u>Funding Sources</u>				
		<u>General Fund</u>	<u>Equipment Replacement</u>	<u>Road Use Tax</u>	<u>Other Sources</u>	<u>Enterprise or Other Funds</u>
Library						
Library Materials (Books, CDs, Digital Media, etc.)	\$ 122,800	\$ 122,800	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-
Subtotal	\$ 122,800	\$ 122,800	\$ -	\$ -	\$ -	\$ -
Art Center						
New Website	\$ 15,000	\$ 7,800	\$ -	\$ -	\$ 7,200	\$ -
Subtotal	\$ 15,000	\$ 7,800	\$ -	\$ -	\$ 7,200	\$ -
Public Works Administration						
Television for Conference Room Presentations	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ -	\$ -
Computer for Public Works Secretary	1,500	-	-	1,500	-	-
	\$ 3,000	\$ -	\$ -	\$ 3,000	\$ -	\$ -
Roadway Maintenance						
One Ton Dually Dump Truck	\$ 45,000	\$ -	\$ -	\$ 45,000	\$ -	\$ -
3/4 Ton Pickup Truck	30,000	-	-	30,000	-	-
Asphalt/Concrete Grinding	75,000	-	-	75,000	-	-
10' Stainless Steel Dump Body	40,000	-	-	40,000	-	-
Subtotal	\$ 190,000	\$ -	\$ -	\$ 190,000	\$ -	\$ -
Snow & Ice Control						
Anti-Ice System	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -
Hydraulic Remote Pump System	2,500	-	-	2,500	-	-
10' Snow Bucket for Wheel Loader	10,500	-	-	10,500	-	-
Subtotal	\$ 38,000	\$ -	\$ -	\$ 38,000	\$ -	\$ -
Traffic Control						
Street Name Signs (Year 4 of 5)	\$ 9,500	\$ -	\$ -	\$ 9,500	\$ -	\$ -
Channelizer Drums (55 Gallon Style)	4,200	-	-	4,200	-	-
28" Orange Traffic Cones	5,000	-	-	5,000	-	-
Trail Crossing Signs/Signals (4)	8,000	-	-	8,000	-	-
Subtotal	\$ 26,700	\$ -	\$ -	\$ 26,700	\$ -	\$ -
Subtotal - General Fund	\$ 998,600	# \$ 305,100	\$ 377,600	\$ 308,700	\$ 7,200	\$ -
<u>Enterprise Funds</u>						
Transit						
Light Duty Buses (2)	\$ 192,300	\$ -	\$ -	\$ -	\$ -	\$ 192,300
Subtotal	\$ 192,300	\$ -	\$ -	\$ -	\$ -	\$ 192,300
Parking						
Electronic Meters (10)	\$ 1,900	\$ -	\$ -	\$ -	\$ -	\$ 1,900
Subtotal	\$ 1,900	\$ -	\$ -	\$ -	\$ -	\$ 1,900
Golf						
Triplex Mower	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ 33,000
Subtotal	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ 33,000
Ambulance						
Aero Clave Decontamination System	\$ 15,600	\$ -	\$ -	\$ -	\$ -	\$ 15,600
Ballistic Vests	5,700	-	-	-	-	5,700
Vacuum Mattress	2,800	-	-	-	-	2,800
Surface Pro Computers	6,000	-	-	-	-	6,000
Subtotal	\$ 30,100	\$ -	\$ -	\$ -	\$ -	\$ 30,100
Refuse Collection						
Dumpsters	10,000	-	-	-	-	10,000
Subtotal	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Landfill						
4 x 4 Utility Vehicle	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Subtotal	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000

Fund/Department/Item	Budget	Funding Sources				
		General Fund	Equipment Replacement	Road Use Tax	Other Sources	Enterprise or Other Funds
Transfer Station						
Scale for Exterior of Building	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Subtotal	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Water Pollution Control Plant						
Copier	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ 7,000
Mechanical Air Unit at Grit Building	50,000	-	-	-	-	50,000
Mill Drill	4,000	-	-	-	-	4,000
Confined Space Retrieving Cable	4,000	-	-	-	-	4,000
Grit Separator Rebuild	25,000	-	-	-	-	25,000
Pump Rebuild	12,000	-	-	-	-	12,000
Nan-02 Pilot Project	12,000	-	-	-	-	12,000
Lawn Mower Trailer	1,000	-	-	-	-	1,000
BOD Incubators (2)	15,300	-	-	-	-	15,300
pH Meter	1,800	-	-	-	-	1,800
Computers (2)	2,700	-	-	-	-	2,700
Analytical Precision Balance	4,400	-	-	-	-	4,400
Automated Titrator	8,500	-	-	-	-	8,500
Dragline Hose	15,000	-	-	-	-	15,000
Supply Hose	7,500	-	-	-	-	7,500
Subtotal	\$ 170,200	\$ -	\$ -	\$ -	\$ -	\$ 170,200
Collection and Drainage						
Video Inspection Push Camera	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Sewer Maintenance Projects	50,000	-	-	-	-	50,000
Parking Lot #7 Infiltration Project	60,000	-	-	-	-	60,000
Subtotal	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ 120,000
Subtotal - Enterprise Funds	\$ 677,500	\$ -	\$ -	\$ -	\$ -	\$ 677,500
<u>Other Funds - Special Revenue and Internal Services</u>						
Public Housing Fund						
Clark House-Apartment Rehabilitation	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Clark House-Appliances	5,000	-	-	-	-	5,000
Heat Treatment Equipment	10,000	-	-	-	-	10,000
Sunset Park-Apartment Rehabilitation	20,000	-	-	-	-	20,000
Sunset Park-Appliances	9,700	-	-	-	-	9,700
Subtotal	\$ 74,700	\$ -	\$ -	\$ -	\$ -	\$ 74,700
Equipment Services Internal Services Fund						
Fuel Management System	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Rolling Step Ladder with Platform	1,000	-	-	-	-	1,000
Computer Monitor	400	-	-	-	-	400
Subtotal	\$ 16,400	\$ -	\$ -	\$ -	\$ -	\$ 16,400
Subtotal - Other Funds	\$ 91,100	\$ -	\$ -	\$ -	\$ -	\$ 91,100
Total - All Operating Funds	\$ 1,767,200	\$ 305,100	\$ 377,600	\$ 308,700	\$ 7,200	\$ 768,600

City of Muscatine
Five Year Capital Improvement Plan - FY 2016 Through FY 2020
Summary of Projects by Department by Year

Department	FY '16	FY '17	FY '18	FY `19	FY' 20	Total
Community Development - Airport	\$457,822	\$212,750	\$27,750	\$15,000		\$713,322
Community Development		\$25,000				\$25,000
Parks & Recreation	\$150,000	\$865,000	\$705,000	\$335,000	\$1,430,000	\$3,485,000
Water Pollution Control Plant	\$210,000	\$4,605,000	\$610,000	\$375,000		\$5,800,000
Fire		\$30,800	\$40,000	\$1,475,000	\$1,310,000	\$2,855,800
Fire and Police		\$110,000				\$110,000
Library		\$138,000				\$138,000
Solid Waste		\$100,000	\$520,000			\$620,000
Public Works—Transit	\$38,000	\$55,600	\$37,800			\$131,400
Public Works—Transfer Station	\$300,000	\$175,000	\$25,000			\$500,000
Public Works—Roadway Maintenance		\$87,500				\$87,500
Public Works—Collection and Drainage		\$492,000	\$710,000	\$125,000	\$475,000	\$1,802,000
Public Works—Street Cleaning	\$25,000					\$25,000
Public Works—Vehicle Maintenance		\$72,000				\$72,000
Public Works—Buildings & Grounds	\$1,500,000	\$50,000	\$20,000	\$200,000	\$1,000,000	\$2,770,000
Public Works—Street & Sidewalk Projects	\$3,133,600	\$6,019,500	\$7,550,750	\$4,093,750	\$1,600,000	\$22,397,600
Public Works—Trails & Recreation Projects	\$300,000		\$37,500	\$205,500	\$675,000	\$1,218,000
Public Works—Sewer Separation	\$1,645,093	\$1,959,093	\$2,500,000	\$2,500,000	\$2,500,000	\$11,104,186
Total	\$7,759,515	\$14,997,243	\$12,783,800	\$9,324,250	\$8,990,000	\$53,854,808

City of Muscatine
Five Year Capital Improvement Plan - FY 2016 Through FY 2020
Project Funding Sources Schedule

Funding Source	FY '16	FY '17	FY '18	FY '19	FY '20	Total
General Fund	\$495,822	\$382,850	\$65,550	\$40,000		\$984,222
To Be Determined	\$150,000	\$1,403,800	\$765,000	\$2,128,000	\$3,740,000	\$8,186,800
Water Pollution Control Plant Reserve Fund	\$200,000	\$1,265,000	\$1,300,000	\$375,000		\$3,140,000
Water Pollution Control Plant Operating Fund	\$5,000		\$110,000			\$115,000
Transfer of Jurisdiction Proceeds	\$496,000	\$4,094,500	\$6,125,750	\$2,343,750		\$13,060,000
Collection and Drainage Operations Fund	\$305,000	\$832,500	\$710,000	\$133,333	\$475,000	\$2,455,833
Tipping Fees		\$100,000	\$520,000			\$620,000
Internal Loan– Transfer Station Fund Balance		\$175,000				\$175,000
Road Use Tax Funds	\$600,000	\$887,500	\$600,000	\$583,334	\$575,000	\$3,245,834
Transit Funds				\$8,333		\$8,333
Internal Services Fund Balance		\$72,000				\$72,000
One Cent Local Option Sales Tax	\$2,170,093	\$2,034,093	\$1,075,000	\$1,075,000	\$1,075,000	\$7,429,186
Tax Increment Financing (TIF)	\$300,000		\$25,000	\$350,000	\$200,000	\$875,000
General Obligation Bonds	\$2,737,600		\$37,500	\$37,500	\$675,000	\$3,487,600
Sewer Rates	\$300,000	\$750,000	\$750,000	\$750,000	\$750,000	\$3,300,000
State Revolving Loan Funds (SRF)			\$1,500,000	\$1,500,000	\$1,500,000	\$4,500,000
Sewer Reserve Funds		\$2,200,000				\$2,200,000
Total	\$7,759,515	\$14,997,243	\$12,783,800	\$9,324,250	\$8,990,000	\$53,854,808

City of Muscatine
Five Year Capital Improvement Plan - FY 2016 Through FY 2020
Detailed Project Listing

