

Good Evening and Welcome.

Anyone that wants to speak or make comments please sign up on the guest sheet as you enter the door.

Myself and supervisors will be making the first part of the presentation then the Revenue Review Committee will make their comments at which time they will recognize the guests signed up to speak. If you hear something during the presentation that you have a question about, please make note of it so you can have it answered during the Committee's portion of the meeting.

We are here tonight to talk about the City's General Fund revenues and expenses.

First I want to introduce our supervisors, employees, committee members and council.

Director of Public Works – Jerry Arnold - 25 years of service

Chief of Police – Matt Gregory – 21 years of service

Fire Chief – JB Kimble – 17 years of service

Street Commissioner – Brad Hawkins – could not be here tonight has 9 years of service

Stockert Youth Center Director- Debora Brockleman - 14 years of service

Erasmio Rizo- Sewer Department Superintendent- 2 years of service

Housing Enforcement Officer- Vincent Smith – 3 years of service

Office Assistant- Barb Hinkle – 16 years of service

City Engineer- Jay Hollen – 6 years of service

Grant Writer and Information Coordinator-Callie Cronin-Sams

City Attorney- Tom O'Neill

Director of Finance and Administration and Assistant Recorder- Amby Jenkins – 42 years of experience

Mayor- David McCauley

City Council Members – Mary Albaugh, Pam Cuppari, Robbie Skinner, David Thomas, CJ Rylands

City Recorder- Colin Reger

The Revenue Review Committee – are myself, Mayor McCauley, CJ Rylands, David Thomas and Barb Hinkle.

As I was going over the years of service, I see we have over 150 years of experience in our supervising and key personnel staff. This doesn't count the several long term employees with skills and experience we are very proud of.

Again we are here to talk about revenues and expenses in the City General Fund. And I want to reassure everyone here that we have a balanced budget. We are paying our bills and making payroll. We currently have \$510,000 in the "rainy day" fund. This is a fund that is permitted by the State Auditor's office that allow municipalities to set aside up to 30% of the current budget into a reserve. That being

said we should continue to add to this fund with a goal to reach the maximum allowable, which currently would be \$1.2 million. This ensures a cushion for unexpected expenses and stabilization for the future.

The reason we are looking at revenues and expenses is because Council has observed that the last 5 years of revenues and expenses are pretty much equal.

(slide revenue/exp)

This is one reason that City Council wanted to be pro-active and review the revenues and expenses and appointed a committee to do that. Instead of waiting until something would have to be done, they wanted to prepare for what could happen in the future.

This next pie chart shows the overall expense distributions. This to me is a reflection of the communities operations.

The two largest areas of our budget is Public Safety (police and fire) at 45% and Streets at 32%.

In five years the Public Safety budget has increased about \$500,000 and Streets about \$100,000.

Through attrition we have saved some on payroll expenses by not replacing a few positions that were vacated.

About 45% of our budget is labor. We have to remain as competitive with salaries as possible in order to retain experienced and skill staff. Health insurance costs increase each year.

In revenues this past fiscal year we received about \$880,000 in property taxes about 20% of budget and \$1.3 million in B&O taxes about 30% of budget.

revenue slide

General Fund is separate from the Utility funds of Water, Sewer and Garbage. The utility funds cannot contribute to the General Fund operations. In some cases we can divide the wages of personnel if their jobs overlap. Such as Directors, some office staff and attorneys. In other words a separate person is not needed for each of these jobs. We also do not have separate offices to collect City fees and utility bills. This is cost effective for the customers. The utility funds are in good financial condition at this time.

I feel I need to briefly go over how the budget process works for a better understanding on how we come up with the expenses for the upcoming year.

State Code mandates how this works. Our budgets run from July 1 to June 30 each year. In January we begin gathering the information from each department. Supervisor have quite a bit of input in the needs for each of their departments. We start analyzing the requests and prepare it to send to City Council. Public meetings are scheduled with City Council. Often the supervisor of those departments will present details about the requests. Council reviews the information presented and listens to supervisors and any outside entity requests. The budget needs to include the general operating costs of each of those departments, such as utilities, insurance, payroll costs and benefits, fuel and equipment payments and property payments. The Street, Police, Fire and Stockert in total have 24 vehicles and around 20 pieces of equipment in the fleets. We've started a program to cycle out vehicles so our

departments will have reliable vehicles to operate. And with the new police officer hires are required to share a cruiser. We have also started to faze GPS tracking units in all the vehicles.

The state requires that an approved budget for the upcoming year is submitted to them by the end of March even though this budget will not take effect until July 1.

I'd like to talk a little about each department and give the department head a chance to give a brief statement.

Police, Fire, Safety Complex:

We have added additional staff to the police and fire departments. Three addition firemen were added in 2015 and an additional police officer this year. We have 11 full time police officers & 1 part time officer (including Chief) and 7 full time fire fighters (including Chief). Both departments are currently deeply involved in the process of certification. This certification is not just a certificate on a wall. Both departments must completely dissect and evaluate every facet of their operations to ensure that each operate at the highest level of professionalism possible. In the State of WV, there is only one other police department certified In CALEA and two others in the process. There are no fire departments currently certified in CFAI the state at this time.

