

**WEIRTON CITY COUNCIL
BUDGET WORKSHOP
FRIDAY, FEBRUARY 24, 2017, 12:30 PM**

A special meeting of the Common Council for the Budget Workshop of the City of Weirton, Hancock and Brooke Counties, West Virginia was held on Friday, February 24, 2017, at 12:30 P.M. in Room 201 of the Weirton Municipal Building.

Councilmembers in Attendance:

Tim Connell	Councilmember Ward 1	
Matt Provenzano	Councilmember Ward 2	
Fred S. Marsh	Councilmember Ward 3	
George E. Ash, Sr.	Councilmember Ward 4	ABSENT
Douglas L. Jackson	Councilmember Ward 5	ABSENT
Enzo Fracasso	Councilmember Ward 6	
Terry Weigel	Councilmember Ward 7	

City Officials in Attendance:

Travis Blosser	City Manager
Vince Gurrera	City Attorney
Diana Smoljanovich	Finance Director
A.D. Mastrantoni	Utilities Director
Rod Rosnick	Public Works Director
Ken Fletcher	Chief Code Official
Mark Miller	Planning and Development Director

OBJECTIVE:

To provide to Mayor and Members of Council the proposed Fiscal Year 2018 General Fund Budget accompanied by the budget for the Coal Severance Fund. As City Manager, it is my duty to present the Council with a balanced budget, which has been accomplished without any proposed increase in fees or taxes to the citizens or businesses of Weirton.

The proposed FY 2018 Budget Document includes appropriations sufficient to meet our annual debt service obligations while we continue to invest in our infrastructure network. Consideration to the future needs of our citizens, departments and employees have been considered and planned for as well by way of these documents.

DISCUSSION:

Travis Blosser, City Manager started the meeting by saying you will find that your budget is being presented to you fiscal year 2017/2018 is balanced at \$20,092,266.00.

We will start out with one of largest categories. As most of you know is Ad Valorem Tax at \$2,573,943.00 that number is probably going to go up a little bit. Our official numbers from Brooke and Hancock County do not come in until after March 3rd. However those come in we will adjust contingencies either way. We estimate it will probably go up a little bit. Those numbers will be re-adjusted with contingencies as we normally do.

2% Utilities Excise Tax \$1,175,000.00

B & O Tax \$4,700,000.00

1% Sales Tax \$2,050,000.00

Refuse Collection Fees \$1,319,000.00

Police & Fire Service Fee \$2,412,347.00

I want to go over a little bit of what I had pointed out in my letter to you. We have seen some significant declines in revenue in two categories, which is Video Lottery and Table Gaming. Those numbers continue to come down. We are seeing that all across the state. I know that especially some of those funds that are coming from Mountaineer and other Casino's through the state are our state reimbursement funds that we get. All of the Casino's in the state are in bad shape. The only one that is in decent shape is in Charlestown. We have expected, and heard that they are going to start probably facing the same thing that everyone else is when the MGM Casino opens in Maryland. Casino revenues in the state are going to continue to decline so those numbers have been ratcheted down again this year. We already ratchet them down in the current fiscal year budget through a budget revision from where we had ratcheted them down at the beginning of the fiscal year. We feel comfortable with the numbers we laid out with those.

Also some areas we are seeing the numbers come in at the levels we budget them has been the Utility Excise Tax, which has normally been \$1,250,000.00 in terms of budget.

However, the course of the last couple years, we seen it coming in at \$1,175,000.00 to about \$1,180,000.00. We felt very comfortable putting that number there. Your B & O Tax is expected at \$4,700,000.00. Last year was budgeted at \$4,950,000.00 that primarily is because you have an industry that essentially is providing a big bulk of that B & O, and we don't foresee that their regular tax collection on that is probably going to remain steady at a certain point. What we feel we had an anomaly last fiscal year compared to the fiscal year that we are in right now. We feel comfortable budgeting that number there.