Project	Fiscal Year	City Cost	Funding Source
West Hill Sewer Separation Project	'20	\$2,500,000	One Cent Local Option Sales Tax , Sewer Rates, & Revolving Loan Funds
West Hill Sewer Separation Project	'19	\$2,500,000	One Cent Local Option Sales Tax , Sewer Rates, & Revolving Loan Funds
West Hill Sewer Separation Project	'18	\$2,500,000	One Cent Local Option Sales Tax , Sewer Rates, & Revolving Loan Funds
West Hill Sewer Separation Project, Phase IIIC	'17	\$1,959,093	One Cent Local Option Sales Tax & Sewer Rates
West Hill Sewer Separation Project, Phase IIIB	'16	\$1,625,093	One Cent Local Option Sales Tax , Sewer Rates, & Revolving Loan Funds
Grandview Avenue Corridor Project (Construction)	'19	\$2,343,650	Transfer of Jurisdiction Proceeds, Federal STP Funds: \$1,406,250
Grandview Avenue Corridor Project (Construction)	'18	\$2,343,650	Transfer of Jurisdiction Proceeds, Federal STP Funds: \$1,406,250
Grandview Avenue Corridor Project (Planning & Engineering)	'17	\$312,500	Transfer of Jurisdiction Proceeds, Federal STP Funds: \$187,500
Mississippi Drive Corridor Project (Construction)	'18	\$3,782,000	Transfer of Jurisdiction Proceeds, MPW & CRR (Railroad): \$2,318,000
Mississippi Drive Corridor Project (Construction)	'17	\$3,782,000	Transfer of Jurisdiction Proceeds, MPW & CRR (Railroad): \$2,318,000
Mississippi Drive Corridor Project (Planning & Engineering)	'16	\$496,000	Transfer of Jurisdiction Proceeds, MPW & CRR: \$304,000
Mulberry Avenue Reconstruction (Construction)	'16	\$1,237,600	G.O. Bonds, Federal STP Funds: \$1,142,400
Mad Creek Storm Water Management (Planning & Engineering)	'20	\$0	Grants: \$100,000
Sidewalk Construction Program	'20	\$150,000	Road Use Tax Funds, (50%) & One Cent Local Option Tax (50%)
Sidewalk Construction Program	'19	\$150,000	Road Use Tax Funds, (50%) & One Cent Local Option Tax (50%)
Sidewalk Construction Program	'18	\$150,000	Road Use Tax Funds, (50%) & One Cent Local Option Tax (50%)
Sidewalk Construction Program	'17	\$150,000	Road Use Tax Funds, (50%) & One Cent Local Option Tax (50%)
Sidewalk Construction Program	'16	\$150,000	Road Use Tax Funds, (50%) & One Cent Local Option Tax (50%)
Houser St/Fulliam Intersection Improvements	'17	\$100,000	TBD
2nd Street Enhancement Project (Construction)	'18	\$350,000	TIF
2nd Street Enhancement (Planning and Engineering)	'17	\$25,000	TIF
Full Depth Patch Street Reconstruction	'20	\$250,000	One Cent Local Option Sales Tax
Full Depth Patch Street Reconstruction	'19	\$250,000	One Cent Local Option Sales Tax
Full Depth Patch Street Reconstruction	'18	\$250,000	One Cent Local Option Sales Tax
Full Depth Patch Street Reconstruction	'17	\$250,000	One Cent Local Option Sales Tax
Full Depth Patch Street Reconstruction	'16	\$250,000	One Cent Local Option Sales Tax
Pavement Management Plan	'20	\$1,000,000	One Cent Local Option Sales Tax (50%) Road User Tax Fund (50%)
Pavement Management Plan	'19	\$1,000,000	One Cent Local Option Sales Tax (50%) Road User Tax Fund (50%)
Pavement Management Plan	'18	\$1,000,000	One Cent Local Option Sales Tax (50%) Road User Tax Fund (50%)
Pavement Management Plan	'17	\$1,000,000	One Cent Local Option Sales Tax (50%) Road User Tax Fund (50%)
Pavement Management Plan	'16	\$1,000,000	One Cent Local Option Sales Tax (50%) Road User Tax Fund (50%)
38/61 Connector (Planning & Engineering)	'20	\$200,000	TIF, Rise Grant: \$600,000

Project	Fiscal Year	City Cost	Funding Source
High Strength Waste & Struvite Project	'17	\$2,200,000	Sewer Reserve Funds
Oregon Street Crossing	'17	\$150,000	Road Use Tax Funds
2nd Street Bridge Channel Restoration	'17	\$50,000	TBD
Lake Park Blvd Bridge Deck Replacement	'17	\$75,000	Road Use Tax Funds
Old Highway 38 Bridge Erosion Control	'17	\$50,000	TBD
Mulberry to Mad Creek Trail (Construction)	'20	\$0	Grants: \$1,975,000
Mulberry to Mad Creek Trail (Planning & Engineering)	'19	\$0	Grants: \$25,000
Westside Trail	'19	\$168,000	TBD and Federal TAP Funds: \$432,000
Musser Park to Wiggins Road Trail (Construction)	'16	\$300,000	Collections & Drainage, Federal & State: \$915,000
Aerial Ladder/Platform Replacement	'18	\$1,400,000	TBD
Weed Park Restroom Modernization	'17	\$125,000	TBD
Library RFID Project	'17	\$138,000	TBD, Grant: \$60,000
Community Dog Park	'17	\$0	CAT Grant & Donations
Airfield Pavement Management	'19	\$15,000	City, State: \$85,000
Runway 12/30 Pavement Maintenance	'16	\$36,000	City, State: \$208,916
Runway 6/24 Reconstruction	'16	\$421,822	City, Federal: \$3,796,940
Taxiway A Reconstruction	'17	\$212,275	City, Federal: \$1,910,479
Boat Harbor & Embankment Restoration Project	'17	\$90,000	City & REAP Grant: \$125,000
Muscatine Soccer Complex Phase III Expansion	'17	\$0	Private Donations, \$1,818,440
MuscaBus Replacements (FY 2016)	'16	\$38,000	City, Federal \$152,000
MuscaBus Replacements FY '17	'17	\$55,600	City, Federal: \$222,400
MuscaBus Replacements FY '18	'18	\$37,800	City, Federal: \$151,200
Nutrient Reduction Report	'17	\$75,000	W.C.P.C. Reserve Fund
Nutrient Removal Process Modifications (Planning and Engineering)	'16	\$200,000	W.C.P.C. Reserve Fund
Nutrient Removal Process Modifications (Construction)	'17	\$800,000	W.C.P.C. Reserve Fund
Nutrient Removal Process Modifications (Construction)	'18	\$500,000	W.C.P.C. Reserve Fund
Biogas to Fuel Construction	'17	\$800,000	W.C.P.C. Reserve Fund
2nd Avenue Stormwater Infiltration Project	'17	\$0	Grants \$75,000
1 Ton Dump Truck	'18	\$35,000	Collection & Drainage Fund Balance
Backhoe	'18	\$150,000	Collection and Drainage Fund Balance
Heavy Duty Floor Hoist	'17	\$35,000	Internal Services Fund Balance
Jet Vac Truck	'16	\$350,000	Collection & Drainage Operating Fund
Leaf Loader	'16	\$25,000	Road Use Tax Funds
Service Truck With Utility Body	'17	\$37,000	Internal Services Fund Balance
Soccer Complex Light Replacement	'18	\$150,000	TBD
Track Loader	'16	\$300,000	Internal Loan-Transfer Station
Wheel Loader	'17	\$175,000	Internal Loan Transfer Station

Project	Fiscal Year	City Cost	Funding Source
Mad Creek Greenbelt Trail Resurfacing	'17	\$100,000	TBD
Mulberry Avenue Stormwater Infiltration Project	'17	\$0	Grants: \$75,000
Cedar Street Stormwater Infiltration Project	'17	\$0	Grants: \$75,000
SCADA Server Replacement	'18	\$110,000	WPCP Operating Funds
Art Center Roof Replacement	'17	\$50,000	TBD
Art Center—Lighting Poles Replacement	'19	\$150,000	TBD
Art Center—Music Room Repair	'18	\$20,000	TBD
Phase 5 Landfill Cell	'18	\$520,000	Tipping fees and solid waste agency assessment
South End Air Release Valves Phases 3&4	'19	\$100,000	Collection & Drainage Operating Fund
South End Air Release Valves Phases 3&4	'18	\$100,000	Collection & Drainage Operating Fund
Upgrade Fuel Facility	'18	\$27,750	City, State: \$157,250
Art Center Climate Control (HVAC)	'16	\$1,500,000	G.O. Bonds
Kent-Stein Park Lot Surfacing	'18	\$45,000	TBD
½ Ton Pickup	'18	\$25,000	Road Use Tax Funds
¾ Ton Pickup	'18	\$25,000	Collections & Drainage Fund Balance
4 Wheel Drive Truck	'17	\$25,000	General Fund
Heinz Reconstruction Project (Construction)	'20	\$475,000	Collection & Drainage Operating Fund
Heinz Reconstruction Project (Planning & Engineering)	'19	\$25,000	Collection & Drainage Operating Fund
Van	'19	\$25,000	General Funds
Weed Park Lagoon Bank Stabilization	'17	\$300,000	TBD
Weed Park Street Light Replacement	'16	\$150,000	TBD
Weed Park Water Main Replacement	'20	\$100,000	TBD
Cart Path Repairs	'18	\$25,000	TBD
Soccer Field #3 Improvement	'17	\$125,000	TBD
Greenwood Cemetery Erosion Control Project	'20	\$1,000,000	TBD
Pearl City Station Plaza Replacement	'17	\$30,000	TBD
Riverfront Basketball Court Replacement	'18	\$100,000	TBD
Weed Park Large Event Shelter	'18	\$250,000	TBD
Canon Street Lift Station Pump Replacement	'19	\$25,000	W.P.C.P. Reserve Fund
Ionized Odor Control System	'97	\$350,000	W.C.P.C. Reserve Fund
Muscatine Slough Development (Construction)	'20	\$675,000	G.O. Bonds, Grants and Insurance Compensation: \$2,035,000
Muscatine Slough Development (Planning and Engineering)	'19	\$37,500	G.O. Bonds, Grants and Insurance Compensation: \$112,500
Muscatine Slough Development (Planning and Engineering)	'18	\$37,500	G.O. Bonds, Grants and Insurance Compensation: \$112,500
Public Works Roof Repair	'19	\$25,000	Collection and Drainage Fund Balance, Road Use Tax and Transit Funds
Fire Station #3 (East Hill) (Construction)	'20	\$1,310,000	TBD
Fire Station #3 (East Hill) (Planning & Engineering)	'19	\$40,000	TBD
Fire Station #3 (East Hill) (Planning & Engineering)	'18	\$75,000	TBD

Project	Fiscal Year	City Cost	Funding Source
Harbor Dredge Dewater Area Relocation (Construction)	'17	\$680,000	W.P.C.P. Reserve Fund & Collection and Drainage Operation Fund
Harbor Dredge Dewater Area Relocation (Planning & Engineering)	'16	\$10,000	W.P.C.P. Reserve Fund & Collection and Drainage Operation Fund
Harbor Houseboat Anchoring Replacement	'20	\$80,000	TBD
Relief Sanitary Sewer - Allsteel (Construction)	'18	\$400,000	Collection & Drainage Fund Balance
Relief Sanitary Sewer - Allsteel (Planning & Engineering)	'17	\$5,000	Collection & Drainage Fund Balance
Weed Park North Side Parking Lot	'20	\$50,000	TBD
Biogas to Fuel Study	'17	\$50,000	WPCP Reserve Fund
Fuller Park Erosion Control Project	'19	\$300,000	TBD
Greenwood Cemetery Sidewalk Replacement	'17	\$25,000	TBD
Kent-Stein Park Multi-Use Area	'19	\$35,000	TBD
Shop Building at the Landfill	'17	\$100,000	Tipping fees
Fuller Park Parking Lot Expansion	'17	\$30,000	TBD
Golf Course Restroom Replacement	'20	\$100,000	TBD
Golf Course Replacement of #9 & #15 Greens	'18	\$30,000	TBD
Lower Lot Reorganization	'17	\$175,000	Collection and Drainage Fund Balance & Road Use Tax Funds
Swipe Key Access for Public Safety Building	'17	\$80,000	TBD
Weed Park Lagoon Trail	'17	\$100,000	TBD
Jet Vac Dump Site	'17	\$50,000	Collection and Drainage Fund Balance & Road Use Tax Funds
Demolition of Old Army Reserve Building	'17	\$30,800	TBD
Irrigation Pond Expansion	'18	\$30,000	TBD
Kent-Stein Drainage Improvement	'18	\$75,000	TBD
Extension of Sewer & Water to Eagle Ridge	'19	TBD	TBD
Greenwood Cemetery Barrier Fence	'20	\$100,000	TBD
Kent-Stein Drainage Improvement	'18	\$75,000	TBD
Public Safety Building-Future Needs Assessment	'17	\$30,000	TBD
Kent Stein Control Link System	'17	\$40,000	TBD
City Hall Cooling System	'20	\$1,000,000	TBD

OTHER FUNDS

TRUST AND AGENCY FUNDS

PERPETUAL CARE TRUST

GENERAL INFORMATION:

The State Code of Iowa requires that 20% of the proceeds of the sale of a cemetery lot be set aside in a Perpetual Care Trust fund. The trust funds are invested and interest earnings are utilized to support costs associated with the Cemetery operation. The Perpetual Care Trust accounts for the principal of the perpetual care contributions. A separate Perpetual Care Interest Trust has been established to account for the interest earned on the perpetual care funds. According to State law, the principal amount of the Perpetual Care Fund cannot be used for cemetery operations; only interest earnings can be used.

