

AGENDA FOR A FINANCE COMMITTEE MEETING
FOR TUESDAY, OCTOBER 17, 2017
5:15 PM, SMALL CONFERENCE ROOM
SECOND FLOOR MUNICIPAL BUILDING

(Councilmen Stanley, Kuhl, Mercer and Reynolds)

- I. CALL TO ORDER
- II. ROLL CALL
- III. MINUTES – meeting held September 13, 2017
- IV. **NEW BUSINESS (Note – see explanations for these revisions on pages 1-3 of the attachment)**
 1. Resolution closing to all new hires the existing City of Parkersburg Policemen’s Pension and Relief Fund established under WV Code 8-22-16, and entering into the West Virginia Police Officer’s Retirement System under WV Code 8-22A-1 et. Seq.
 2. Resolution closing to all new hires the existing City of Parkersburg Firemen’s Pension and Relief Fund established under WV Code 8-22-16, and entering into the West Virginia Police Officer’s Retirement System under WV Code 8-22A-1 et. Seq.
 3. Request for budget revision for fund balance 2017/2018, \$1,068,094 from the fund balance, plus \$957,559 from Stabilization Fund and \$245,963 from Capital Reserve (total \$2,282,726) for the first year’s additional pension contribution upon plan closures. Page 6
 4. Request for budget revision for fund balance 2017/2018, various City departments, \$457,703.00, pages 4 & 5.
 5. Request for budget revision for fund balance within User Fee Special Revenue Fund budget for (\$121,429) resulting from additional paving ahead of schedule during FY 2017. Page 7
 6. Request for budget revision for fund balance within the Memorial Bridge Budget for 2017/2018 (\$126,623) Page 8
- V. ADJOURNMENT

The Finance Committee of City Council met Wednesday, September 13, 2017 at 5:30 PM in the small conference room on the second floor of the Municipal Building at One Government Square, Parkersburg, WV 26101.

The meeting was called to order by Chairman, Councilman John Reed, who presided over the meeting. Members attending included Zach Stanley, Bob Mercer, and John Reed. Ms. Kuhl was absent at the recommendation of the City Attorney because her husband is a retired police officer, and Mr. Reynolds was also absent.

Others present included Mayor Tom Joyce, Eric Jiles, Chief Matthews, Chief Martin, Eric Barber, and Jeff Fox.

MINUTES – Mr. Stanley moved, seconded by Mr. Mercer, to approve the minutes from the meeting held September 5, 2017 and the motion was adopted by unanimous vote.

Chairman Reed announced that the City Attorney ruled that there may be a potential conflict of interest for Ms. Kuhl as a member of this committee because she is a survivor of the pension fund and should abstain from meetings and discussions and that is why she is not here tonight.

POLICE AND FIR PENSION FUNDS

Mayor Tom Joyce explained several slides on a presentation that showed our pensions increasing every year to the point where there will be no money for anything except pension payments and employees. This is a 26 year old problem due to a strategy whereby the City contributed 107% to the fund every year since 1991, but it is not sufficient.

Both pension funds have endorsed by resolution the closure of their respective plans to new members. "The preferred method of funding the pension plans after closure is the Optional Funding Strategy. The Optional Funding Strategy is based on generally accepted actuarial principles and ensures the normal cost (benefit payments) are met while amortizing the unfunded liability through the year 2050 (33 years). If implemented, contributions under the strategy would increase by approximately \$2.5 million to a total of approximately \$7 million, annually. This contribution level would need to be sustained, with incremental reductions throughout the funding period."

Finance Director, Eric Jiles, explained in detail four options to generate \$2.5 million in additional resources: Existing fee rate adjustments; police and fire pension relief sales tax; excess levy; and expenditure reductions.

- Existing fee rate adjustments – the police fee, fire fee and portions of the user fee are already dedicated to public safety and would need to be increased by varying percentages to generate the necessary funding;

Increase fire fees 17% and generate \$275,000.00

Double police fees and generate \$834,000.00;
Increase user fees by 60% and generate \$1,392,000.00.

This would generate \$2,501,400.00

- 1% police and fire pension relief sales tax, in addition to the 1% sales tax from Home Rule – ½% would generate \$2.5 million; and 1% would generate \$5 million. (WV code 8-13C-4(a))
- Excess property tax levy – a levy of 0.173% on Class II and 0.346% on Class III would yield approximately \$2,512,883.00. The levy would go to the voters every two years.
- Expenditure reduction – reduce street repair and paving, equipment purchases, storm water management, parks and recreation and firehouse bond payments would generate \$1,480,000; and reduce 7 policemen, 7 firemen, 12 positions in public works and 3 administrative positions would generate \$1,029,173.00.

These two reductions would total \$2,509,173.00. The Administration noted that these expenditure reductions would severely impair the City's ability to provide basic public works and public safety services.

Mayor Joyce told the committee that when we hire a policeman or fireman we are adding \$1,200,000.00 in addition to the \$100,000,000.00 that is owed in those funds now and he can't add to that liability and make it worse. Police would like to hire four more men and the fire department is ready to hire two, but he said he can't support that, and it would be fiscally irresponsible.