Your Hotel Occupancy Tax is another one of those categories that we racketed down. This past month we have seen our numbers go up from where they have been, which was a welcome sign. We expect those numbers to remain flat and stagnant until the economy starts to improve. With the Cracker Facility in Monaca going on-line, we heard, and expect that stays in hotels are going to be happening across the Western Pa region for the large workforce. Again, that is only going to be for a certain length of time, and not to continue every single day.

Essentially, most other things we project will remain flat, if not grow a little bit. For instance, Municipal Service Fee expected to grow a little bit to \$850,000.00 from the \$805,000.00 that it was at last year.

We expect our Police and Fire Service Fee to remain steady, if not grow.

Essentially, your Revenue Category the one big one that everybody is watching is that 1% Sales Tax. We were very, very conservative with our estimate going into this. We thought we would be around the \$2,000,000.00 figure but felt more comfortable starting it out at \$1,400,000.00 based on current tax collection on two quarters of \$980,000.00 approximately on Sales Tax Collection, and feel we will break through on what we have budgeted in that line item right now for this current fiscal year that we are under and this next quarter that comes out. We believe the \$2,050,000.00 is a safe figure in terms of our budgeting purposes.

EXPENSES:

General Government expenditures are down about 8%, Public Safety down by less than a percent, Streets & Transportation down by 2%, Health and Sanitation up by 2%, Culture & Recreation up by a percent, Social Services remains flat. Capital Projects however, which is paving, is up by 36%. We have taken the paving budget this year from where it was at \$805,000.00 to \$1,100,000.00, coupled with CDBG Paving that will be about a \$1,400,000.00 paving project as purposed by the General Fund Budget, including that CDBG money.

You have further break down from that in specific Departmental Detail break down on the Budget as well.

Next thing is some of the big ticket projects and items within the Budget. I know I have discussed some of this with the Finance Committee, for instance the Business Development Corporation. We consistently have been utilizing our Economic Development Fund for the \$25,000.00. We are hitting that stage where it is our recommendation to move that \$25,000.00 coming out of the General Fund and utilizing that Economic Development Fund what is currently left in there to maximize different projects the BDC or Development Groups may come forward with to try to help facilitate those if there is a need to help be part of. For instance, the Brooke County Commission has been utilizing their Economic Development Fund from one project that is going on, which they are renting a crane. We are trying to basically move forward with that and continue our Economic Development. That Economic Development line item budgeted at \$115,000.00. We have included Sustainable Strategies within the Budget, and the number will be realistic with the retainer agreement with Sustainable Strategies which is the grant arm that we contracted with to essentially put a Resource Road Map in. Resource Road Map is due in March so we went ahead and contained their retainer in the proposed budget, and if some reason, we decline to move forward with that then we just move the money back into contingency. Essentially, with the Resource Road Map the plan is with their retainer agreement is moving forward with 12 to 15 grants a year for various projects throughout the city. Whether it be purchases of Fire Trucks, Parks and Receptions, and things of that nature would be what that company would be working towards.

One of the other things is, the second half of the Comp Plan we have already moved forward with that, and we allocated that in the budget. The \$10,000.00 is for the house that sits right next door to the Fire Station. It is one of those structures that we are not using it for anything. We used it for document storage, but we moved all those documents to the Gilson Avenue Station. Our goal is to get that building off our liability books and it needs to come down. We programed some money within the inspections demolition budget to bring that property down.

Public Works, we all have aging facilities, in the city that is old and falling apart. One of the biggest problems is lack of investment, and we don't try to keep up with things and it starts to fall apart more. We got a great, in terms of actual structure, a great Public Works Facility compared to what I have seen across the state and other areas. It needs some tender loving care. There are some garage windows and door replacements that have been factored into the budget, as well in the Public Works line item for our esteemed Public Works Director, Mr. Rosnick to facilitate doing some of these improvements up there.