CURRENT TRENDS AND ISSUES:

The Perpetual Care Fund is a non-expendable trust, now considered a Permanent Fund of the City. An estimated \$5,000 in perpetual care funds is expected to be received in both 2017/2018 and 2018/2019. The balance in this trust on June 30, 2019 is estimated at \$885,853.

Perpetual Care Trust

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance, July 1	\$ 860,178	\$ 871,832	\$ 876,832	\$ 875,853	\$ 880,853
Revenues					
Perpetual Care	<u>11,654</u>	<u>4,021</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Funds Available	\$ 871,832	\$ 875,853	\$ 881,832	\$ 880,853	\$ 885,853
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 871,832</u>	<u>\$ 875,853</u>	<u>\$ 881,832</u>	<u>\$ 880,853</u>	<u>\$ 885,853</u>
Increase (Decrease) in Fund Balance	\$ 11,654	\$ 4,021	\$ 5,000	\$ 5,000	\$ 5,000

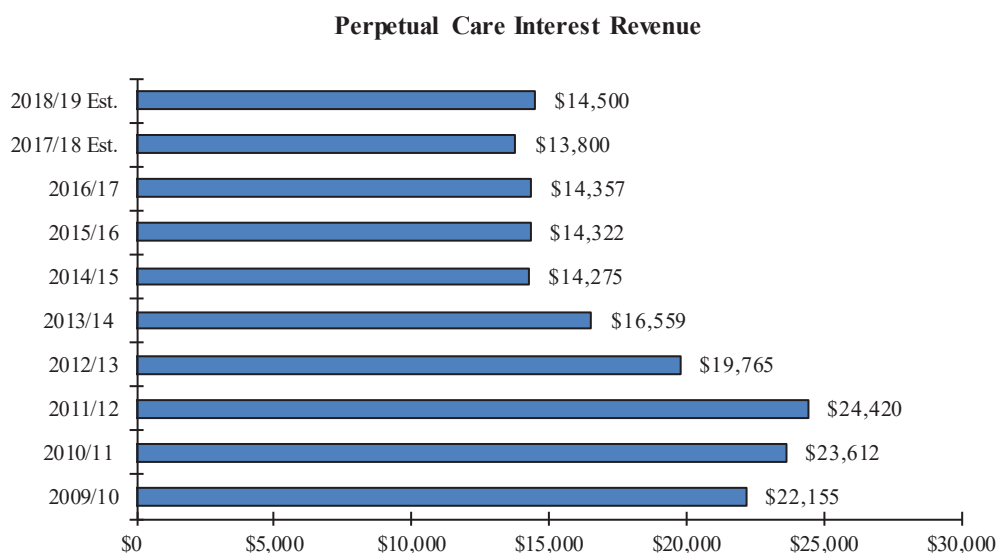
TRUST AND AGENCY FUNDS

PERPETUAL CARE INTEREST TRUST

GENERAL INFORMATION:

This trust fund was established to account for interest earnings on perpetual care funds received by the City of Muscatine through the operation of the municipal cemetery. As required by the State Code of Iowa, 20% of the proceeds of the sale of a cemetery lot must be set aside in a trust account. The trust funds are invested and interest earnings from the funds are utilized to support costs associated with the Cemetery operation. According to State law, the principal amount of the Perpetual Care Fund cannot be used for cemetery operations; only interest earnings can be used. Interest earnings may also fund capital improvements associated with the Cemetery.

Interest earnings have traditionally been utilized to fund all or a portion of the cost of operating the Cemetery. Perpetual Care interest earned and transferred to the General Fund from fiscal year 2009/2010 through the budgeted amount for 2018/2019 is shown in the following graph.



Beginning in 1991/92 and continuing through 2018/2019 (with the exception of 2003/2004, 2007/2008, and 2010/2011), Cemetery revenues plus available interest earnings from this trust have not been sufficient to fund operating expenditures of the Cemetery. This is attributed to several factors including declining cemetery burial and lot sales revenues over the last several years and the decline in interest rates. As a result of these factors, General Fund subsidies were made to the Cemetery in the amounts of \$28,234 for 2009/2010, none for 2010/2011, \$5,410 in 2011/2012, \$15,279 in 2012/2013, \$30,038 in 2013/2014, \$44,327 in 2014/2015, \$8,885 in 2015/2016 and \$43,334 in 2016/2017. The revised estimate for 2017/2018 projects a General Fund subsidy of \$56,100 and \$55,500 is the estimated subsidy for 2018/2019. Staff will continue marketing efforts in 2018/2019 in order to increase operating revenues of the Cemetery.

Perpetual Care Interest Trust

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Interest	<u>14,322</u>	<u>14,357</u>	<u>14,300</u>	<u>13,800</u>	<u>14,500</u>
Funds Available	\$ 14,322	\$ 14,357	\$ 14,300	\$ 13,800	\$ 14,500
Expenditures					
Transfers Out					
Cemetery Operations	<u>14,322</u>	<u>14,357</u>	<u>14,300</u>	<u>13,800</u>	<u>14,500</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Increase (Decrease) in					
Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

TRUST AND AGENCY FUNDS

SPECIAL CEMETERY TRUSTS

GENERAL INFORMATION:

This budget consists of thirteen (13) individual trust funds associated with specific graves or mausoleums at the City's Greenwood Cemetery. The trust agreements provide that interest earned on the trusts be used for specified purposes, generally floral arrangements at specified times each year or for maintenance of mausoleum structures as needed.

CURRENT TRENDS AND ISSUES:

The Special Cemetery Trusts are non-expendable trusts, now considered Permanent Funds of the City. An estimated \$800 in interest is expected to be earned on these funds in both 2017/2018 and 2018/2019. Trust expenditures are estimated at \$2,800 for both 2017/2018 and 2018/2019.

Special Cemetery Trusts (1)

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 57,519	\$ 55,008	\$ 53,008	\$ 52,474	\$ 50,474
Revenues					
Interest	<u>831</u>	<u>806</u>	<u>800</u>	<u>800</u>	<u>800</u>
Funds Available	<u>\$ 58,350</u>	<u>\$ 55,814</u>	<u>\$ 53,808</u>	<u>\$ 53,274</u>	<u>\$ 51,274</u>
Expenditures					
Florist Services	\$ 3,042	\$ 3,090	\$ 2,500	\$ 2,500	\$ 2,500
Transfers Out:					
Administrative Fees	<u>300</u>	<u>250</u>	<u>300</u>	<u>300</u>	<u>300</u>
Total Expenditures	<u>\$ 3,342</u>	<u>\$ 3,340</u>	<u>\$ 2,800</u>	<u>\$ 2,800</u>	<u>\$ 2,800</u>
Ending Balance, June 30	<u><u>\$ 55,008</u></u>	<u><u>\$ 52,474</u></u>	<u><u>\$ 51,008</u></u>	<u><u>\$ 50,474</u></u>	<u><u>\$ 48,474</u></u>
Increase (Decrease) in Fund Balance	\$ (2,511)	\$ (2,534)	\$ (2,000)	\$ (2,000)	\$ (2,000)

1. Amounts shown are comprised of thirteen individual trusts associated with specific graves or mausoleums at Greenwood Cemetery.

MUSSER PUBLIC LIBRARY

TRUST FUNDS

GENERAL INFORMATION:

The City of Muscatine currently has one trust fund associated with the operation of the Library. Funds in this trust may only be used according to the provisions of the trust.

The Library Gift and Memorial Trust is comprised of donations from patrons of the Library. These donations are to be used for the benefit of the Library in general. Any gifts for specific purposes are used immediately so that the donor's request can be satisfied.

CURRENT TRENDS AND ISSUES:

The 2017/2018 revised estimate expenditures total \$176,700 with most the expenditures related to the library relocating to the new Musser Public Library and HNI Community Center building. These expenditures include a \$100,000 transfer to the new library capital project fund to be used for the “Opening Day Collection” additions as provided for in the Community Tourism and Attraction (CAT) grant award.

The budgeted expenditures for 2018/2019 total \$31,400, which is approximately the same amount as the budgeted revenues for the year. The estimated balance in this trust on June 30, 2019 is \$9,300.

Library Gift and Memorial Trust

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 171,236	\$ 146,632	\$ 121,732	\$ 140,900	\$ 9,200
Revenues					
Donations	\$ 11,063	\$ 29,170	\$ 8,000	\$ 10,000	\$ 8,000
State Grant	25,523	24,575	25,000	30,000	20,000
Miscellaneous Sales	5,240	5,770	3,000	4,500	3,000
Interest	186	510	100	500	500
Total Revenues	<u>\$ 42,012</u>	<u>\$ 60,025</u>	<u>\$ 36,100</u>	<u>\$ 45,000</u>	<u>\$ 31,500</u>
Funds Available	<u>\$ 213,248</u>	<u>\$ 206,657</u>	<u>\$ 157,832</u>	<u>\$ 185,900</u>	<u>\$ 40,700</u>
Expenditures					
Library Materials	\$ 534	\$ 1,688	\$ 26,700	\$ 26,700	\$ 5,000
Contractual Services	48,340	63,838	50,000	10,000	6,400
Capital Outlay	17,742	231	45,000	40,000	20,000
Transfers Out:					
Library Renovation Project	0	0	0	100,000	0
Total Expenditures	<u>\$ 66,616</u>	<u>\$ 65,757</u>	<u>\$ 121,700</u>	<u>\$ 176,700</u>	<u>\$ 31,400</u>
Ending Balance, June 30	<u><u>\$ 146,632</u></u>	<u><u>\$ 140,900</u></u>	<u><u>\$ 36,132</u></u>	<u><u>\$ 9,200</u></u>	<u><u>\$ 9,300</u></u>
Increase (Decrease) in Fund Balance	\$ (24,604)	\$ (5,732)	\$ (85,600)	\$ (131,700)	\$ 100

MUSCATINE ART CENTER

TRUST FUNDS

GENERAL INFORMATION:

The City of Muscatine has established four trust funds which are associated with the operation of the Muscatine Art Center. Funds in these trusts may only be used according to the provisions of the trusts.

The gift of the Musser Mansion in 1965 by the heirs of Laura Musser, Mrs. Mary Musser Gilmore, and Mrs. Mary Catherine McWhirter, was the beginning of an art/museum facility in Muscatine. This building was to be used as a memorial art gallery and museum. In addition to the gift of property, a trust of \$100,000 was established by McWhirter and Gilmore to be invested with the interest to be used to assist with the ongoing care and maintenance of the Museum. The principal is to remain intact. Funds from this trust have been used for the general upkeep of the mansion including painting and roofing improvements as well as improvements to the electrical wiring and air conditioning systems. Funding has also been provided for major areas of conservation and preservation of objects owned by Laura Musser which are in the permanent collection. In 2016/2017, \$6,600 was expended from this trust for painting and security cameras. No funds are budgeted to be expended from this trust in 2017/2018 or 2018/2019.