We currently collect about \$150,000 yr fire fees; \$75,000 police fees; \$94,000 safety complex surcharge, total \$319,000 annually. The fire fee was increased in 2015.

The current public safety budget totals \$1,986,587. (police budget is \$1,086,087; fire \$702,900; safety complex \$197,600)

We need to continue to supply police and fire department with current technology and equipment. We purchased a used 2007 fire truck in 2015 for \$433T which we would hope would be in use until 2025 when it is paid off. Emergency calls have increased. This year our fire department will answer about 1300 calls; Last year the police department answer over 5000 calls and complaints in addition to that investigating over 100 accidents and patrolling over 80,000 miles. A dual rescue truck costs about \$500,000. Fire Dept could then eliminate 2 older pieces of equipment. Future cost of a Ladder truck is about \$1M.

At least \$100,000 should be set aside each year in reserve for capital improvements and added staff.

(Chief Gregory then Chief Kimble)

Streets and Parks Department:

There are 9 full time Street personnel tasked to build and maintain the streets and sidewalks as well as maintain and work on repairs at the City parks & Dog Park, City Hall, SYC, Safety Complex, Cemetery, Theatre and Charles Gibson Library. They are also tasked to display banners, set up barricade and clean up after special events. They utilize part time help for seasonal work such as mowing, planting and painting.

Our current budget proposes \$221,000 to repave section of streets on Camden; Meadow; Lower Rohr and portions of sidewalk along Clarksburg Rd; First Street; Madison Street.

The City of Buckhannon has over 4.2 million sq. ft. of street surface. To replace this surface in today's market would exceed \$6,500,000.00. There's over 400,000 sq.ft. of existing sidewalks with a total replacement cost of over \$1.1 million.

The current paving contract will exhaust the majority of this year's budget. We will be using our accumulated Coal Severance Tax funds to make any paving repairs next spring. The completion of the North Florida curb and sidewalk, and two downtown projects will finish the project budget. In order to maintain our current infrastructure and to complete new projects we should budget a minimum of \$500,000.00 a year with \$300,000.00 for maintaining current streets and sidewalks and \$200,000.00 for new projects. The estimated increase in maintenance cost based on current expansion and inflationary factors is about 4 to 5%.

A separate fund called Consolidated Public Works is where most of the parks, cemetery and flower expenses flow but it depends on Street Department assistance and General Fund contribution of \$25,000 annually. We need to allocate approximately \$150,000 in funding toward improvements and maintenance in the parks and parking lots and cemetery. Additional security cameras are also needed in our parks.

Rather than add more staff we propose to start outsourcing for some of the infrastructure projects to complete them in a timely manner. This would include contributing \$35,000 per year exclusively to mow the cemetery.

The Streets Department doesn't generate any revenue from fees, but, Hotel Motel taxes are collected and disbursed in which, 70% goes to the Convention & Visitors Bureau and 30% goes toward the Consolidated Public Works Board. These taxes are restricted by state code in how they can be used. It must be split with the CVB and the portion that the city keeps must be used for things like promotion of arts and tourism, parks, beautification. The majority of the city's share of these funds are used toward the flower program. We consistently receive positive feedback throughout the state about this program.

(Jerry Arnold)

Stockert Youth & Community Center:

We have a youth center which is unique to municipal governments. There are 2 full time staff employed. This facility serves 700 youth per year with 12,000 hours of activity. Youth programs include After School activities; Camp Buccaneer; Tutoring; Drill Team; Cheerleading; Karate; Basketball. Adult programs are Fitness Center; Kickboxing; and Yoga. Several youth activities such as teen dances; children's festival; movie night and others are held throughout the year. Rooms are rented out for parties and events. Many of these programs provide snacks for the children.

The programs that are provided by the Center have outgrown the building and an active campaign is ongoing for donations to help build a multi-purpose building space. We've applied for a large grant in hopes of receiving enough funds to build a nice facility. We currently have approximately \$191,000 in the capital campaign for this project.

An administrative person is needed to help. SYC has two full time employees. They rely on part time help for afterschool programs and summer camp. There should be a full time person on duty during operations hours in the building that is responsible and assigned to collect funds and bill participants for the programs and be available to assist the public and participants. Approximately \$70,000 is collected for programs that have fees and BOE contributes \$20,000 and Upshur County contributes \$25,000. The programs are self-sustained by the fees, but do not cover the cost of building utilities, maintenance or payroll.

The staff would also like to have a secure entry door to the building, to make it more secure when youth are present.

We feel up to \$70,000 additional should be allocated annually. This would cover cost of added person and added maintenance to the facility and potential building payment. This would change if a grant were awarded.