A pet peeve of all of you guys is the Beautification side. We will continue to keep that \$15,000.00 in Beautification to continue doing Beautification Projects. One of those

that we did a while ago is Penco Road. We have been faced with that the State does nothing with any of the stuff that they left behind. If we had gone to the State, and said do something with this landscaping they would of just plowed it over and laid pavement in just that area, and would not of paved the whole road. We did that Beautification Project, and residents and business owners have been extremely happy and pleased with the way Penco Road looks. Also, the Mayor's Summer Youth Program has assisted with the Beautification Projects.

Comment by Terry Weigel, Councilman I have had more compliments on the cleanliness on Penco Road and islands on Palm Drive than any place in the city.

Storm Sewers, we have requirements. Rod and I have been going over different things. We just submitted our annual plan to them, which has different requirements, and different other reporting things that have to be done. The problem is to do it correctly, and what most places are doing is hiring an individual to come in to do that, and it is costing Salary Wage and Health Care. If you are going to get somebody trained anywhere near it, and isn't going to be starting from scratch that salary is going to be significantly more than some wages. What we are proposing, is hiring an Engineering Consultant to do the MS4 work. They will review plans for development projects for MS4 Compliance, and things of that nature, which help us with our reporting so we do not get a massive fine from the DEP.

Pension Fund Expense – Fire Side – Council made the decision to move forward to the Optional Funding Method, which is one of three options that the State gives you in terms of Municipal Pension Funds. You have very little flexibility. By moving there, you can see over the years that back in 2011 that was kind of your last year you had more contributions than pension payments. Now in 2014, you had an anomaly because you had a law suit against an investment firm that brought money in, and deposited into that account, and that made that number higher that year. You can tell subsequent years after that you have had more pension payments. The Optional Funding Method that started in 2017, and continues into 2018 now has more contributions going in, than payments going out. The Fire Pension Fund currently as it stands, even before 2017, is factored in the Fire Pension Fund is 60% funded, and before we move to the Optional Funding Method it was expected to be 61% funded after 15 years. That number will dramatically change now that we made that Optional Funding change by 2040. The Pension Fund on the Fire Side is expected to be fully funded.

Pension Fund Expense – Police Side – We did not change from the current alternative funding method that we are under now. Alternative Funding is for every year, and is for our mandated payment in 2017. Our Mandated Payment was \$571,000.00 and goes up 7%. So then it becomes \$611,000.00. It keeps going up no matter what. Even if you lose employees, you lose retirees that number keeps going up 7%. What we have done, is started this current fiscal year we are under now, we made the decision to inject a \$1,000,000.00 additional dollars of carry over funds into the Pension