The \$40,000 Alice Dodge Schaeffer Trust was established in 1976 to accompany a gift of primarily Victorian (c.1850) bedroom furnishings which was given as a memorial to Sarah Eaker Hughes, aunt of the donor. Interest from this trust has been used for the conservation of the initial gift of objects. A major reconstruction of the Sarah Eaker Hughes bedroom was completed in 1991 to more accurately reflect the ambiance of a Victorian bedroom of the 1850-65 period. No funds are budgeted to be expended from this trust in 2017/2018 or 2018/2019.

The Art Center Donations Trust is used for cash donations made by individuals, groups, or businesses to the Art Center. Any part of the Trust or its interest earnings may be used as designated by the Board of Trustees. This trust is traditionally used for the purchase of acquisitions for the permanent collection. A donor may also contribute funds through this trust to be used for designated object(s) to enrich a specific part of the collection or for the promotion of programs relating to Art Center collections or exhibitions. Additionally, funds from the sale of deaccession items from the permanent collection are credited to this trust. Other purchases are made at the direction of the Board of Trustees. In 2017/2018 a total of \$35,500 in donations and grants are budgeted to be received and \$30,300 is budgeted to be expended. The projected balance in this trust is \$55,377 at the end of 2017/2018. Grants and donations budgeted to be received in 2018/2019 total \$7,300 and \$9,200 is budgeted to be expended. The projected balance in this trust at the end of 2018/2019 is \$53,477.

A bequest of \$300,000 was received in 1999/2000 from the estate of Brad Burns and approximately \$413,000 of additional funding from this estate was received in 2004/2005. Any part of the bequest or its interest earnings may be used as designated by the Board of Trustees. In 2008/2009 \$134,989 was expended from this trust for acquisition of property next to the museum. In 2016/2017, \$20,000 was transferred from this fund to the Community Foundation of Greater Muscatine. These funds combined with other sources will provide an annual grant for the Muscatine Art Center. No funds are budgeted to be expended from this trust in 2017/2018 or 2018/2019. The projected balance in this trust at the end of 2018/20149 is \$282,657.

McWhirter-Gilmore Trust

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 105,006	\$ 105,795	\$ 100,695	\$ 100,070	\$ 100,970
Revenues					
Interest	<u>789</u>	<u>875</u>	<u>700</u>	<u>900</u>	<u>900</u>
Funds Available	\$ 105,795	\$ 106,670	\$ 101,395	\$ 100,970	\$ 101,870
Expenditures					
Contractual Services	\$ 0	\$ 2,600	\$ 0	\$ 0	\$ 0
Capital Outlay	<u>0</u>	<u>4,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>6,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 105,795</u>	<u>\$ 100,070</u>	<u>\$ 101,395</u>	<u>\$ 100,970</u>	<u>\$ 101,870</u>
Increase (Decrease) in Fund Balance	\$ 789	\$ (5,725)	\$ 700	\$ 900	\$ 900

Alice Schaeffer Trust

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 43,946	\$ 44,264	\$ 44,564	\$ 44,624	\$ 45,024
Revenues					
Interest	<u>318</u>	<u>360</u>	<u>300</u>	<u>400</u>	<u>400</u>
Funds Available	\$ 44,264	\$ 44,624	\$ 44,864	\$ 45,024	\$ 45,424
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 44,264</u>	<u>\$ 44,624</u>	<u>\$ 44,864</u>	<u>\$ 45,024</u>	<u>\$ 45,424</u>
Increase (Decrease) in Fund Balance	\$ 318	\$ 360	\$ 300	\$ 400	\$ 400

Art Center Donations Trust

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 44,565	\$ 175,887	\$ 59,987	\$ 50,177	\$ 55,377
Revenues					
Donations	\$ 38,211	\$ 13,254	\$ 6,000	\$ 5,000	\$ 6,000
Special Project Donations	160,000	12,500	0	28,200	0
Interest	161	408	100	200	200
Art Center Grants	16,613	7,044	2,000	2,000	1,000
Other	2,495	0	100	100	100
Transfers In: CLP Grant Balance	0	2,183	0	0	0
Total Revenues	<u>\$ 217,480</u>	<u>\$ 35,389</u>	<u>\$ 8,200</u>	<u>\$ 35,500</u>	<u>\$ 7,300</u>
Funds Available	<u>\$ 262,045</u>	<u>\$ 211,276</u>	<u>\$ 68,187</u>	<u>\$ 85,677</u>	<u>\$ 62,677</u>
Expenditures					
Art Center Materials	\$ 3,052	\$ 1,062	\$ 2,000	\$ 3,000	\$ 2,000
Contractual Services	47,762	30,352	2,000	4,000	2,000
Carver Trust Expenditures	0	0	0	3,300	0
Capital Outlay	35,344	129,685	4,000	20,000	5,200
Total Expenditures	<u>\$ 86,158</u>	<u>\$ 161,099</u>	<u>\$ 8,000</u>	<u>\$ 30,300</u>	<u>\$ 9,200</u>
Ending Balance, June 30	<u><u>\$ 175,887</u></u>	<u><u>\$ 50,177</u></u>	<u><u>\$ 60,187</u></u>	<u><u>\$ 55,377</u></u>	<u><u>\$ 53,477</u></u>
Increase (Decrease) in Fund Balance	\$ 131,322	\$ (125,710)	\$ 200	\$ 5,200	\$ (1,900)

Brad Burns Trust

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 293,271	\$ 295,345	\$ 277,245	\$ 277,657	\$ 280,157
Revenues					
Interest	<u>2,074</u>	<u>2,312</u>	<u>1,900</u>	<u>2,500</u>	<u>2,500</u>
Funds Available	<u>\$ 295,345</u>	<u>\$ 297,657</u>	<u>\$ 279,145</u>	<u>\$ 280,157</u>	<u>\$ 282,657</u>
Expenditures					
Contractual Services	<u>\$ 0</u>	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Balance, June 30	<u><u>\$ 295,345</u></u>	<u><u>\$ 277,657</u></u>	<u><u>\$ 279,145</u></u>	<u><u>\$ 280,157</u></u>	<u><u>\$ 282,657</u></u>
Increase (Decrease) in Fund Balance	\$ 2,074	\$ (17,688)	\$ 1,900	\$ 2,500	\$ 2,500

INTERNAL SERVICES FUNDS

EQUIPMENT SERVICES OPERATIONS

GENERAL INFORMATION:

The Equipment Services Operation is accounted for as an Internal Service Fund. This type of fund is established to account for operations which serve other departments of the City. The Equipment Services Operation is responsible for the maintenance and repair of all City vehicles and equipment. Repair and maintenance includes major repairs in addition to routine and preventive maintenance.

Most City departments use the Equipment Services Operation for repair and maintenance of their vehicles in lieu of their own departmental resources. As in a commercial garage enterprise, the Equipment Services Operation is financed by user fees charged to the department for the repairs performed. The user fee includes the direct cost of labor, repair parts, and an allowance for overhead costs of the operation. The objective of the operation is to insure user fees for the fiscal year are sufficient to cover the repair costs incurred.

The operation is located at the City's Public Works Facility and includes a centralized fuel system which has assisted the City in eliminating approximately fifteen (15) different stations located throughout the City's facilities. Accountability and accessibility of fuel consumption data have also improved with this system.

A major expenditure in the Equipment Services budget is the purchase of fuel products including gasoline, diesel fuel, and oil. These fuel costs plus a per gallon surcharge are charged back to departments as inventories are used.

Labor is the other major cost in this activity, which includes a full-time supervisor and three full time mechanics. The hourly charge for labor including overhead costs was \$67.00 for 2010/2011, 2011/2012 and 2012/2013. The labor rate increased to \$69.00 per hour in 2013/2014 and that rate was maintained for 2014/2015. The labor rate was increased to \$71.00 per hour in 2015/2016 and increased to \$74.00 per hour in 2016/2017. The labor rate increased to \$85.00 per hour in 2017/2018 and that rate is budgeted to remain in effect for 2018/2019.

In addition to the labor rate charge there is a surcharge on parts, outside services, oil, and tires of 8% of the total cost to a maximum of \$16.00 per charge. A per gallon surcharge has also been applied to fuel dispensed to City vehicles utilizing this operation. This fee is currently \$.30 per gallon. These surcharge fees are budgeted to remain the same for 2018/2019.

CURRENT TRENDS AND ISSUES:

The 2017/2018 revised estimate expenditures are \$7,600 less than the original budget. This overall decrease is due to the net effect of (1) a \$3,400 decrease in personal services, (2) a \$10,000 decrease in repair and maintenance supply costs, and (3) a \$5,800 increase in contractual services which includes increased insurance and increased repair and maintenance services costs. Actual repair costs are billed out to each department on a monthly basis.

The 2018/2019 budget is \$11,300 (.9%) more than the original 2017/2018 budget. The budget includes an increase of \$8,700 in personal services costs, a \$10,000 decrease in commodities, a \$5,500 increase in contractual services, a \$6,600 increase in capital outlay, and a \$500 increase in administrative fee transfers.

The capital outlay allocation includes \$15,000 for a new fuel management system. Parts are no longer available to repair the current system. The new system will include key card readers to track fuel for each vehicle and also provide the necessary information to allocate fuel charges to the respective City departments.

As an internal service fund as fuel costs fluctuate, cost increases or decreases are passed on to the various City departments based on their actual fuel usage. The fund balance in this operation has been decreasing in the last several years. This resulted in the budgeted labor rate increase from \$74.00 per hour to \$85.00 per hour in 2017/2018. This rate is budgeted to remain the same for 2018/2019. The Equipment Services operation is expected to have a balance (net of inventory) of \$60,601 on June 30, 2018 and the fund balance is projected at \$57,101 on June 30, 2019.

GOAL STATEMENT:

To provide for the maintenance of all City vehicles and major equipment including both preventive and emergency maintenance to assure such equipment can be utilized by the City work force in the most productive and cost efficient manner.

PERFORMANCE MEASURES:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Estimated 2017/2018	Estimated 2018/219
Autos, Pickups, Flatbeds Serviced	204	190	201	200	200
Trucks, Buses, Garbage Trucks Serviced	139	131	124	125	125
Heavy Equipment/Tractors Serviced	28	30	29	30	30
Gallons of Gasoline Dispensed	84,700	82,920	91,130	92,000	92,000
Gallons of Diesel Fuel Dispensed	68,455	70,155	68,674	67,000	67,000
Preventative Maintenance Work Orders	1,120	1,058	1,174	1,175	1,175
Emergency Maintenance Work Orders	589	769	741	750	750
Work Orders Completed	1,709	1,827	1,757	1,800	1,800
Total Miles Driven (all vehicles)	1,172,512	1,177,943	1,174,821	1,175,000	1,175,000

RECENT ACCOMPLISHMENTS:

The parts inventory is continually being improved by identifying old filters that we no longer have equipment for and exchanging them through local parts stores for current filters that fit the current equipment. The parts stores issue the City a credit at the current value to use on future purchases.

