MUSCATINE

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FINANCE & RECORDS

MEMO

To: Greg Jenkins, Interim City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 4, 2020

Re: Resolution to set Public Hearing on Amending the 2019/2020 City Budget (Amendment #2)

Introduction and Background:

Attached is the Resolution Setting a Public Hearing on Amendment #2 to the current year City budget. City Council approved the first amendment to the 2019/2020 budget on April 16, 2020. That action amended the budget to the Revised Estimate levels established at the budget review sessions.

This second amendment includes additional proposed amendments since that time. This proposed amendment will increase total budgeted expenditures for the City by $718,300 and transfers out will increase by $408,800. Budgeted revenues are proposed to be amended by $113,100 and transfers in amended by $408,800. The revenue amendments include $60,800 in JAG grant funds for police equipment, $41,900 of federal funding for the Ambulance operation, and $10,400 for the federal and state portions of a FEMA project. The police JAG grant and Ambulance federal funding are increased funding allocations from the COVID-19 federal allocations. Of the overall requested expenditure increase, General fund amendments total $135,800, enterprise fund amendments total $74,600, special revenue $400,000, and capital projects funds $107,900. The largest amendment of $400,000 is in the special revenue funds for the new Small Business Forgivable Loan program recently approved by City Council.

General Fund expenditures are proposed to be amended by a total of $135,800, of which $71,200 will be funded from grant funds, for a net increase of $64,600. This is in line with most of the 2nd amendments in recent years. The 2nd amendment in 2018/2019 was $326,500, the 2nd amendment in 2017/2018 was $61,700, the 2nd amendment in 2016/2017 totaled $327,600 (tornado damage repairs), the 2nd amendment in the 2015/2016 budget was $81,900, and it was $13,000 for 2014/2015. The 2019/2020 amendments include: (1) an increase of $5,300 in the City Administrator budget based on actual and projected hours for the Interim City Administrator, (2) an $8,900 increase in legal services in the Human Resources budget, (3) a $1,300 increase in the Building & Grounds budget for the actual cost for the new mower for Public Works, (4) a $60,800 increase in the Police budget for operating equipment funded from the new JAG grant related to the COVID-19 event, (5) an increase of $37,000 in the Fire department budget which includes $15,000 for increased overtime due to vacancies and staff on light duty and $22,000 for uniforms for new firefighters, (6) an increase of $10,200 in the Cemetery budget for a new engine for the mini-excavator and a new fuel pump, and (7) an increase of $12,300 in the Roadway Maintenance budget due to clearing debris from Mad Creek which was a FEMA project. There were also offsetting adjustments of $69,000 between the Snow & Ice Control and Roadway Maintenance budgets due to the relatively mild winter.

Enterprise fund expenditure amendments total $74,600 and include (1) an $18,000 increase in the Ambulance budget for increased medical supplies, (2) an increase of $33,300 in the Clark House budget primarily for increased maintenance costs, and (3) a $23,300 increase in Sunset Park primarily for increased maintenance costs. Ambulance revenues are being amended by $41,900 due to the receipt of federal funding due to the COVID-19 event.

The balance of the amendments are (1) $107,900 in the capital projects fund for the new vehicle lift for the Equipment Services operation which will be funded from an internal loan to be repaid over the next five years, and (2) the $400,000 allocation for the new Forgivable Loan Program for small businesses impacted by the COVID-19 event.

The proposed General Fund expenditure and revenue amendments would result in a decrease in fund balance of $62,700 since a portion of the amendments will be funded from grant funds and transfers from other funds. It is, however, expected that there should be savings in various General Fund department budgets which will offset at least a portion of this amount. For the City's Governmental Funds (primarily the General Fund), expenditures are required to be within the budget for each functional area. This amendment allows for somewhat of a "cushion" for increased costs so the budgets for the various functions are not exceeded at year end.

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

These amendments are to comply with the State requirement that cities do not exceed the budgeted expenditures by function. As such, they do not include any potential revenue reductions due to the COVID-19 event. A discussion of potential COVID-19 impacts on City revenues will be reviewed at the May In Depth meeting.

Recommendation:

Please include the attached resolution setting a public hearing for May 21, 2020 on the second amendment to the City's Fiscal Year 2019/2020 budget on the May 7, 2020 Council agenda. Please contact me if you have any questions.

RESOLUTION NO. _____

RESOLUTION SETTING THE DATE AND TIME FOR A PUBLIC HEARING
CONCERNING AMENDMENT #2 TO THE CITY BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2020
FOR THE CITY OF MUSCATINE, IOWA

WHEREAS, a public hearing is required in order to amend the budget for the City of Muscatine for the fiscal year ending June 30, 2020,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MUSCATINE, IOWA that a public hearing be set for May 21, 2020, at 7:00 p.m. concerning Amendment #2 to the City budget for the fiscal year ending June 30, 2020, and that the City Clerk be directed to publish Notice of Public Hearing in the Muscatine Journal, in the form required by the State of Iowa.

