

**WEIRTON CITY COUNCIL
BUDGET WORKSHOP
MONDAY, FEBRUARY 26, 2018 8:30 AM**

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 Monday, February 26, 2018, at 8:30 A.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:

Chief Alexander	Police Chief
Travis Blosser	City Manager
Matt Burskey	Interim Chief Code Official
Donna Giallucco	Transit Manager
Vince Gurrera	City Attorney
A.D. Mastrantoni	Utilities Director
Mark Miller	Development Planning Director
Kathy Mrvos	City Clerk
Rod Rosnick	Public Works Director
Coty Shingle	Park Board Executive Director
Chief Shumate	Fire Chief
Diana Smoljanovich	Finance Director

OBJECTIVE:

To provide to the Mayor and Members of Council the proposed Fiscal Year 2019 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 2019 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 for fiscal year 2018/2019, and is balanced at \$18,898,251.00.

We will start out with one of largest categories as most of you know is Ad Valorem Tax at a little under \$2.5 million that number has dipped a little bit. It dipped a little bit last year, but we do expect that to decline because of the newer buildings that have come on-line are not in the year in which they will start being taxed and appraised yet. That number has not started to pick up.

2% Utilities Excise Tax \$1,200,000.00

B & O Tax \$4,000,000.00

1% Sales Tax \$2,580,000.00

Refuse Collection Fees \$1,319,000.00

Police & Fire Service Fee \$2,103,347.00

I want to go over a little bit of what I had pointed out in my letter to you. The 2% Utilities Excise Tax 1.2 million that dipped by \$50,000.00 from last year. We are seeing it stabilize back up to the 1.2 million which it has typically been at. B & O Tax 4 million that has dipped somewhat, but we have projected that it was going to take that course of action. I cannot get into the discussion because of confidentiality reasons with that organization. They are still here in the city, but given what type of business that they are in there rate in which they pay on their gross is extremely volatile. It is not a consistent amount that stays very fluid. So right now, in this course we are projecting that we would see a significant dip from there return. So that is why we are hedging the \$4,000,000 number which is very realistic in terms of our B & O collection. 1% Sales Tax continues to perform.

Councilman Fred Marsh, please go back to the B & O Tax. Are we able to collect on Amazon, QVC and all these other people?

Travis Blosser, No they are not here in the City.

Councilman Fred Marsh, we do it to Knickerbocker Russell, and we do it to everybody else.

Travis Blosser, Knickerbocker Russell actually comes into the City. Amazon does not have a footprint they do not send people into the city. That is more a legal question.

Vince Gurrera, City Attorney, they do not come into the city.

Travis Blosser, Amazon does not have a footprint of an individual coming into the city but Knickerbocker Russell does. I don't like touching individual payers of taxation because that is individuals who pays business occupation tax, and what they pay is confidential information, and I do not like to get into those topics in public.

Mayor Harold Miller, are they delivering in town and would they fall under the warehouse category?

Travis Blosser, City Manager, no... wholesale would not fall under that category for Amazon. Amazon is not a company again, because they do not have a location in the city of Weirton. They would not pay Business and Occupation taxes. They do not physically deliver their own goods. Their goods are delivered by an outside organization like FedEx. Knickerbocker Russell using them as an example they are actually physically coming in to the city and performing services. That is why they fall under that category. Amazon would be one of the groups that would pay under Sales Tax, and we are currently in the process of working with the Tax Department for the State to pull down that information. They cannot give us wholesale detailed information as to what we would get on our side of things. They can give us detailed information to show us who is paying sales tax within the city. Amazon would pay, and it is depended on exactly what is being purchased, and how it is purchased.

The 1% Sales Tax continues to outperform. We have been able to more fully fund Police and Fire Pension Funds which we will get into that. We have also been able to withstand the impact of revenue losses given the decrease and the projection on the B & O which we have been riding high with that 4.7 million. Even without that, the \$400,000 in gaming loss revenue that we lost from the county, and that we lost two fiscal years we have been without those funds. The Sales Tax Revenue has been a buffer for that but it has allowed us also to invest in capital improvements with streets and has also allowed us to better fund those pension funds.