The Equipment Services division just finished the first “Purple Wave” surplus auction. The auction generated over \$29,000 in sales. The City had several surplus items from the HNI building that was donated to the City for the new Musser Public Library and HNI Community Center. Larger items seemed to sell better on the Purple Wave auction site compared to the Public Surplus auction site. In the future, the City will continue to use Purple Wave for larger ticket items and Public Surplus for smaller items and some of the items that don’t sell on the Purple Wave auction site.

At the time of budget preparations, the software budgeted for the current year had not been purchased. Staff has identified a software package for the Public Works department that can be utilized by more divisions than just Equipment Services. Research is still being done to find the best software to suit the needs of the department.

OBJECTIVES TO BE ACCOMPLISHED IN 2018/2019:

- * To install and implement the maintenance tracking software program. There will be a significant amount of data that will be required to be entered as well as training for the Vehicle Maintenance Supervisor. Training is included in the cost of the software.
- * To continue looking for other ways to become more lean and efficient in the vehicle maintenance operation. **(Continuous Service Improvement Goal)**
- * To cross train an employee to perform the duties in the absence of the Vehicle Maintenance Supervisor.

Equipment Services Operations

Fund Statement

	<u>Actual 2015/2016</u>	<u>Actual 2016/2017</u>	<u>Budget 2017/2018</u>	<u>Revised Estimate 2017/2018</u>	<u>Budget 2018/2019</u>
Beginning Balance (Deficit), July 1	\$ (68,038)	\$ (86,696)	\$ (104,896)	\$ (60,351)	\$ (44,951)
Revenues					
Charges for Services -					
City Departments	\$ 909,723	\$ 1,044,651	\$ 1,285,900 (2)	\$ 1,280,900 (2)	\$ 1,280,900 (2)
Miscellaneous	<u>760</u>	<u>4,481</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total Revenues	<u>\$ 910,483</u>	<u>\$ 1,049,132</u>	<u>\$ 1,286,400</u>	<u>\$ 1,281,400</u>	<u>\$ 1,281,400</u>
Funds Available	\$ 842,445	\$ 962,436	\$ 1,181,504	\$ 1,221,049	\$ 1,236,449
Expenditures (1)	<u>929,141</u>	<u>1,022,787</u>	<u>1,273,600</u>	<u>1,266,000</u>	<u>1,284,900</u>
Ending Balance (Deficit), June 30	\$ (86,696)	\$ (60,351)	\$ (92,096)	\$ (44,951)	\$ (48,451)
Allowance for Inventory	<u>108,451</u>	<u>105,552</u>	<u>108,451</u>	<u>105,552</u>	<u>105,552</u>
Net Balance, June 30	<u><u>\$ 21,755</u></u>	<u><u>\$ 45,201</u></u>	<u><u>\$ 16,355</u></u>	<u><u>\$ 60,601</u></u>	<u><u>\$ 57,101</u></u>
Increase (Decrease) in Net Balance	\$ (18,658) (2)	\$ 26,345 (2)	\$ 12,800	\$ 15,400	\$ (3,500)

1. Expenditures include changes in compensated absences and other postemployment benefits.
2. Due to decreasing fund balances in this operation, the labor rate charge increased from \$74.00 to \$85.00 per hour for 2017/2018. No additional rate increase is budgeted for 2018/2019.

Function:
Internal Service

Department:
Public Works

Activity:
Equipment Services Operations

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Percent Change
Expenditure Summary						
Personal Services	\$ 309,368	\$ 328,869	\$ 345,400	\$ 342,000	\$ 354,100	2.52%
Commodities	391,582	399,776	583,400	573,400	573,400	-1.71%
Contractual Services	197,400	264,229	317,200	323,000	322,700	1.73%
Capital Outlay	8,314	4,285	9,800	9,800	16,400	67.35%
Transfers	<u>16,800</u>	<u>17,300</u>	<u>17,800</u>	<u>17,800</u>	<u>18,300</u>	2.81%
Total Expenditures	<u>\$ 923,464</u>	<u>\$ 1,014,459</u>	<u>\$ 1,273,600</u>	<u>\$ 1,266,000</u>	<u>\$ 1,284,900</u>	0.89%
Funding Sources						
Charges for Services	\$ 909,723	\$ 1,044,651	\$ 1,285,900	\$ 1,280,900	\$ 1,280,900	-0.39%
Other	<u>760</u>	<u>4,481</u>	<u>500</u>	<u>500</u>	<u>500</u>	0.00%
Total Funding Sources	<u>\$ 910,483</u>	<u>\$ 1,049,132</u>	<u>\$ 1,286,400</u>	<u>\$ 1,281,400</u>	<u>\$ 1,281,400</u>	-0.39%

Personnel Schedule						
	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019	Budget Amount 2018/2019
Full Time:						
Vehicle Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Vehicle Mechanic II	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	
Total	4.00	4.00	4.00	4.00	4.00	\$ 228,500
Employee Benefits						<u>125,600</u>
Total Personal Services						<u>\$ 354,100</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Fuel Management System	1	Yes	\$ 15,000
Rolling Step Ladder with Platform	1	No	1,000
Computer Monitor	1	Yes	<u>400</u>
Total			<u>\$ 16,400</u>

INTERNAL SERVICE FUNDS

HEALTH INSURANCE FUND

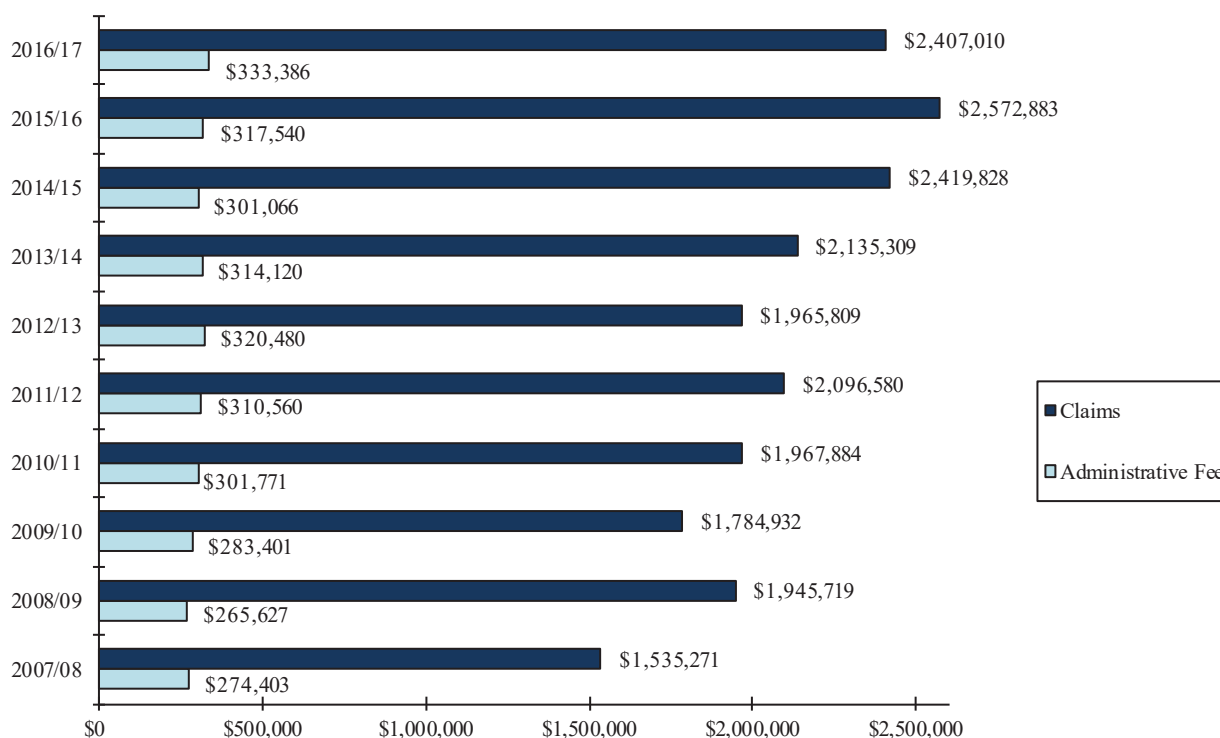
GENERAL INFORMATION:

On January 1, 1985 the City changed its employee medical insurance program to a modified self insurance plan. Blue Cross/Blue Shield continued as the carrier of the plan and also serves as the administrator. As part of the program the Health Insurance Fund was established.

All payments of premiums from the City, employees, and retirees are credited to the Health Insurance Fund. From this fund the City pays all actual medical claims paid by Blue Cross on a monthly basis. The City also pays Blue Cross a monthly administrative fee per employee for this service. This administrative fee includes stop loss insurance to cover catastrophic illnesses. As a result, the City is funding 100% of the exposure up to the level where the individual and aggregate stop loss insurance takes effect. When claims are less than the amount funded, the savings are retained by the City.

The amount of health insurance claims and administrative fees paid for the last ten fiscal years are shown in the table below. As shown, there has been a significant increase in claims for the City's group since 2007/2008.

Health Insurance Claims and Administrative Fees

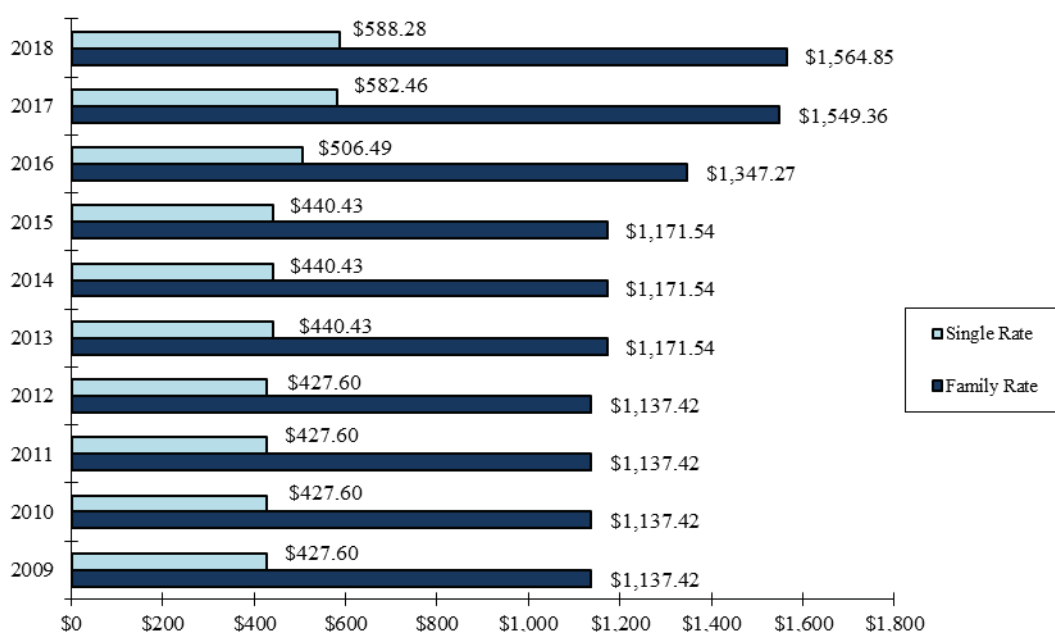


The monthly premium charges for single and family health insurance coverage for City employees, dependents, and retirees has varied significantly over the last ten years as shown in the following table. For January 1, 2008 rates increased by 10.2% for both single and family coverage. Due to a leveling of claim costs in 2008, the 2008 rates were maintained for 2009, 2010, 2011, and 2012. For January 1, 2013 rates increased by 3% for both single and family coverage. These rates were maintained for 2014 and 2015. For January 1, 2016, due to the significant increase in claims, the rates were increased by 15% for both single and

family coverage. For January 1 2017, due to continued high levels of claims, rates were again increased by 15% for both single and family coverage. With the leveling of claims in 2017, January 1, 2018 rates were increased by 1% for both single and family coverage.