Fund, which essentially will meet our \$476,000.00 shortfall that we have of current Pension payments. By meeting that, then essentially we will have a little over \$500,000.00 that will go back into the investment fund. Rather than raiding money out of the investment fund which is what historically we have been doing. We are putting money back into the investment fund. Subsequently, this fiscal year we also budgeted within your budget the other \$1,000,000.00 that we recommended of carry over money into the Pension Fund. That will meet the \$473,500.00 shortfall that we expect we are going to have. That will then put \$500,000.00 additional back into that investment fund. Going forward though, this is where it will get complicated these are all estimated numbers and all dependent upon the Pension payments when we see retirements. You have probably six (6) employees right now who are all eligible for retirement, and can go at any moment. Basically, our goal is that over that course of time we continue to pay the shortfall. We won't be putting any additional money in the investment fund, but we won't be raiding out of it. That is going to require monitoring to make sure based on what the shortfall is ... it is something we can withstand. Right now, based on projections we feel we will be able to withstand those shortfalls right now. We continue to work with, and we had meetings down at the Legislature regarding reform that I think are necessary to these Pension Funds. I think it is necessary to re-evaluate the funding mechanism as to how it is funded. I think it is also I will use the Fire Department as an example while we changed the funding mechanism with the Optional Funding Method, and we are moving to fully fund it that fund under the State Statue gave blanket responsibility for local groups Pension Oversight Boards (which the Mayor is Chairman by Statue) the rest of those members are current active employees within those different pensions who have invested interest. The Statue factoring the Manchin Administration changed to allow these Boards, and all new hires after that date the Statue passed were required to go to 9.5% contribution to their pension fund. Those Boards were given the flexibility with current employees they could chose to stay at the 7% that they were at or they could go to 9%. Police Department given their circumstances with their pension fund decided to move forward with making their members go to 9%. They are paying 9% right now. Our Fire Department even though we are funding them even more to get that fund fully funded has remained at that 7% funding. In my mind sometimes, there is more given to those local organizations to make those decisions that those people appointed by the group of pensioners that are in there, and there is absolutely no flexibility given to the municipality that is faced with having to make the decision regarding funding. Nobody, and I mean nobody, none of us want to see any cuts made to a Police Officer or Firefighter who has a pension. At the same time, the widow who maybe on her widower's pension on the Police side, if we continue on the path that we are on will not be able to get her money at some point in the future because of the fact that you had people with wages extremely higher than what they were in the past that are retiring. These pension funds are set up to give these guys basically a 20 year and out scenario. In their line of work some of those things are justified, but some changes have to be made to pension funds, and we continue to advocate for those down at the Legislature especially given the circumstances that we know that they are faced with a huge

budget problem. If they looked at taking money from cities, my biggest thing to them was give me the flexibility to make reforms to pension funds that are necessary. You as elected officials ought to have the ability to make those decisions so that you can save those funds for all of those members, not just try to throw money at the problem because it clearly in some circumstances, will get to a point where it is not going to work. During this time period, our plan is to stop the bleeding, as our actuary would say, our goal is to try to find some additional mechanisms of reforms to put these funds in a much better place. The Fire one is moving in the right direction.

Capital & Infrastructure Schedule – Essentially, that is where all the Capital that the different departments have requested or all factored into what you budget. The Capital sheet located there list all those capital items. You also have behind that a Lease Sheet. Those leases have come down from where they have historically been at. Now, what I can say, we are a large majority more in funding for cash purchases of equipment than what we are in leasing, and adding new debt to the city.

Finance is looking at a copier replacement.

Inspections wants one vehicle.

Electricians, were escrowing money and planning ahead. They were Escrowing money for a bucket truck. Next year, the additional money would be escrowed and the purchase would be made.

Police Department and Fire Department seem to be the two most expenses, and Rod. Two police interceptor vehicles. One used panel van for their SRT Team. Two used detective vehicles. Six (6) tasers with holsters. They are also looking at, and the Chief can answer a lot more questions with that, and I am sure Fred will have questions about that, 40 replacement glocks with mags. There are some other technical reasons why, and I am not a big gun person. Ammo and mag pouches. The detective vehicles I will mention, the reason they are used these guys are out with street crimes things of that nature. They do not want the Ford Interceptor Police Vehicle because they don't want the person to know that the police are outside. They are trying to remain somewhat undercover.

Fire Department, the expensive thing this fiscal year is your Aerial Fire Truck which will be delivered this fiscal year, and that payment will be made. That is all programmed with your carry over money from, which we escrowed, is all factored in. Turn out gear as requested, and squad truck that we have already ordered. We tried our best to ask them to get it to us this fiscal year, and they absolutely said there is no way. We are carrying that money over, and that squad truck will be essentially delivered, and paid for in the next fiscal year.

Street Department, one Ram 3500 Truck, two 2 ½ Ton Dump Trucks to replace vehicles that we have up there, and ½ Ton extended 4x4 Pickup and 2 ½ ton Dump Truck.

There is nothing factored in for Sanitation, and Public Works feels comfortable with the equipment where they are at, and is not recommending any purchases of equipment this year. Probably the fiscal year after next they will probably be coming back with recommendation on Sanitation equipment. In that case, we have been putting aside money in contingency that is Sanitation money that hopefully we will not have to do leases, and be able to make some cash purchases relative to that.