Refuse Collection continues to be at the \$1,319,000.

Police and Fire Service Fee is at \$2,100,000 mark, as you know in the middle of this fiscal year we reduced that back. It is primarily in relations to the acquisition by Frontier of the ArcelorMittal property. That reduction is still in place, but Police and Fire Service Fee is holding very steady. Our collections on those payments are holding up very nicely.

We are going to the Expense Side. General Government rounds a little under 5 million. Public Safety is our top one (Police and Fire \$7,200,000). Streets & Transportation about \$3,000,000. Health and Sanitation \$1,300,000. Culture and Recreation \$1,218,000, Social Services \$15,000 and Capital Projects (Paving) \$1,100,000. We are not cutting back on paving. What we did this fiscal year we had more money which came in, which in terms of more carry over funding. Once our books were finalized and closed out we were able to re-adjust our carry over figure in this current fiscal year budget, and once we were able to do that, we made a decision we could up that paving budget. Council of course wanted to up the paving budget as I figured you would. You guys moved forward with that we did up the paving budget to about \$1,200,000. We most definitely can look at that again this year once we close out the books, and we continue to push our Departments and push everybody to always close out more. We are always very conservative on our carry over figure to make sure that we do carry over more money than we anticipate we will. We do not want to be coming back to City Council saying, oh no, we carried over less money than what we anticipated so that there is a hopeful chance there is more money. I do not know if it will be the same amount that it was last year, but there is a good chance there will probably be more carry over funding for appropriating more money into street paving once the fiscal year starts.

Councilman Fred Marsh, the decline in the Ad Valorem is there any particular county showing?

Travis Blosser, City Manager, the Ad Valorem?

Councilman Fred Marsh, yes

Travis Blosser, City Manager, both really, so in the one item that it is happening is the business inventory. The big discussion on reduction of business inventory tax we talked about it with the Legislature it is inventory tax and it continues to reduce back. It is not because we do not have people putting business inventory here, for instance, a lot of the new companies that are locating in here have pilot programs that are not paying on that business inventory that they have here. Some individual companies when they move the inventory business out or they sell certain items that business inventory tax state wide has continued to decline upwards of \$40,000,000. It has reduced back the last eight years. It has come down about \$40,000,000. That is why us being one of the bigger cities, who is impacted in terms of region by business inventory taxes. When the Legislature approached with eliminating the business inventory tax which has been

one of the taxes talked about state wide on elimination side the league approached us, and we had a conversation. We were not opposed given the constitutional amendment that would have built in that revenue would of came right back to us from the State, and the constitutional amendment would of said we would of had to be paid first then anybody else second. From our standpoint that money would have been locked in, guaranteed, and what we are dealing with now is the shrinking revenue side on that business inventory tax we wouldn't of had to deal with it. It would have been locked in, guaranteed, and it would have been nonexistent from our standpoint. For some reason that Bill is not moving now, as anyone can see, with the Legislature the Teachers are all consuming the oxygen in the room and the Legislature, and probably rightfully so. On the other side with the business inventory tax issue that has been delayed by the County Commission Association that has come out in extreme opposition to it while the League has essentially given an endorsement to moving forward with it. It is now in a study resolution so it is probably not going to move forward this year. It will be studied for the next year, and then probably will move forward the next year unless something extreme happens by the end of Legislature which I do not foresee.

General Fund Budget Expense - Some of the big tap items in the budget as far as they are not capital infrastructure related in terms of equipment.