(Debora Brockleman)

Storm water maintenance -- Less visible, but very much needed are the storm sewers that lie beneath our City. Our sewer department has upgraded and replaced portions of this over the past several years. The sewer department was formally tasked with building and maintaining this system last year. There are 14 full time line, plant and maintenance employees. The Sanitary department must keep the work of storm water separate from sewer system. City Council - General Fund has always budgeted funds to the tune of \$50 to \$70 thousand per year to go toward this system but this is not enough to fund some of the very difficult projects properly.

Our Sanitary crews have found several areas where drainage systems were installed by past residents and even placed homes and buildings over them. These are extremely difficult and challenging to rectify. For this department to continue to improve, repair and replace more funds need allocated toward this. We need to fund the storm water projects at least \$150,000 per year.

Our Sanitary Engineer has identified \$470,000 of projects to be addressed at this time. (Raz \$1 million)

(Erasmus Rizo)

To recap, the identified additional expense needs were:

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Identifying revenue sources:

The Revenue Review Committee reviewed both revenue and expenses and identified two options of additional or increased revenue.

The first was looking at municipal fees and B&O.

Fees are a tool used by many municipalities to seek revenue to fund operations. Such as fire, police, storm water, building and street fees. Municipalities also rely on Property, B&O, Hotel and Sales taxes.

Three municipal fees would be discussed – Storm water fee, Police Fee and Fire Fee.

Storm water fee: We roughly expect we could collect \$150,000 annually if this were implemented. It would be paid by both city and some county residents and businesses in the water shed. Approximately 1/3rd of Buckhannon is in a floodplain. The annual cost would be about \$100 annually per household in the watershed area.

Adding a first due fire fee: meaning we would bill residents and businesses outside the city limits within about a 2 to 5 mile radius. The Fire Dept identified 5700 structures in the first due area of which 2400 are in the city limits and already paying a fee. It is estimated we would receive another \$150,000 per year if we leave the rates the same, but this would affect the County Fire Fee. We cannot charge county residents anymore that 1.5% of what city residents pay. City residents pay \$36 yr per household. (business based on income)

Police Fee: Increasing police fees. We currently receive about \$75,000 a year for this from city residents and businesses. The last police fee increase was 1983. If we double it, we would receive another \$75,000 annually. Residents would pay \$36.00 yr per household. (business based on income)

We also looked at various adjustments to the B&O retail structure. There is currently a \$1 million exemption on the retail & manufacturing B&O. This was originally put in place to help small businesses from paying B&O tax. If the \$1 million dollar exemption were dropped and the tiered fee were changed to the maximum of .50 we would collect \$494,000 additional.

If all the mentioned fees were changed we would gain an additional revenue of \$869,000 annually.

The committee members were all in consensus that placing the majority of the burden on the residents and businesses in the city limits was not a good solution. The additional fees would mount up to about \$150 per household. And we know removing the exemption from B&O would hurt small businesses.

Also, by implementing fees, places more responsibility on City Hall staff for billing and collecting. I mentioned attrition earlier in my presentation. Most of the attrition was from City Hall staff. We would have to hire more staff to help with the added administrative tasks to collect the fees.

The Second option that the committee looked at was:

Sales tax:

If sales tax were implemented there would be no need for additional municipal fees being added to city residents and businesses.

We estimate that we would collect about \$1,000,000 annually for a 1% tax.

Basically anything in which state sales tax is charged, a municipal sales tax would be charged.

Currently 43 municipalities in the State of WV are collecting this tax. Nearby are Bridgeport, Clarksburg, Elkins, Fairmont, Grafton and Weston.

If the City of Buckhannon were to implement this, something would need to be either eliminated or reduced in B&O.

A list of items that are exempt from sales tax is listed.

*Groceries, vehicle fuel, vehicle sales, prescriptions, personal and professional services to name a few are exempt from sales tax.

This tax is collected at the time of sale by the merchant and remitted at the same time the WV Sales tax is paid. The State of WV Tax Dept collects the tax and remits the portion back to the municipalities quarterly.

The committee feels this is a much fairer way of spreading the responsibility to fund the expenses. Everyone that makes a taxable purchase in the city limits would pay one cent on every dollar of the taxable purchase.

Anytime that someone enters the city limits is an exposure to city services. The police and fire departments are answering incidents that for the majority involve persons that live out of city limits. 70% of youth served at the Stockert Youth & Community Center are not city residents. 80% of park reservations are not city residents. I can go on with the Walk Trails and Dog Park, Festival Friday's, Fireworks, and even the Strawberry Festival.

And you know what else.... We absolutely love it. We are so happy that citizens are finding a quality of life in what we do in Buckhannon. We want everyone that steps foot in the City of Buckhannon to feel welcome and for the residents that live here to feel safe and have quality service from our departments, but it does cost money, and we are only asking that everyone share the costs, not just the residents in the city and not just the businesses in the city.

At this time I'll turn to the other committee members to make comments and open the floor up for comments and questions.