

Muscatine Journal

Reduced levy passes council: City council members agree to 1/3 of original proposed emergency management levy

By Jennifer Meyer of the Muscatine Journal

MUSCATINE, Iowa — After three hours and two failed votes, the Muscatine City Council Friday night unanimously approved a reduced emergency-management levy.

The new tax will fund \$100,000 of the approximately \$402,000 the city will pay to provide joint emergency dispatch services with Muscatine County in fiscal 2008-09.

Finance Director Nancy Lueck said computer analysis will determine the levy rate, but preliminary calculations place it at about 14 cents per \$1,000 of property valuation. The levy was originally proposed to generate about \$322,000 at the maximum of 46 cents per \$1,000 valuation.

At-large Councilmen Bob Howard and Osama Shihadeh, who had opposed the new tax at the full rate and had instead proposed a number of budget cuts, made and seconded the motion to adopt the new levy at the reduced rate..

"We exhausted all the options," Shihadeh said.

"And we compromised," said Dyann Roby, 5th Ward Councilwoman.

Council members defeated two motions from 1st Ward Councilman Phil Fitzgerald on 3-4 votes. The first would have approved the full levy and the second would have set it at a rate that would have generated \$117,000.

Howard asked council members to show solidarity on the third vote by approving the levy for \$100,000.

Councilmen Bob Bynum and Jerry Lange, who opposed the levy with Howard and Shihadeh on the first two votes, cast their approval after long pauses.

"I'll do it on the basis there were cuts," said Lange, 3rd Ward.

Council members dissected expenses in each general fund department before agreeing to about \$215,000 in cuts submitted by City Administrator A.J. Johnson.

The largest reduction was in a transfer from the general fund to the equipment replacement fund, from \$200,000 down to \$75,000. Money will still be available to purchase new police squad cars, replace the animal control truck and buy a mower for Kent Stein Park, but several departments will have to wait to receive replacement vehicles.

The Council found the remaining \$17,000 needed to balance the budget by reducing its general fund balance.

Council members considered dropping the general fund balance by an additional \$100,000 to eliminate the levy, but staff warned the decision could cost the city money in the long run.

A policy set by city council calls for holding 10 percent of the city's budget in reserve. Johnson said the balance is an important factor in the interest rates the city receives from lenders.

"You do pay more money when you borrow," Johnson said.

The city had planned to build its fund balance back up to \$1.5 million in fiscal 2008-09, after allowing it to dip to

\$1.4 million this year. The budget cuts reduced the desired balance to \$1.48 million, which will drop to about \$1.46 million.

The city council will adopt the fiscal 2008-09 budget following a hearing at its meeting on Thursday, March 6.

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