Economic Development – It has always been a significant driver. We tried to keep priorities of City Council and the Mayor which seem to be Economic Development. Economic job growth, the BDC and its funding is budgeted as well as Sustainable Strategies. This will be the second year with Sustainable Strategies and with the Grants that we have received, and the Grants that are pending. We have approximately \$3.5 million dollars worth of grants either awarded or pending. There are two grant matches which that is from carryover money that we would utilize. One of those is for USDA Match Reuse and the match would be \$100,000 for the North End. The USEPA Revolving Loan Fund Grant Match for \$100,000 and that is for \$1,000,000 revolving loan fund grant that hopefully by the end of March we should hear back whether or not we have been awarded that Revolving Loan Fund which the city will manage on that end. That is for cleanup grants and zone relations using an example Bidell coming in. If we ran into issues we would be able to find funding in other areas, but that funding is becoming more limited under that property in the North End. But under that scenario we ran into some hurdles regarding the cleanup side that the revolving loan fund can help with the cost as it relates to cleanup which when we talk about companies like Bidell and these industries who are coming in here to hire people, and making investments they are looking for investments from local entities, and from our Economic Development Groups. This allows us to be an even stronger partnership with the Business Development Corporation as an offer to this additional resource. Our general goal would be to form a Loan Committee with people who are in the Loan Industry as well to do those reviews. We do not expect multitude of reviews but there is only one USEPA Revolving Loan Fund in the State which the USEPA has and they have not utilized it. That is why the USEPA is thrilled with the idea that we have applied for it,

and it is in basic joint partnership with the Business Development Corporation. So they are extremely excited that we have applied for that Grant.

Planning & Development Department – We are finalizing coming towards the end of this fiscal year the Comprehensive Plan, and after the Comprehensive Plan update typically is updating our Zoning Code. Anybody who has dealt with our Zoning Code can see multitude of times we have to go Planning or the Zoning Board of Appeals for items that we should not be going to the Zoning Board of Appeals that should not be issued. So this update is long needed. This will also allow us to build a more user friendly interface for architect engineers and contractors who are working to work in this area, and with the economic growth that we are seeing it is extremely vital to getting this updated.

Inspections Department – The Inspections Department has been operating in a state where my move of Rod Rosnick to the Public Works Department has been extremely successful. I am proud of all the work he has done up there. Every single day there is something new that he does differently. I am very happy with the transition and the move that we made there. However, that has left us somewhat in a disadvantage in the Inspection Department. Not to say that Matt is not doing a great Job. Matt is doing a great job there. What comes with that department is certification. We are leaving Matt with a disadvantage because with those certifications we are required by the Fire Marshalls Office to have a certified individual with so many certifications operating that department. In order for us to have plan review and because of the size of the city we are required to have that. In order to meet those obligations allows flexibility for our Inspections Department for Matt to focus on things that Matt needs to focus on allows Rod to get back to do his job. Rather than to help provide assistance to us which he can only do for so much longer in plan review aspects. What we are recommending is we are going to add an Engineering Consultant which is basically an Engineering Firm which we would contract with to do the plan review aspects for inspections until we have that certified individual with the Inspections Department. That program will go away once that certified person is in place. The program under the Fire Marshall's language we can have that or a certified person. Those are the two options. That is the recommendation that we are making there.

Councilman Fred Marsh, you do that and reduce their budget by \$25,000 is that what you are saying? Where is the \$25,000 reduction at?

Travis Blosser, City Manager, I skipped over this reduction in a large part. To these budgets are primarily relation to we have had reductions come down in retirements payments due to these CPRB for our employees. That number in terms of what our payment that is required has reduced, as well as, we had reduction in our unemployment cost that we pay. This cost for that program comes from reducing the salary line that would have been there for that Chief Code Official, not all of it, but a

portion of the health insurance that would have been there for the Chief Code Official. That is what pays for that \$61,500.