One of the other things that I don't want to fail to mention in your letter, we are expecting retirement in our Electrical Department in our City. We have seen a significant cost savings in the City to have our Electricians Department with us. Terry had a light pole go out, and we were able to get them out to fix it. If we had to contract with somebody to get it fixed, it may have been more costly, as well as when they could get out there. These guys have done a tremendous job, and I can't speak highly enough for these guys. I am very happy with the work product that they deliver. Some of the improvements that we are making here this fiscal year is we plan these ceiling tiles, and lights are coming out as well as council chambers. They are doing all of that project. Basically, it saves us on energy. We are implementing your energy study but without having to finance any of it, and doing it in stages. These guys are a tremendous asset to be able to lower the cost of that. One of them is going to retire, and our plan is essentially the way they work together and how much there is to know about the cities infrastructure our goal is that we budget for hiring on someone, and the person is budgeted for however long they are here. Essentially, that person will be with them to train, and our goal is that we are looking at six or seven months that person will be able to train with these guys, and feel comfortable, and then retirement happens. Then we will be back to two employees going forward in the Electricians Department. We are trying to plan ahead and the Mayor has been big with me on when I see a retirement to try to facilitate that we do not have down time. It is easier with secretaries and things of that nature. I know that was one of the big things that he harped on when he came on board with all these people he had to replace. We have an aging workforce that people are starting to retire.

Councilman Tim Connell – Question – What kind of qualifications are you looking for in the Electrician coming in?

Travis Blosser, City Manager – Rod would you like to answer that question.

Rod Rosnick, Public Works Director – We are looking for someone with the basic electrical training out of some type of trade school. The difference between our Electricians just like the lighting project, I can get any electrician to come do that but to learn all the other stuff that they do, and actual electrical background is necessary. It is

on the job training. Try to get someone younger right out of high school some kind of trade school with electrical background obviously, but not necessarily a master electrician or anything like that.

Travis Blosser, City Manager – Through our training money that is budgeted we would most definitely work with whoever that individual is to get them through all those trainings, and then to be able to be certified eventually, and work for the city.

Any questions on Capital Funds?

Councilman Enzo Fracasso – Explain to me again, about the Glocks vs Sig Sauer?

Travis Blosser, City Manager – Essentially the 40 are for all the duty weapons for every officer.

Councilman Enzo Fracasso – They do not work anymore?

Travis Blosser, City Manager – As the deal lays out the total purchase price was around \$20,000.00, but it is down to \$7,000.00 because all of those Sig Sauer's are going to be basically traded in for those Glocks.

Councilman Enzo Fracasso – I want to know why?

Travis Blosser, City Manager – The reason being is the cost in terms when we get new officers on board the cost of those. They do not make the change out. I know the first thing is going to be why not buy the Glock whoever is going to be on board. Problem being you have different sets of ammo. You have different duty weapons out there. We have requirements, for instance, if we have an officer involved in a shooting there are different things regarding how that weapon is taking care of, and certain things are done. The Chief of Police is better to answer that, but again, he was pulled away for a trial. I will most definitely have him get with you, and give you a call.

Councilman Enzo Fracasso – I do not know why we need to buy 40 new weapons when these weapons are perfectly fine and usable?

Travis Blosser, City Manager – The biggest issue is the cost going forward, and continuing to maintaining them. We have been offered an opportunity to get those returned, and get some rebate from them right now, and move these Glocks which will be much cheaper going forward. Again, the reason why they don't want some officers with Glocks, and some officers with Sig Sauer's, I do believe it is with the ammo size, and the fact that those reporting requirements related if that officer would have to discharge that weapon in field. I will have the Chief put a write up for you guys.

