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MAYOR

June 5, 2008

TO: Muscatine County Board of Supervisors
Muscatine County Commissioner of Elections

The City Council of the City of Muscatine adopted the following motion at its scheduled meeting on June 5, 2008.

"The Muscatine County Commissioner of Elections is requested to submit the following question to the electors of the City of Muscatine at the Special Election on August 12, 2008:

"SHALL THE FOLLOWING PUBLIC MEASURE BE ADOPTED?

"Shall the local sales and service tax be continued in the City of Muscatine at the rate of 1% to be effective from July 1, 2009 until June 30, 2019? Revenues from the sales and service tax are to be allocated as follows: Not less than 80% for sanitary sewer and storm sewer projects, up to 20% for the Pavement Management Program, and 0% to property tax relief."

On behalf of the City Council, I respectfully request that you proceed with actions necessary to bring this question to the voters on August 12, 2008, as requested. If additional actions by the city are required to proceed, or if you have any questions about this request, please contact me as soon as possible.

Thank you.

Respectfully submitted,


Richard W. O'Brien, Mayor

MEMO

To: A.J. Johnson, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 30, 2008

Re: Ballot Question for Local Option Sales Tax Renewal Election

The ballot question for the uses of the proposed 10-year renewal of the City's local option tax requires City Council approval. The ballot question then needs to be communicated to the County Auditor so it can be included on the ballot for the special election on August 12, 2008. The proposed ballot question is on the attached draft of a letter to be sent to the County Auditor after City Council's approval. This ballot question proposes that up to 20% of the tax be used for the Pavement Management Program with the remaining minimum of 80% to be used for storm and sanitary sewer projects.

Information previously reviewed by staff and communicated to City Council reflects long range funding needs for both sewer improvement projects as well as the ongoing annual maintenance required for the Pavement Management Program.

The first three years of the Pavement Management Program are being funded through bond proceeds. Thereafter, it is estimated that \$500,000+ may be needed annually to maintain the City's streets at this higher level. Based on current Road Use Tax receipts and a minimal fund balance, there will not be sufficient Road Use Tax funding for the annual maintenance costs without further bond funding. Allowing up to 20% of the local option tax to be used annually for the Pavement Management Program would provide up to \$492,000 annually for the on-going maintenance costs (based on the currently estimated \$2,460,000 in tax proceeds) without incurring additional debt.

The sewer projects included in the EPA Consent Order are required by that order to be completed by 2024. These include two major projects - the Hershey Avenue Sewer Separation project and the West Hill Sewer Separation project. Engineering cost estimates have not yet been completed for the West Hill Project, but it is expected to be a very costly project that will be done in phases.

Please include on the agenda for the June 5 meeting, the request for City Council to approve the ballot question for the City's proposed use of local option tax proceeds.