The City made a number of changes in the health insurance plan in past years. In 2003 the City changed to a Preferred Provider Organization (PPO) plan with Blue Cross/Blue Shield. This plan resulted in increased discounts on medical claim costs to the City and its employees when using health care providers on the “preferred providers” list. In 2004 deductibles were increased from \$200 to \$300 for single coverage and from \$500 to \$600 for family coverage. Out-of-pocket maximums were increased from \$500 to \$600 for single and from \$1,000 to \$1,300 for family coverage. These provisions remained in effect until 2013 when the deductibles were increased from \$300 to \$400 for single coverage and from \$600 to \$800 for family coverage. Out-of-pocket maximums were increased from \$600 to \$800 for single and from \$1,300 to \$1,600 for family coverage. Deductibles were increased again in 2014 from \$400 to \$500 for single coverage and from \$800 to \$1,000 for family coverage. Out-of-pocket maximums were increased from \$800 to \$1,000 for single and from \$1,600 to \$2,000 for family coverage. Deductibles were increased again in 2016 from \$500 to \$600 for single coverage and from \$1,000 to \$1,200 for family coverage. Out-of-pocket maximums were increased from \$1,000 to \$1,200 for single and from \$2,000 to \$2,400 for family coverage. The deductibles and out-of-pocket maximums were maintained in 2017 and 2018 for both single and family coverage. The rates for single and family coverage for the past ten years is shown in the table below.

Monthly Health Insurance Rate History



CURRENT TRENDS AND ISSUES:

As noted previously, effective January 1, 2016 the City’s health insurance rates for both the single and family coverage increased by 15% to \$506.49 and \$1,347.27, respectively. Effective January 1, 2017 the City’s health insurance rates for both the single and family coverage increased again by 15% to \$582.46 and \$1,549.36, respectively. As of January 1, 2016, the City also increased the individual stop loss limit from \$75,000 to \$100,000. The individual stop loss limit remained at \$100,000 for 2017 and 2018. The City’s health insurance rates for single and family coverage increased again by 1% effective January 1, 2018. The annual aggregate maximum level has been established at \$3,642,750 for calendar year 2018 compared to \$3,660,800 for calendar year 2017. The annual aggregate amounts reflect 125% of expected claims for 2017

and 2018 for the City's group. The premium rates for 2017 included an administrative fee of \$132.77 per month per contract. This fee is paid to Wellmark Blue Cross/Blue Shield for claims processing services, as fees for the individual and aggregate stop loss insurance, and the Wellmark network access fee. For 2018 the monthly administrative fee increased to \$140.80 per month.

The 2017/2018 revised estimate and 2018/2019 budget each include \$5,400 to fund administrative costs of the flexible benefit plan implemented in 1997. Savings in the City share of FICA and Medicare costs are expected to offset the fees charged to administer this program.

The Employee Wellness program was established by the City in 1987. The 2017/2018 revised estimate and 2018/2019 budget include transfers to fund 100% of the cost of this program. This program is the responsibility of the Parks and Recreation department. The costs of this program are \$60,400 for the 2017/2018 revised estimate and \$61,500 for the 2018/2019 budget. Additional information on this program can be found in the Wellness Program activity budget in the General Fund section of this document.

The Affordable Health Care Act has imposed fees that are required to be paid by plan sponsors of self-insured health plans. The Patient-Centered Outcomes Research Institute (PCORI) fee is based on the number of lives covered under the plan. The PCORI fee for 2013/2014 was \$1 per covered person (\$627) and it increased to \$2 per covered person (\$1,252) in 2014/2015. The fee for 2015/2016 was \$2.08 per covered person and the cost was \$1,298. The fee increased to \$2.17 per covered person (\$1,337) in 2016/2017. The fee for 2017/2018 is \$2.26 per covered person and is estimated at \$1,400 and that same amount is projected for 2018/2019.

The 2018/2019 budget includes estimated health insurance claims costs of \$3,080,000 which is \$165,785 higher than Wellmark Blue Cross/Blue Shield's projected claims of \$2,914,215 for the City's group for calendar year 2018. Based on this claims projection, the Health Insurance fund balance is estimated at \$1,412,587 at the end of 2018/2019. As noted previously, however, the City is responsible for funding up to 125% of Wellmark's expected claims amount if actual claims exceed the expected claims. The 125% of expected claims calculates to \$3,642,750 for 2018. In the event the City's actual claims exceed the expected amount of \$2,914,215 for calendar year 2018, the amount in excess of the expected claims would result in a decrease in fund balance by that amount. With the rates set by the City for 2018, if claims would reach the 125% maximum level of \$3,642,750, the fund balance would decrease by \$663,500. This would be the "worst case" scenario. The projected fund balance of \$1,415,887 at the end of 2018/2019 would be sufficient to fund claims in excess of the estimated amount.

As specified in the contracts with the City's three bargaining units, the employee contributions toward their health insurance coverage increased from 5% to 6% effective January 1, 2017. The contribution increased further to 7% effective January 1, 2018 and will increase to 8% effective January 1, 2019. These increases will assist in funding future year health insurance costs.

Health Insurance Fund

Fund Statement

	Actual 2015/2016	Actual 2016/2017	Budget 2017/2018	Revised Estimate 2017/2018	Budget 2018/2019
Beginning Balance, July 1	\$ 1,445,978	\$ 1,121,997	\$ 1,020,997	\$ 1,418,519	\$ 1,412,587
Revenues					
Interest	\$ 1,693	\$ 4,625	\$ 1,500	\$ 5,000	\$ 5,000
City Contributions	2,337,902	2,768,052	3,112,400	2,971,200	3,100,500
Employee Contributions	171,413	192,032	238,400	240,100	271,600
Retiree Contributions	142,051	157,526	179,100	161,000	165,800
Miscellaneous	8,134	766	0	0	0
Total Revenues	<u>\$ 2,661,193</u>	<u>\$ 3,123,001</u>	<u>\$ 3,531,400</u>	<u>\$ 3,377,300</u>	<u>\$ 3,542,900</u>
Funds Available	<u>\$ 4,107,171</u>	<u>\$ 4,244,998</u>	<u>\$ 4,552,397</u>	<u>\$ 4,795,819</u>	<u>\$ 4,955,487</u>
Expenditures					
Health Insurance Claims	\$ 2,572,883	\$ 2,407,010	\$ 3,092,000	\$ 2,950,000	\$ 3,080,000
Administrative Fees	317,540	333,386	359,300	357,600	381,000
Flexible Benefit Plan Fees	5,377	5,503	5,400	5,400	5,400
Audit Fees	1,075	1,075	1,100	1,100	1,100
State Assessment	5,554	4,826	6,000	4,132	6,000
Wellness Tracking Program	77	135	500	200	200
Affordable Care Act Fees:					
PCORI Fee (Patient Centered Outcomes Research Institute)	1,298	1,337	1,400	1,400	1,400
Transitional Reinsurance Fee	26,840	16,929	0	0	0
Transfers Out					
General Fund Wellness Program	51,530	53,278	60,500	60,400	61,500
Administrative Fee	3,000	3,000	3,000	3,000	3,000
Total Expenditures	<u>\$ 2,985,174</u>	<u>\$ 2,826,479</u>	<u>\$ 3,529,200</u>	<u>\$ 3,383,232</u>	<u>\$ 3,539,600</u>
Ending Balance, June 30	<u><u>\$ 1,121,997</u></u>	<u><u>\$ 1,418,519</u></u>	<u><u>\$ 1,023,197</u></u>	<u><u>\$ 1,412,587</u></u>	<u><u>\$ 1,415,887</u></u>

Increase (Decrease) in					
Fund Balance	\$ (323,981)	\$ 296,522	\$ 2,200	\$ (5,932)	\$ 3,300

Explanation of Changes in Fund Balances:

Under the City's modified self insurance health plan, the City funds health insurance claims up to the individual and aggregate stop loss insurance levels. The individual stop loss limit was set at \$75,000 through 2015 and it was increased to \$100,000 beginning in 2016. The aggregate stop loss limit is set at 125% of expected claims for the City's group. The fund balance has decreased in recent years due to higher claims levels. The 15% premium increases for both 2016 and 2017 were needed to fund the higher claims levels. Based on the budget projections for 2018/2019, revenues from premiums are budgeted at a level which will fund expected claims for the City's group and a minimal change in fund balance is expected. Actual fund balance changes, however, will depend on the actual health insurance claims each year.

INTERNAL SERVICE FUNDS

DENTAL INSURANCE FUND

GENERAL INFORMATION:

On January 1, 2003 the City changed its employee dental insurance program to a self-insured plan. Wellmark Blue Cross/Blue Shield is the carrier of the plan and also serves as the administrator. As part of the program the Dental Insurance Fund was established.

All payments of premiums from the City, employees, and retirees are credited to the Dental Insurance Fund. From this fund the City pays all actual claims paid by Wellmark on a monthly basis. The City also pays Wellmark a monthly administrative fee per employee for this service. When claims are less than the amount funded, the savings are retained by the City.

CURRENT TRENDS AND ISSUES:

In years prior to 2014, the City paid 100% of the cost of dental insurance for the employee and if employees opted for family coverage, it was paid 100% by the employee. Beginning in 2014 employees pay \$1.00 per month toward their single coverage with the City paying the remaining cost. Employees continue to pay 100% for family coverage if they choose this option. The change in employee participation for single coverage was due to provisions of the Affordable Care Act.

In 2015 monthly dental insurance rates were \$30.85 for single coverage with an additional \$52.78 if the employee opted for family coverage. The monthly administrative fee was \$3.75 per contract. In 2016 dental insurance rates increased to \$32.39 for single coverage with an additional \$55.42 if the employee opted for family coverage. The monthly administrative fee remained at \$3.75 per contract. These rates, including the administrative fee, were maintained for 2017. In 2018, the dental insurance rates increased to \$33.87 with an additional \$57.94 if the employee opted for family coverage. The monthly administrative fee increased to \$3.93 per contract. The maximum coverage was increased from \$1,000 to \$1,500 in 2018.

For the 2018/2019 year, City, employee, retiree contributions, and interest are estimated at \$166,000. The administrative fee is projected to be \$10,200 and claims are estimated at \$155,000 for the year. An estimated fund balance of \$29,472 is projected for June 30, 2019.