GENERAL FUND BUDGET:

The funding request that we get, and we get typically three agencies that request monies from the General Fund side, which are arms of the city. The Board of Parks Commission, which their Executive Director is here as well requested funding. I allowed for an increase for funding by \$30,000.00 from last fiscal year. That is factored in your proposed budget. Mary H. Weir Public Library you will see the break down in the back of your book. Essentially they requested an increase of \$19,000.00, and I have put that increase within the budget. Their increase was relative to Health Insurance, as well as their bathroom project that they have done over there, and trying to keep their maintenance staff on board. I understand they are seeing significant usage of those restrooms facilities. The letter is on that funding request I have included.

Transit this year very nicely only requested \$55,000.00. That was a decrease of \$87,000.00 from last year. A lot of that has to do with Toll credits. The city was able to help to get toll credits for the Transit System with them.

General Fund Miscellaneous:

This is a Contribution to Financial Stabilization of \$200,000.00 that is carryover money that is factored in to go into Financial Stabilization. We of course continue to keep our \$1,000,000.00 operating cash which we have shifted away from doing lease purchases and buying things. That allows us to be able to make those purchases while not affecting payroll, and making payroll. A municipality, as everyone knows, there are months that we run dry in terms of revenue collection because we are not a regular private sector business where that revenue stream is coming in every single month. So during the months of December, January, and February, we run cash poor from property taxes and from B & O. Those are not the time periods that those are coming in. A lot of our things are quarterly basis. The only revenue stream that we have on a regular recurring monthly basis is refuse collection. Separate from that everything else is on a quarterly basis. In some cases, Ad Valorem Taxes it is based on if someone is paying their property taxes. During the months of December, January, and February for some reason, it is really odd, that is always the time that people are not paying their property taxes.

Contingencies:

For Contingencies we have budgeted in \$230,000.00. There is about \$94,000.00 of that for Sanitation Contingency money that is factored into that line item that we continue to carryover.

Coal Severance Fund:

This is the last Budget, and we continue to see in my write up to you that will see the Coal Severance Fund dip. Coal in the state is not doing well, and I do not believe there is not any coal production happening in Brooke or Hancock County.

Councilman Fred Marsh – Brooke County there is coal production.

Travis Blosser, City Manager – Essentially Coal Severance has continued to drop. We don't know what the Legislature is going to do with bringing in additional money. Basically, with revenues, we downgraded it from where it was at last year at \$66,000.00 to \$50,000.00 in collections this year, plus the carryover money. Last year we budgeted it in Contingency, and will be \$136,000.00. Again, I say everything is aging in this building. One person told me that we need to build a new City Building and I said no..... no..... we need to take care of what we have. We are nowhere near that. Essentially, facade repainting on this upper portion of the building because it is starting to have some issues. We are looking at that. Do not know if that is going to be quite \$20,000.00. It could be far less than that or it could be more than that. We are trying to do something with the frame of the building. Then the VAV System Repairs, which is our air conditioning, and all of you know, because I hear it in Council Meetings did you not pay the electric bill this month because it is so hot in Council Chambers. That side of the building where Council Chambers, Administrative Offices, and downstairs in Finance tends to run hot because the sun hits the building. The way these damper controls are set up in here now, there are suppose to be bladders in there to contract and close based on the temperature in the room. What we are looking to do is contract with a company, and bid it out, that essentially they will zone, and place dampers on all these units. We do not replace the units, we keep them, but put in dampers that allows us to control the different zones of the building.

We also included another \$15,000.00 in Beautification money, which gets us to \$30,000.00 Beautification dollars for the City.

Contingency, we budgeted some money in there just to play it safe depending on what those actual State dollars we get in Coal Severance money returned to us.

That is your nuts and bolts of your budget.

If there are things along the way in terms of recommendations or anything, and require a second Workshop we will. The same information we passed along to the other two (2) Councilmembers with the slide shows so they can have that as well. Our plan is it will be on March meeting. If there are any changes or recommendations, I will definitely take those under consideration.

Meeting Ended