PASSED, APPROVED AND ADOPTED this 7th day of May, 2020.

BY THE CITY COUNCIL OF THE CITY OF
MUSCATINE, IOWA

_____
Diana Broderson, Mayor

ATTEST:

_____
Greg Jenkins, Interim City Clerk

Jun-19

Form 653.C1

NOTICE OF PUBLIC HEARING
AMENDMENT OF FY2019-2020 CITY BUDGET

The City Council of Muscatine in MUSCATINE County, Iowa

will meet at Call-In Meeting - See Agenc

at 7:00 P.M (hour) on 5/21/2020 (Date)

,for the purpose of amending the current budget of the city for the fiscal year ending June 30, 2020 (year)

by changing estimates of revenue and expenditure appropriations in the following functions for the reasons given. Additional detail is available at the city clerk's office showing revenues and expenditures by fund type and by activity.

		Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
Revenues & Other Financing Sources				
Taxes Levied on Property	1	14,129,521	0	14,129,521
Less: Uncollected Property Taxes-Levy Year	2	0		0
Net Current Property Taxes	3	14,129,521	0	14,129,521
Delinquent Property Taxes	4	0		0
TIF Revenues	5	2,491,000	0	2,491,000
Other City Taxes	6	4,205,866	0	4,205,866
Licenses & Permits	7	431,800	0	431,800
Use of Money and Property	8	1,478,680	0	1,478,680
Intergovernmental	9	9,723,770	113,100	9,836,870
Charges for Services	10	15,643,400	0	15,643,400
Special Assessments	11	0	0	0
Miscellaneous	12	6,497,390	0	6,497,390
Other Financing Sources	13	6,310,000	0	6,310,000
Transfers In	14	21,004,081	408,800	21,412,881
Total Revenues and Other Sources	15	81,915,508	521,900	82,437,408
Expenditures & Other Financing Uses				
Public Safety	16	10,050,900	97,800	10,148,700
Public Works	17	3,116,100	12,300	3,128,400
Health and Social Services	18	50,000	0	50,000
Culture and Recreation	19	3,834,771	10,200	3,844,971
Community and Economic Development	20	5,027,633	400,000	5,427,633
General Government	21	3,269,478	15,500	3,284,978
Debt Service	22	3,136,656	0	3,136,656
Capital Projects	23	10,158,000	107,900	10,265,900
Total Government Activities Expenditures	24	38,643,538	643,700	39,287,238
Business Type / Enterprises	25	27,200,530	74,600	27,275,130
Total Gov Activities & Business Expenditures	26	65,844,068	718,300	66,562,368
Transfers Out	27	21,004,081	408,800	21,412,881
Total Expenditures/Transfers Out	28	86,848,149	1,127,100	87,975,249
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year	29	-4,932,641	-605,200	-5,537,841
Beginning Fund Balance July 1	30	34,329,381	6,069,124	40,398,505
Ending Fund Balance June 30	31	29,396,740	5,463,924	34,860,664

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

To appropriate available fund balances for increased operating expenses and capital purchases. Increases include $400,000 for the Small Business Forgivable Loan program to assist small businesses impacted by the COVID-19 event, repair and maintenance costs, professional and legal services costs. Fire department overtime and new firefighter uniform costs, and Ambulance medical supply costs. The amendment also includes $60,800 in Police equipment costs funded by the recently awarded federal JAG grant related to the COVID-19 event.

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

Greg Jenkins

City Clerk/ Finance Officer Name

City of Muscatine
FY 2019/2020 Proposed Budget Amendments
(Budget Amendment #2)
May 4, 2020