Public Works & Street Departments – We know we have heard significant phone calls all of you have had, regardless of your Council Ward, and we have heard about Colliers Way, Culler Road and Penco Road. I just got a phone call from Councilman Marsh on Penco Road. We all know that those roads are significantly in need, and not in need of patching. There is significant need of asphalt pavement. The problem becomes the Division of Highway says anytime there are sidewalks on these roads they are required to upgrade the ADA ramps on those sidewalks. What we have done, and I thought our Public Works Director amazed me, and that he was initially going to say you are out of your mind. He did not and he shocked me. I reached out to him and said I have this idea I would like you guys to do the ADA ramps in-house if I am able to give you some money for it. He said yes. Our guys in Public Works are extremely talented I have seen some of the work they have done with sidewalk ramps. We did one out on the North End on Pennsylvania Avenue repairing it because we do significant things in that area in terms of our insurance liability it is extremely helpful to have that done. Our guys do impeccable work it is more cost effective rather than hiring a contractor for our guys to do it in-house. What our recommendation would be, and we have a commitment from DOH if we were to do the ADA upgrades on those sidewalks on those roads that need to be paved they would come in and pave those roads. The reason why that is so significant because once we do the ADA upgrades it could be a year that goes by then they could change the ADA standards. ADA Standards are changing that rapidly. That is one of the recommended things, and that \$80,000 is carry over money that we have budgeted to perform that item in terms of getting those roadways paved by the Division of Highways. We have had those discussions with Gus Wade, District 6, to get that commitment to get that taken care of. In the meantime, to show some level of movement, and we got a portion of Colliers Way overlay with an inch of asphalt. Not the greatest, but over by the hospital and down on Colliers Way we were able to get an inch of asphalt laid. The winter has not been the greatest to that inch of asphalt, but we were able to give him some movement to show him good faith. Our goal is to make that happen.

Councilman Terry Weigel, will we have something in writing that in 2018/2019 that they will pave it?

Travis Blosser, City Manager, when we perform this, what I have discussed with Gus is an actual contract. They have done that with other Municipalities where they actually write up a contract. We would do a contract with them that they would perform such services between x date and x date.

Councilman Terry Weigel, if you sign that agreement with them, and they say they will come back and do it. Have a clause in there if they do not come back before their part

of it within that fiscal year that they will reimburse the City of Weirton for all cost occurred for the sidewalks.

Travis Blosser, City Manager, ok

The next thing is talking about sidewalks. We have heard from the people in the community and heard from some of you with residents and their sidewalks and different questions. People taking care of things. We talked to the Clarksburg, WV and they have a very successful sidewalk program. They started out small and it grew. Basically, what the program is essentially a reimbursement program. How it works residential property owners are reimbursed 70% of actual cost, materials and labor only at maximum of \$1,700. A Non-residential commercial property or tenants are reimbursed 70% of actual cost, materials and labor at only maximum of \$2,000. I am reading from their program. Essentially what it does it makes them still have skin in the game to get their sidewalks taken care of but also gives them a reimbursement to get the sidewalks done. Clarksburg started the program, and did not know if it was going to be successful but now they have had the program almost 10 years and they have done almost a \$1,500,000 in sidewalk replacement across the city. That is their cost but they estimate that the cost in terms that the additional people have paid on top of that it is somewhere near \$2,500,000 in terms of sidewalk upgrades that has been done across the city. It has been fairly successful. Everywhere is different. Morgantown tried it, and it didn't go very well because you have more of a college town. Morgantown did abandon it. Discussion was made with City Manager and Councilmembers to talk about it, and maybe have a workshop with this item.

Storm Sewer - Having our Engineering Consultant for MS4 Thrasher has been extremely beneficial to Pietro Fiorentini, and some of these new industries coming in because of his wealth of knowledge with MS4, and being able to communicate with them and help design their MS4. We have again included that money for that MS4 consulting.