In explaining the new retirement plan, Mr. Jiles said the new statewide plan benefits are not as robust as they are currently. Now members earn 3% a year toward their pensions and can retire after 20 years. With the new plan, it is 2.6% per year and you can still retire with 20 years at 50 years old, and you can reach a maximum of 67%. With the current plan, the maximum is 75%. Also, to claim disability, with our current plan you need only prove you can't meet standards in NFPA guidelines. Under the new plan, it is stricter and you can't work elsewhere to be considered disabled.

The new plan, Mr. Jiles stated, was created under solid standards and will be solvent for many years. Now the men contribute 9 ½%, and the new plan is 8%.

Mr. Stanley asked Chief Martin if the police department was fully staffed. The Chief said he has two pending retirements within the next six months and has four vacant positions. He has 70 men now, but has never been fully staffed, he said.

Mr. Fox asked if the rates would go up on the new plan, and Mayor Joyce said that the only people who will go into the new plan are those from the cities who close their old plans. The governing bodies of the boards will set the rates from actuarial studies and we won't have control.

Chief Martin stated that the new plan was not to absorb bad pensions, and that the oversight board is the best thing to happen to those funds. Mayor Joyce said you have to have faith that the oversight board will not do anything irresponsible.

When Mr. Stanley asked how much we were paying now, Mr. Jiles said we are paying \$4,500,000.00 now per year and we will be going to \$7,000,000.00.

MOTION – Mr. Mercer moved, seconded by Mr. Stanley, to close the old pension funds, and adopt the new plan, NPRS, and refer the matter on to City Council, and the motion was adopted by unanimous vote.

The committee moved on to discuss each option.

Option #1 for existing fee rate adjustments will spread the burden easier, they said.

Option #2 the police and fire pension relief sales tax: To adopt that 1% tax would free up \$2.5 million in the general fund each year to apply to needed city services. Mr. Jiles said that Council could modify the rates if needed. There is a 180 days' notice requirement if this is adopted.

Option #3 for an excess property tax levy – would have to be renewed on a biennial basis by the voters.

Option #4 for expenditure reductions – the committee did not think this option should be considered at this time.

MOTION – Mr. Stanley moved, seconded by Mr. Mercer, to recommend to City Council that option #2 for the police and fire pension relief sales tax be approved, and the motion was adopted by unanimous vote.

The meeting adjourned at 6:35 PM.

Respectfully submitted,


Connie Shaffer, City Clerk

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**RESOLUTION CLOSING, TO ALL NEW HIRES, THE EXISTING CITY OF
PARKERSBURG POLICEMEN'S PENSION AND RELIEF FUND ESTABLISHED
UNDER WV CODE §8-22-16 AND ENTERING INTO THE WEST VIRGINIA
MUNICIPAL POLICE OFFICERS RETIREMENT SYSTEM**

UNDER WV CODE §8-22A-1 ET. SEQ.

Whereas it has become increasingly evident that the City of Parkersburg's continued participation in the existing Policemen's Pension and Relief Fund is financially untenable; and

Whereas the City has determined that it is therefore incumbent that the City's existing Policemen's Pension and Relief Fund be closed to all future hires in the City Police Department.

NOW THEREFORE BE IT RESOLVED that the existing Policemen's Pension and Relief Fund, as established under W.V. Code 8-22-16, be and is hereby closed to all future police officers hired by the City of Parkersburg.

BE IT FURTHER RESOLVED that said existing Policemen's Pension and Relief Fund shall continue for all current police officers and current retirees and any present or future beneficiaries of said police officers under said current plan.

BE IT FURTHER RESOLVED that the City hereby elects to become a participating public employer (W.V. §8-22A-1 et. seq.) and thereby includes all future police officer hires of the City Police Department as members of the West Virginia Municipal Police Officers and Firefighters Retirement System Plan established and hereby entered into by the City under WV Code § 8-22A-1 et. seq.

Adopted this ____ day of _____, 2017.

Attest:

Connie Shaffer, Parkersburg City Clerk

RESOLUTION CLOSING, TO ALL NEW HIRES, THE EXISTING CITY OF PARKERSBURG FIREMEN'S PENSION AND RELIEF FUND ESTABLISHED UNDER WV CODE §8-22-16 AND ENTERING INTO THE WEST VIRGINIA MUNICIPAL FIREFIGHTERS RETIREMENT SYSTEM UNDER WV CODE §8-22A-1 ET. SEQ.

Whereas it has become increasingly evident that the City of Parkersburg's continued participation in the existing Firemen's Pension and Relief Fund is financially untenable; and

Whereas the City has determined that it is therefore incumbent that the City's existing Firemen's Pension and Relief Fund be closed to all future hires in the City Fire Department.

NOW THEREFORE BE IT RESOLVED that the existing Firemen's Pension and Relief Fund, as established under W.V. Code 8-22-16, be and is hereby closed to all future firemen hired by the City of Parkersburg.