Fund/Department	Account	Expenditure Amendment	Comments	Revenues/ Transfers In Amendment
General Fund				
City Administrator:				
Interim City Administrator	1000-01-1131-61660	$ 5,300	Based on actual hours to date and estimated through 6/30/20; additional due in part to COVID-19	$ -
Human Resources:				
Labor Attorney	1000-01-1132-61220	$ 8,900	Based on actual labor attorney costs to date; fire union negotiations and other items	-
Building & Grounds				
Equipment	1000-40-1151-74200	$ 1,300	Actual cost of new mower for Public Works over budget estimate	-
Police JAG Grant:				
Operating Equipment	1000-15-1310-74200	$ 60,800	Additional JAG grant for COVID-19 event 1000-15-1310-34110	60,800
Fire Operations:				
Overtime	1000-20-1321-43100	$ 15,000	Due to COVID-19, vacancies, and several firefighters on light duty	-
Clothing, Uniforms, etc.	1000-20-1321-52300	22,000	Due to new hires	-
Cemetery:				
Outside Services - Materials & Labor	1000-25-1411-67130	$ 10,200	New engine for mini-excavator and new gas fuel pump	-
Roadway Maintenance:				
Fulltime Wages	1000-40-1621-41100	$ 12,000	Less Fulltime Wages allocated to Snow & Ice	
Inside Services	1000-40-1621-67110	40,000	Based on actual to date and estimated through 6-30-20	
Tires/Repairs	1000-40-1621-67140	8,000	Based on actual to date and estimated through 6-30-20	
Outside Parts	1000-40-1621-67150	9,000	Based on actual to date and estimated through 6-30-20	
			Funding Transfer from Road Use Tax	69,000
FEMA Project - Mad Creek Debris	1000-40-1621-73900	12,300	Debris from under bridge and other areas in Mad Creek	
			FEMA 75% Funding	9,200
			State 10% Funding	1,200
			Road Use Tax Funding Transfer 15%	1,900
Snow & Ice Control:				
Fulltime Wages	1000-40-1622-41100	$ (11,300)	Reduced due to actual costs	
Overtime	1000-40-1622-43100	4,500	Increased due to actual costs	
Diesel	1000-40-1622-52730	(7,800)	Reduced due to actual costs	
Contracted Snow Removal Services	1000-40-1622-62470	(19,400)	Reduced due to actual costs	
Inside Services	1000-40-1622-67110	(22,000)	Reduced due to actual costs	
Inventory Material	1000-40-1622-67120	(7,000)	Reduced due to actual costs	
Outside Parts	1000-40-1622-67150	(6,000)	Reduced due to actual costs	
			Funding Transfer from Road Use Tax Reduction	(69,000)
Total - General Fund		$ 135,800		$ 73,100
Enterprise/Internal Service Funds				
Landfill:				
Transfers Out - Closure Reserve	5652-45-5652-90500	$ 4,200	Additional Transfer Required per Annual Engineering Report	
Transfers Out - Post-Closure Reserve	5652-45-5652-90500	2,700	Additional Transfer Required per Annual Engineering Report	
Transfers In - Closure Reserve	5656-45-5656-39500		Additional Transfer Required per Annual Engineering Report	4,200
Transfers In - Post-Closure Reserve	5654-45-5654-39500		Additional Transfer Required per Annual Engineering Report	2,700
Subtotal		$ 6,900		$ 6,900
Ambulance:				
Medical Supplies	5811-20-5811-52840	18,000	Based on actual to date and estimated through 6-30-20	
			Federal CARES Act Funding to date	41,900
Subtotal		$ 18,000		$ 41,900

Fund/Department	Account	Expenditure Amendment	Comments	Transfers In Amendment
Clark House:				
Other Admin Expenses	9002-90-9020-41910	$ 9,800	Physical needs assessment	
Pest Control Services (Bed Bugs)	9002-90-9020-44303	5,000	Based on actual to date and allows for additional prior to 6-30-20	
Alarm/Security Services	9002-90-9020-44305	1,800	Based on actual to date and estimated through 6-30-20	-
Sprinkler System Maintenance	9002-90-9020-44317	5,000	Based on actual to date and estimated through 6-30-20	-
Elevator Maintenance	9002-90-9020-44307	8,700	Based on actual to date and estimated through 6-30-20	-
Collection Losses	9002-90-9020-45700	3,000	Estimated year-end write-offs for vacated tenants	-
		$ 33,300		$ -
Sunset Park:				
Improvements/Repairs	9006-90-9060-75200	$ 18,000	Includes foundation repairs and apartment rehab	$ -
Collection Losses	9006-90-9060-45700	5,300	Estimated year-end write-offs for vacated tenants	-
Subtotal		$ 23,300		$ -
Total Enterprise Funds		$ 81,500		$ 48,800
Capital Project Funds:				
Equipment Services Capital Project:				
Vehicle Lift Replacement	4836	$ 107,900	Moved from FY 21; to be funded from an internal loan	$ -
Subtotal - Equipment Services Capital Projects		$ 107,900		$ -
Total Capital Projects Funds		$ 107,900		$ -
Special Revenue Funds				
Road Use Tax Fund:				
Transfer for Inc'd Roadway Maint Exp.	8200-00-8211-90400	$ 70,000	Transfer for General Fund amendments listed above	$ 70,000
Transfer for Inc'd Roadway Maint Exp	8200-00-8211-90400	1,900	Transfer for General Fund amendments - Local Share FEMA project	
Transfer for Inc'd Snow & Ice Exp	8200-00-8211-90400	(70,000)	Transfer for General Fund amendments listed above	(70,000)
Subtotal		$ 1,900		$ -
Small Business Forgivable Loan				
Forgivable Loans - COVID-19	8801-10-8801-68300	$ 400,000	Special allocation due to COVID-19 impact on small businesses Funding transfer from Southend TIF Fund	$ 400,000
Southend TIF Fund:				
Funding Transfer	8701-01-8701-90500	$ 400,000	Internal advance for COVID-19 forgivable loans (From available fund balance)	-
Total Special Revenue Funds		$ 801,900		$ 400,000
Total Budgeted Funds (Including Transfers Out)		$ 1,127,100		$ 521,900

Expenditure Breakout:		**Revenue Breakout:**	
Expenditure Increase	$ 718,300	Increased Revenues	$ 113,100
Funding Transfer Increase	408,800	Increased Transfers In	408,800
Total	$ 1,127,100		$ 521,900