Pension Fund – Fire Pension is moving in the right direction. We made a decision back in 2017, in that fiscal year to close out the Pension Fund, and move to the Optional Funding method. By doing that our pension payment after we had figured that out to be a little over \$400,000 it actually went down to \$401,000. By doing that, all new employees, and the one who has moved to State Wide Municipal Police and Firefighters Pension System, and that system from the last update I have gotten is 156% funded. Do not let that number deceive you, there are no active retirees on that plan. There are 250 active members in that plan. So that plan continues to have members paying into it. It does not look like it will have active pensioners for the next 10 years. On our plan with the Optional Funding method it is projected to be fully funded by 2040. The Fire Pension Fund is moving in right direction.

Police Department Pension Fund – We are still aggressively working on Pension Reform with the Legislature. We are hopeful that there will be a bill to be rolled out sometime

next year on those pension reform matters. Over 2017-2018, you made a decision to invest carryover funds into the Police Pension Fund. We could not close the Police Pension Fund because we did not have the financial capability to form what is debt service under that optional funding method to amortizing out the debt until 2040. We did not have it. It would of escalated our payments to over \$2,000,000 from the \$600,000 we were paying. We cannot financially afford it. What we had done through conversations with our actuary was to stop the bleeding in order to evaluate where our stand point was. What we needed to do was to put enough money to payout the current pensioners and stop the withdrawals from the investment fund. We did that over two fiscal years and we decided to kick in an additional \$1,000,000 which allows us to continue to not withdraw money from the investment fund but to kick in a little more than \$600,000 each of those years into that investment fund. This fiscal year is the last year of that second year round in 2018. In 2019 you can see that basically our goal is to hold steady. The pension payments and total major contributions equal the same. That is our goal. The variable to this is retirements. Retirements have different variations, and that is the thing that can throw off what those pension payments are going to be. We do expect retirements. We are monitoring it, and that is why we are keeping that contingency fund at the level that it is in order to withstand that. It is my obligation to make you aware of any changes. As far as this pension fund is concerned, the two routes we are looking at is 1.) Is the Pension Reform which we are working on with the Legislature? 2.) To come up with another method like the Optional Funding Method. What we are looking at is for them to re-evaluate that optional funding method, and once those pensions reform items are taken care of, and those are implemented then looking at re-amortizing that time period. Rather than 2040 being fully funded bumping that out to re-amortize the time period by another 30 years which would allow us more of an ability to close this out, and actually amortize the debt. We are working that out so that a bill would be implemented hopefully next year.

General Fund Capital and Infrastructure Schedules - This is our capital side. All of these items are what are funded within the budget which we have appropriated money for. Just to touch base on cash purchase lease. Right now if you look at what our total leases are for this current fiscal year versus the new fiscal year. They look a little higher this year than they are last year. However, 4 items will payoff in approximately six months of this year.

The City Building – HVAC replacement system in the building needs done. We had a study done and have been looking at different things we can do. A lot of our Department Heads have been involved in that aspect in reviewing in replacement.

Electricians – We need to get them a new bucket truck. They significantly utilize that and for safety purposes it is an upgrade that is necessary based on the Department Head and I discussing this item. That would be a lease.

Police Department – Typically two (2) vehicles, Tasers and not everybody in the department has Tasers. That would bring on additional Tasers for the guys, two additional radar units which maybe replacements, ammunition which is a regular reoccurring purchase, two (2) patrol rifles and gear, clothing for the SRT Team.

Fire Department – Turn out gear, and then also I don't know why you see the fire truck in the revenue side you will also see a FEMA Grant. Sustainable Strategies applied for equipment which would be a new fire truck and that comes with a 5% match. Sustainable Strategies wrote that Grant, and it is now in the process of lobbying for it so that 5% match money is budgeted as well as the revenue for the FEMA Grant. If we do not get the Grant the truck would not happen.

Streets – Requested a Front End Loader. The reason we do some leases and some cash is again to keep our cash flow. While we have that million dollars operating cash which allows us to keep up our cash flow, we also feel we need to keep as much of our cash flow as possible as we can especially having a \$1,100,000 paving project. Our revenues do not come in month to month like typical businesses, almost every revenue we have is quarterly. Moving on with streets, we have a 1½ ton extended 4x4 pickup, Cat 305 mini excavator, Leeboy 400B roller and hino 2 ½ ton dump. We have seen with our upgrades of Public Works equipment our expenditures for our repairs for equipment has been drastically lower that they usually have been. I have not gotten the phone calls from Rod that I cannot keep plow trucks on the road that we are not having projects done because we do not have equipment that does not work. Our Public Works Department is doing increased projects than they have ever done before.