Dental Insurance Fund

Fund Statement

	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2016/2017</u>	<u>Budget</u> <u>2017/2018</u>	<u>Revised</u> <u>Estimate</u> <u>2017/2018</u>	<u>Budget</u> <u>2018/2019</u>
Beginning Balance, July 1	\$ 1,229	\$ 12,535	\$ 12,335	\$ 28,072	\$ 28,672
Revenues					
City Contributions	\$ 70,889	\$ 72,982	\$ 76,500	\$ 74,200	\$ 76,900
Employee Contributions	73,024	75,925	76,500	80,200	82,500
Retiree Contributions	7,016	6,710	7,500	6,100	6,500
Interest	<u>18</u>	<u>107</u>	<u>0</u>	<u>100</u>	<u>100</u>
Total Revenues	<u>\$ 150,947</u>	<u>\$ 155,724</u>	<u>\$ 160,500</u>	<u>\$ 160,600</u>	<u>\$ 166,000</u>
Funds Available	<u>\$ 152,176</u>	<u>\$ 168,259</u>	<u>\$ 172,835</u>	<u>\$ 188,672</u>	<u>\$ 194,672</u>
Expenditures					
Dental Insurance Claims	\$ 130,142	\$ 130,767	\$ 150,000	\$ 150,000	\$ 155,000
Administrative Fees	<u>9,499</u>	<u>9,420</u>	<u>10,400</u>	<u>10,000</u>	<u>10,200</u>
Total Expenditures	<u>\$ 139,641</u>	<u>\$ 140,187</u>	<u>\$ 160,400</u>	<u>\$ 160,000</u>	<u>\$ 165,200</u>
Ending Balance, June 30	<u><u>\$ 12,535</u></u>	<u><u>\$ 28,072</u></u>	<u><u>\$ 12,435</u></u>	<u><u>\$ 28,672</u></u>	<u><u>\$ 29,472</u></u>
Increase (Decrease) in Fund Balance	\$ 11,306	\$ 15,537	\$ 100	\$ 600	\$ 800

SUPPLEMENTAL INFORMATION

Appendix A

CITY OF MUSCATINE COMMUNITY BACKGROUND

City Overview

The City of Muscatine, Iowa, the county seat of Muscatine County, is located in southeastern Iowa on the Mississippi River. The City is located 160 miles east of Des Moines, 200 miles west of Chicago, and 30 miles southwest of the Quad Cities. Being located adjacent to the deep channel of the Mississippi River, economical river transportation flourishes.

Muscatine was originally incorporated in 1851 by a special act of the Iowa State Legislature and today is a city of 23,819 people. Major employers located in the Muscatine area include: Grain Processing Corporation/Kent Feeds (corn distillates/feed); Heinz, USA (food processing); HNI (HON Company/Industries, office furniture); Monsanto Company (herbicides and plastics); Raymond-Muscatine, Inc. (front-end loaders, etc.); and Stanley Consultants, Inc. (consulting - engineering and architects).

City Government

The City of Muscatine is a special charter city operating under a mayor and seven council members, one elected from each of five wards plus two at-large. The City has established the appointed post of City Administrator, who acts as chief administrator of the City as directed by the Council. The activities of the City are operated with the assistance of three Boards and seven Advisory Commissions serving the City Council and City Staff.

Population

The official U.S. Census figures for the past eighty years are as follows:

<u>Year</u>	<u>City of Muscatine</u>	<u>Muscatine County</u>
2013*	23,819*	42,745
2010	22,886	42,745
2000	22,697	41,722
1990	22,881	39,907
1980	23,467	40,436
1970	22,405	37,181
1960	20,997	33,840
1950	19,041	32,564
1940	18,286	31,296
1930	16,778	29,385

* Voluntary annexations in 2012 and 2013 increased the City of Muscatine's population by 933.

Major Employers and Major Tax Payers

Due to Muscatine's central location in the Midwest, the community has prospered with industrial development for many years. Presented below is a list of the larger industries and employers located within Muscatine.

Major Employers:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees *</u>
Bridgestone Bandag, LLC	Pre-cured tread rubber and related equipment and supplies	191
Grain Processing Corp./ Kent Feeds	Corn distillates, livestock and poultry feed, corn, soybeans and forage	950
Heinz, U.S.A.	Food processing	373
Hy-Vee Food Stores	Grocery store	385
HNI Corporation (HON Company/Industries)	Office furniture and material	3,800
Monsanto Company	Herbicides and ABS plastics	442
Muscatine Community School District	Education	850
Muscatine Community College	Higher education	149
County of Muscatine	County government	209
City of Muscatine	City government	222
Muscatine Power & Water	Utility	280
Musco Sports Lighting, Inc.	Sports lights	320
Stanley Consultants, Inc.	Engineers and architects	233
Raymond-Muscatine Inc.	Industrial trucks and end loaders	385
UnityPoint Health- Trinity Muscatine	Medical services	472
Wal-Mart Superstores	Discount and grocery store	347

* Employment numbers reflect 2017 levels.

Major Tax Payers:

<u>Taxpayer</u>	<u>Taxable Valuation*</u>	<u>Rank</u>	<u>% of Total Taxable Value</u>
Grain Processing/Kent Feed	\$ 42,577,083	1	4.9%
HNI Corporation (HON Industries)	38,408,653	2	4.4%
Wal-View Development	29,192,409	3	3.3%
MLC Land Company LLC	11,563,290	4	1.3%
Menard Inc.	10,049,256	5	1.2%
Heinz, U.S.A.	9,798,579	6	1.1%
Wal-Mart Real Estate	9,386,208	7	1.1%
Sodarock Properties	8,903,177	8	1.0%
Bridgestone Bandag LLC	8,478,504	9	1.0%
Muscatine Downtown Investors	7,164,270	10	0.8%

(Continued)

(Continued)

<u>Taxpayer</u>	<u>Taxable Valuation*</u>	<u>Rank</u>	<u>% of Total Taxable Value</u>
GRIDCO LLC	\$ 6,864,899	11	0.8%
SECO Investment Co.	5,533,218	12	0.6%
First National Bank of Muscatine	5,509,888	13	0.6%
W I D, Inc.	5,408,136	14	0.6%
Muscatine Mall Management II	5,089,428	15	0.6%
Davenport Farm & Fleet Inc.	5,007,573	16	0.6%
Prime Mover Company	4,894,308	17	0.6%
LHV Muscatine LLC (Hy-Vee Inc.)	4,721,112	18	0.5%
Muscatine Plaza Properties	4,641,180	19	0.5%
Central State Bank	4,586,315	20	0.5%

*January 1, 2017 valuations for property taxes paid in fiscal year 2018/2019.

Education

Children within the City and surrounding area attend the fine facilities of the Muscatine Community School District. Their educational facilities are outlined below:

<u>Facility Name</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Enrollment</u>
Muscatine High School	9-12	1974	1,462
Central Middle School	6-8	1938	572
West Middle School	6-8	1960	543
Colorado Elementary	K-5	1962	250
Franklin Elementary	K-5	1954	293
Grant Elementary	K-5	1954	365
Jefferson Elementary	K-5	2016	447
Madison Elementary	K-5	1954	263
McKinley Elementary	K-5	1960	430
Mulberry Elementary	K-5	1962	246
Total			<u>4,871</u>

Educational opportunities are also complemented by the Eastern Iowa Community College, Muscatine Campus, a two-year college with an enrollment of approximately 1,800 students. Colleges or universities within commuting distance include: The University of Iowa, Iowa City; St. Ambrose University, Davenport; Iowa Wesleyan College, Mount Pleasant; and Augustana College, Rock Island, Illinois.

Transportation

The rail line serving Muscatine is the CP Railroad, providing daily freight service. There is no scheduled airline serving Muscatine; however, charter service is available. The modern airport has one 5,500 foot main runway and a crosswind runway of 4,000 feet. The nearest scheduled airlines (29 miles) are at the Quad City Airport in Moline, Illinois, 45 minutes away.

The City has both public and private barge facilities. Shipping time on the river has never been closed for more than three months. Because of the location of the deep channel on the Muscatine side of the river, hardly any dredging is needed to keep the river open.

The City is served by U.S. Interstate 80, located 14 miles north; Iowa primary highways No. 38, 22, and 92; U.S. Highway No. 61; and an Interstate Bridge, providing Highway 92 access over the Mississippi River connecting downtown Muscatine to Rock Island County, Illinois.

Medical

The medical needs of Muscatine are served by Trinity-Muscatine, one of four hospitals in the Trinity Regional Health System and part of Des Moines-based UnityPoint Health. Trinity-Muscatine includes an 80 bed acute care hospital providing emergency, general medical and surgical services and a public health agency.

Building Permits

Building permits issued in the City for the last 5 calendar years are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Single Family Homes</u>					
Number of New Homes:	10	7	14	5	9
Valuation:	\$2,525,540	\$1,030,200	\$2,517,358	\$1,155,280	\$1,409,361
<u>Home Remodel & Improvements</u>					
Number of Permits Issued:	259	255	288	264	1,735 (1)
Valuation:	\$1,784,904	\$2,579,082	\$3,271,433	\$3,008,692	\$13,467,685
<u>Multiple-Family Dwelling</u>					
Number of New Buildings:	5	8	0	0	4
Valuation:	\$2,280,540	\$1,731,440	\$0	\$0	\$5,727,763
<u>Commercial/Industrial/Other</u>					
Number of New Buildings:	5	26	27	11	20
Valuation:	\$15,021,973	\$22,488,472	\$6,548,923	\$20,879,176	\$18,061,492
<u>Commercial/Industrial/Other</u>					
<u>Additions & Alterations</u>					
Number of Permits Issued:	76	55	38	20	321 (1)
Valuation:	\$12,490,299	\$4,912,011	\$6,104,135	\$6,494,417	\$35,399,502
Total Permits:	355	351	367	300	2,089
Total Valuations:	\$34,103,256	\$32,741,205	\$18,441,849	\$31,537,565	\$74,065,803

1. 2017 remodeling and improvement permits includes those for roof, siding, and other repairs due to the summer wind and hail storms.

Historical Employment Statistics

Following are the historical unemployment rates for the years indicated for Muscatine County and the State of Iowa:

<u>Calendar Year</u>	<u>Muscatine County</u>	<u>State of Iowa</u>
2017	3.30%	3.10%
2016	3.90%	3.70%
2015	3.90%	3.80%
2014	4.40%	4.40%
2013	4.70%	4.60%
2012	5.50%	5.20%
2011	6.40%	5.90%
2010	7.80%	6.30%
2009	8.10%	6.00%
2008	4.30%	4.10%

Retail Sales

The following illustrates the growth trend in taxable retail sales for the City of Muscatine as reported by the Iowa Department of Revenue:

<u>Year Ended 3/31</u>	<u>Retail Sales</u>	<u>Number of Permits</u>
2017	\$ 421,069,443	706
2016	420,394,482	704
2015	401,787,000	701
2014	377,445,272	699
2013	371,978,755	711
2012	386,770,122	695
2011	375,283,095	693
2010	371,429,841	706
2009	378,670,791	708
2008	380,240,483	700

Population by Age (2010 Census):

<i>Age Group</i>	<i>City of Muscatine</i>	<i>Muscatine County</i>	<i>State of Iowa</i>
Under 5 years	7.7%	7.2%	6.6%
5 to 9 years	4.2%	7.2%	6.6%
10 to 14 years	7.2%	7.3%	6.6%
15 to 19 years	7.0%	7.0%	7.1%
20 to 24 years	5.9%	5.4%	7.0%
25 to 29 years	7.0%	6.1%	6.5%
30 to 34 years	6.5%	6.0%	6.1%
35 to 39 years	6.2%	6.2%	5.8%
40 to 44 years	6.0%	6.5%	6.2%
45 to 49 years	6.8%	7.5%	7.1%
50 to 54 years	7.0%	7.4%	7.3%
55 to 59 years	6.5%	6.8%	6.7%
60 to 64 years	5.4%	5.7%	5.5%
65 to 69 years	3.7%	4.1%	4.1%
70 to 74 years	3.0%	3.1%	3.3%
75 to 79 years	2.4%	2.4%	2.7%
80 to 84 years	2.2%	2.0%	2.3%
85 years and over	2.2%	2.1%	2.5%

Median Family Income (2010 Census):

<u>Household Income</u>	<u># of Households</u>	<u>% of Households</u>
Under \$10,000	597	6.4%
\$10,000 to \$14,999	666	7.1%
\$15,000 to \$24,999	1,233	13.1%
\$25,000 to \$34,999	1,026	10.9%
\$35,000 to \$49,999	1,490	15.9%
\$50,000 to \$74,999	2,107	22.4%
\$75,000 to \$99,999	1,119	11.9%
\$100,000 to \$149,999	796	8.5%
\$150,000 to \$199,999	213	2.3%
\$200,000 or more	151	1.6%