Sanitation – A Recycling Truck lease and then a ¾ ton pick-up. We are putting into the current truck \$6,000 every month. The current truck is not designed for the stop and go traffic.

Funding Request:

Board of Parks Commissioners Commission requested the same amount as to what was funded last year. We are able to accommodate that.

Library requested \$414,643.00 and given the pension side of things and not knowing how those retirements could essentially affect that number we somewhat accommodated it, but we do not know that could affect a little bit more. We have not adjusted or recommended that to City Council so we have left it at the same amount as funded last year.

Weirton Transit Corporation requested the same amount that was funded last year and they receive their FTA money through the budget and it runs through us.

Miscellaneous is the operating cash as it continues to be. We keep it at \$1,000,000. That moves over from year to year, and that is your carry over figure, but it is also our operating cash that goes into your contingency line. Do not let your contingency line fool you when it is a million some dollars. A million of that is our operating cash. We do not want to ever dip into that money. Contingency is \$244,201.00. That number will come down, and our recommendation will be to \$194,201.00 because there is a lapse, and we forgot to put about \$50,000.00 for elections. That will have to be a changed, and we will make that change that is why this is a proposed budget.

That is the General Fund Budget and that is the synopsis on it.

Coal Severance – We expect that the revenues and fund balances we expect to carry over and again Coal Severance we do not bring in a significant amount of change. Previously years prior, we brought in a nice chunk but it has never been huge based on the statistical figures we have looked at. We have built up a nice fund balance chunk. Our revenue that we bring in is about averaging close to \$45,000. It went a little higher in prior years it seems to be \$45,000. The three recommendations that we made were City Building repairs at \$43,000. We are still evaluating it, and looks like we have possibly two minor leaks in the City Council Chambers on the roof. We do not know that this be the case, the winter weather may have played a role in that it doesn't seem to be leaking with the rain that we have had lately. We are evaluating that problem. We all know that this building is extremely old. What we are trying to do is make little repairs as we can here to try to keep up with things. We do not need a new building, and try to maintain the one we have. Our public works crew has done great with upgrading lighting and painting, and it has been a significant cost savings to us. The other one was a \$10,000 allocation to the Marland Heights Community Association and \$20,000 for beautification across the city which would be added in with our \$15,000 beautification out of our General Fund and \$7,070 in contingency.

Councilman Terry Weigel asked about the \$10,000? Who requested that?

Travis Blosser, City Manager – The Marland Heights Community Association.

Councilman Matt Provanzano - Can we just make a request to the Marland Heights Community Association to provide some information as what they are planning to use the \$10,000 for which we can put in the General Budget.

Travis Blosser, City Manager, - Yes

Councilman Terry Weigel, stated they need to show what they are spending the \$10,000 for since the Park Board assists with the up keep of the grounds for this area.

Travis Blosser, City Manager, stated why he included the recommendation that City Council funded this through a budget amendment which was funded \$10,000 to the Marland Heights Community Association from Coal Severance under this fiscal year. That is the only reason why we included it, and included the request.

Councilman Matt Provanzano, stated ask Marland Heights Community Association to submit an itemization to council for review to see what they are going to do with the money.

Travis L. Blosser, City Manager, on this side we can have more discussion on it. From my standpoint, if there has to be another Budget Workshop related to the Coal Severance Fund Budget that is up to you. Our goal was to bring forth the entire Budget to you in March. It is as simple as a budget amendment if it is decided to move the \$10,000 into contingency.

No one had any more questions or concerns.

The Budget Workshop was adjourned.