Median and Mean Household Incomes (2010 Census):

Median	\$46,178
Mean	\$56,279

Race (2010 Census):

White	20,087
Black or African American	535
Asian	187
American Indian or Alaska Native	108
Native Hawaiian and Other Pacific Islander	4
Some Other Race	1,454
Two or More Race	<u>511</u>
	<u>22,886</u>

Hispanic or Latino and Race (2010 Census):

Hispanic or Latino (of any race)	3,794
Not Hispanic or Latino	<u>19,092</u>
	<u>22,886</u>

Appendix B

CITY OF MUSCATINE
COMMUNITY PROFILE

Date chartered	February 1, 1851
Form of government	Mayor/Council/City Administrator
Population (2010 census with the addition of the 2012 and 2013 voluntary annexations)	23,819
Bond Rating (Moody's Investor Services)	Aa2
Number of employees (excluding seasonal)	
Full-time equivalent	224
Area in square miles	18.5
City of Muscatine facilities and services:	
Miles of streets	144
Parks and Recreation:	
Parks	15
Park acreage	254
Recreation open areas	8
Recreation open area acreage	232
Golf course	1
Swimming pools	1
Softball and baseball diamonds	20
Soccer fields	8
Tennis courts	8
Cemetery:	1
Number of acres	80
Library:	1
Number of registered borrowers	20,581
Circulation	465,965
Art Center and Museum	1
Police protection:	
Number of stations	1
Number of sworn officers	41
Fire protection and ambulance service:	
Number of stations	2
Number of fire/ambulance personnel	41

Sewer system:	
Number of treatment plants	1
Daily average treatment in gallons	5.15 million
Maximum daily capacity in gallons	16.9 million
Public transportation system:	1
Buses	11
Fixed routes served	3
Shuttle vehicles operated	3
Municipal airport:	1
Primary runway length	5,500 feet
Crosswind runway length	4,000 feet

Appendix C

GLOSSARY

Accrual Basis of Accounting: A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

Activity: Specific or distinguishable type of work performed by a component of government for the purpose of accomplishing a function for which the government is responsible.

Appropriation: Legal authorization by the City Council to make expenditures and to incur obligations for specific purposes.

Assessed Valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

Availability Criterion: Principle of the modified accrual basis of accounting according to which revenues may only be recognized when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Basis of Accounting: The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid).

Balanced Budget: A budget in which expenditures will not exceed estimated resources and revenues.

Bond: A written promise to pay a specific sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity dates, together with periodic interest at a specified rate.

Budget: The financial plan for the operation of a program or organization, which includes an estimate of proposed expenditures for a given period, and the proposed means of financing those expenditures.

Budget Message: A general outline of the budget, which includes comments regarding the government's experience during the past period, its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

Budgetary Basis of Accounting: The method used to determine when revenues and expenditures are recognized for budgetary purposes.

Business-Type Activities: Activities of the City that are financed in whole, or in part, by fees charged to external parties for goods or services. These activities are accounted for as enterprise funds and include the Airport, Transit, Parking, Golf Course, Boat Harbor, Marina, Ambulance, Convention and Visitors Bureau, Refuse Collection, Landfill, Transfer Station, Water Pollution Control, and Collection and Drainage funds.

Capital Improvements Program: An annually updated plan or schedule of projected expenditures for public facilities and improvements which includes estimated project costs, sources of funding, and timing of work over a five-year period. For financial planning and general management, the program is presented as a plan of work and proposed expenditures, and is the basis for appropriation requests and bond issues.

Capital Projects Expenditures: Expenditures for facilities, facility or other improvements, or equipment which are non- recurring in nature and have a total cost in excess of \$25,000.

Capital Outlay/Capital Expenditure: Operating budget expenditures for assets which have a value of \$300 or more and have a useful economic lifetime of more than one year.

Capital Projects Fund: Fund used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Commodities: Supplies required by the municipality in order to perform services to its citizens.

Community and Economic Development Function: Government function that provides for planning and development of the City including the social, physical and economic needs of the City. Activities included in this function are Community Development, Economic Development and the Municipal Housing Programs.

Contractual Services: Services other than employee services such as contractual arrangements and consultant services, which may be required by the municipality.

Culture and Recreation Function: This function promotes the general well being of the City and encourages the fullest development of cultural and educational potentials of the citizens in the community. This function includes the activities of library, art center, parks and recreation, and cemetery.

Debt Service Fund: A fund established to account for the accumulation of resources for and the payment of general long-term debt, principal, and interest.

Depreciation: An appropriation is expended when a capital asset is acquired or constructed. By definition, a capital asset has a service life expected to extend over more than one fiscal period. The process of allocating the cost of a capital asset to the periods during which the asset is used is called depreciation.

Encumbrances: Obligations in the form of purchase orders, and/or contracts, which are chargeable to an appropriation and for which a part of the appropriation is reserved.

Encumbrance Variance: Differences between amounts encumbered to a budget year and the actual amount paid for those obligations in the succeeding year.

Enterprise Fund: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of a governing body is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Expendable Trust Funds: A trust fund in which its resources, including principal and earnings, may be expended. These funds are now accounted for as special revenue funds in the City's Comprehensive Annual Financial Report.

Expenditures: The cost of goods received or services rendered for the government unit. For the City of Muscatine, expenditures are charged against an appropriation when incurred, not when paid.

Fiscal Policy: The City of Muscatine's policy with respect to taxes, spending, and debt management as they relate to government services, programs, and capital investments.

Fiscal Year: A twelve-month period to which an annual operating budget applies. The City of Muscatine's fiscal year is from July 1 through June 30.

Fringe Benefits: Benefits paid by the City of Muscatine for social security, retirement, group health, life, dental, and long-term disability insurance. It also includes costs for worker's compensation and unemployment.

Full-Time Equivalent: Full-time equivalent employees equal the number of employees on full-time schedules plus the number of employees on part-time schedules converted to a full-time basis.

Function: A group of related activities aimed at providing a major service or regulatory program for which a government is responsible.

Fund: The fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equity or balances and changes therein which are segregated for the purpose of carrying out specific activities or obtaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance: Funds remaining after the application of available revenues and resources to support expenditures for the fund.

General Fund: A fund used to account for all financial resources except those required to be accounted for in another fund.

General Government Function: Function that provides for the operation of the government and assures the general administration of the municipality. Activities included in this function are mayor and council, legal services, city administrator, human resources, wellness program, finance, information technology, risk management, and buildings and grounds.

General Obligation Bonds: Bonds for the payment of which the full faith and credit of the issuing government are pledged.

Goal: Broad statement of desired results for the city, department, and/or activity relating to the quality of services to be provided to the citizens of Muscatine.

Governmental Funds: Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service fund, capital projects funds, and permanent funds.

Health and Social Services Function: Government function which provides for assistance to service agencies involved in providing health and social services in the community. For the City, this function includes the Economic Well-Being activity.

Intergovernmental Revenues: Revenue from other governments, primarily in the form of Federal and State grants, but may also be payments from other local governments.

Internal Service Fund: A fund used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a government on a cost-reimbursement basis.

Landfill Closure and Postclosure Care Costs: Costs incurred to provide for the protection of the environment that occur near or after the date that a municipal solid-waste landfill stops accepting solid waste and during the postclosure period. Closure and postclosure care costs include the cost of equipment and facilities (e.g., leachate collection systems and final cover) as well as the cost of services (e.g., postclosure maintenance and monitoring costs).

Legal Debt Margin: The excess of the amount of debt legally allowed over the amount of debt outstanding.

Level of Service: Generally used to define the existing or current services, programs, and facilities provided by the government for its citizens. Level of service of any given activity may be increased, decreased, or remain the same depending upon the needs, alternatives, and available resources.

Levy: The total amount of taxes, special assessments, or service charges imposed by a government to support governmental activities.

Major Fund: A fund in which its assets, liabilities, revenues, or expenditures for the fiscal year are 10% or more of the respective governmental or business-type fund totals of assets, liabilities, revenues, or expenditures.

Modified Accrual Basis of Accounting: Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which are recognized when due.

Objectives: Specific measurable achievements that an activity seeks to accomplish within a given time frame, which are directed to a particular goal. An objective should be stated in terms of results, not processes or activities. For the City of Muscatine, departmental objectives are included in the department's budget request.

Ordinance: A formal legislative enactment by the governing body of a municipality.

Performance Measurement: Commonly used term for service efforts and accomplishments reporting.

Permanent Funds: A fiduciary fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Personal Services: Expenditures for salaries, wages, and related employee benefits for persons employed by the municipality.

Proprietary Funds: Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Public Safety Function: Government function that provides for services to reduce the amount and effects of external harm to individuals and damage to property, and in general to promote an atmosphere of personal security from external events. Police, animal control, and fire activities are included in this function.

Public Works Function: Government function that provides for safe and well-maintained infrastructure for the City. Activities included in this function are public works administration, roadway maintenance, snow and ice control, street cleaning, traffic control, and engineering.

Resolution: An order of a legislative body requiring less legal formality than an ordinance; additionally, it has less legal status.

Revenue: Income received by the City of Muscatine to support the government's program of services to the citizens. Income includes such items as property tax, fees, user charges, grants, and fines.

Special Assessment: A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Funds: Funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Taxable Valuations: Valuations set upon real estate or other property by a government as the basis for levying taxes.

Taxes: Compulsory charges levied by government for the purpose of financing services performed for the common benefit. This does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments.

Trust and Agency Funds: Funds used to account for assets held by a government in a trustee or agent capacity for individuals, private organizations, other governments, and/or other funds.

Working Capital: Current assets less current liabilities. The measure of working capital indicates the relatively liquid portion of total fund capital, which constitutes a margin or buffer for meeting obligations.

APPENDIX D

ACRONYMS AND ABBREVIATIONS

ADA	Americans with Disabilities Act
CAFR	Comprehensive Annual Financial Report
CALEA	Commission on Accreditation of Law Enforcement Agencies
CD	Certificate of Deposit
CD	Community Development
CDBG	Community Development Block Grant
CIP	Capital Improvements Program
CPI	Consumer Price Index
EAP	Employee Assistance Program
EEO	Equal Employment Opportunity
EMS	Emergency Medical Service
EMT	Emergency Medical Technician
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FBO	Fixed Base Operator (Airport)
FEMA	Federal Emergency Management Agency
FTE	Full Time Equivalent
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographical Information System
GO	General Obligation (Bonds)
HIDTA	High Intensity Drug Trafficking Area
HUD	Department of Housing and Urban Development
HVAC	Heating, Ventilation and Cooling System
ICMA	International City Managers Association
IDED	Iowa Department of Economic Development
IDNR	Iowa Department of Natural Resources
IDOT	Iowa Department of Transportation
IPAIT	Iowa Public Agency Investment Trust
IPERS	Iowa Public Employees Retirement System
MCC	Muscatine Community College
MFPRSI	Municipal Fire and Police Retirement System of Iowa
MP&W	Muscatine Power and Water
NLETS	National Law Enforcement Telecommunications System
OSHA	Occupational Health and Safety Administration
P&Z	Planning and Zoning Commission
PC	Personal Computer
PEHP	Post Employment Health Plan
QHWRA	Quality Housing and Work Responsibility Act

RFP	Request for Proposals
RHS	Retirement Health Savings Plan
SAT	Safety Awareness Team
SCADA	Supervisory Control and Data Access System
SRF	State Revolving Fund Loan
SRO	School Resource Officer
TIF	Tax Increment Financing
WPCP	Water Pollution Control Plant