BE IT FURTHER RESOLVED that said existing Firemen's Pension and Relief Fund shall continue for all current firemen and current retirees and any present or future beneficiaries of said firemen under said current plan.

BE IT FURTHER RESOLVED that the City hereby elects to become a participating public employer (W.V. §8-22A-1 et. seq.) and thereby includes all future firemen hires of the City Fire Department as members of the West Virginia Municipal Police Officers and Firefighters Retirement System Plan established and hereby entered into by the City under WV Code § 8-22A-1 et. seq.

Adopted this ____ day of _____, 2017.

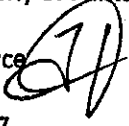
Attest:

Connie Shaffer, Parkersburg City Clerk



CITY OF PARKERSBURG
ONE GOVERNMENT SQUARE
P.O. BOX 1627
PARKERSBURG, WV 26102

MEMORANDUM

TO: Council of the City of Parkersburg
FROM: Mayor Tom Joyce 
DATE: October 4, 2017
RE: FY 2017 Unencumbered/Unappropriated Fund Balance Carryover

This memo is to communicate the remaining fund balance and proposed appropriations for the fiscal year ending June 30, 2017 that requires Council action.

Unexpended amounts in the General Fund at June 30, 2017 requiring Council action total \$1,483,707. The following table presents a breakdown of this amount:

FY17 Fund Balance at 6/30/17	\$1,483,707
Less: Contractual Obligations	
REAP grant fund balance	(21,316)
WVDOH multi-use trail contribution	(31,250)
Insurance claim proceeds	(5,968)
Purchase orders in progress at 6/30/17	<u>(356,969)</u>
Subtotal: Contractual Obligations	<u>(415,503)</u>
Unencumbered Fund Balance at 6/30/17	<u>\$1,068,204</u>

Contractual obligations represent action on prior appropriations in which the City remains obligated into the subsequent fiscal year (FY 2018).

The remaining portion of \$1,068,204 is unappropriated and otherwise unencumbered. This amount must be re-appropriated by Council in order to remain compliant with the City's Charter.

It is common to experience a fund balance requiring re-appropriation from year-to-year resulting from conservative budgeting estimates to prevent the City from over-expending resources should unanticipated events occur. Below is a summary explanation of the more significant occurrences that resulted in the unencumbered General fund balance from the fiscal year ending June 30, 2017:

General Fund Revenues:

General Fund revenues came in higher than budgeted in the amount of \$398,309. This is primarily as a result of business and occupation privilege taxes (\$262,851 over budget) and the municipal sales tax (\$193,764 over budget), offset by other revenues falling marginally short of budgeted amounts.

General Fund Expenditures:

Various expenditure categories contributed to the unencumbered fund balance for the June 30, 2017. The following bulleted list describes the most significant contributors:

- Health and life insurance expenditures for the fiscal year came in under budget by approximately \$175,000.
- Regular demolitions in the Code Enforcement department were reduced as a result of the demolition program through WVHDF resulting in reduced expenditures of approximately \$50,000.
- Landfill charges for the Sanitation and Street Cleaning departments (based on tonnage) were down for the fiscal year, resulting in reduced expenditures of approximately \$100,000.
- Employee turnover in various departments resulted in longevity gains throughout the fiscal year.

Proposal for Re-Appropriation

Enclosed are four budget revisions that reflect the Administration's proposal to re-appropriate the remaining fund balance as of June 30, 2017 in the 2018 fiscal year. Two of these revisions relate to the General Fund (one for contractual obligations, one for the unencumbered fund balance), another for the User Fee Special Revenue Fund, and the final revision for the Memorial Bridge Fund. Each revision is explained in detail below:

General Fund Revision #1

This revision proposes to re-appropriate the \$415,503 of obligations resulting from prior appropriations in which the City remains obligated into the following fiscal year.

General Fund Revision #2

It is the Administration's position that the issue of the Police and Fire Pension Plans are of the utmost significance to the City and its long-term ability to provide basic services. With the goal of correcting the Pension issue, the second General Fund revision proposes to appropriate the unencumbered General fund balance, as well as other reserves, for the purposes of funding the first year of the closing of the Police and Fire Pension Plans under the optional funding strategy.

Based on the most recent actuarial report on the Police and Fire Pension Plans, closing the Plans and adopting the optional funding strategy during the 2018 fiscal year will require the City to contribute a total of \$6,755,586 into the Plans. This is an additional \$2,282,726 beyond the \$4,472,860 that is currently budgeted as contributions into the Plans.

The following table summarizes the proposed funding strategy for the first year of Pension Plan closures during the 2018 fiscal year:

FY17 unencumbered fund balance	\$1,068,204
Add: Reserve Fund Contributions	
Stabilization Fund	957,559
Capital Reserve Fund	256,963
	<hr/>
Subtotal: Contractual Obligations	1,214,522
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Contribution to the Police and Fire Pension	\$2,282,726
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User Fee Special Revenue Fund Revision

The budgeted fund balance going in to the 2018 fiscal year is \$442,599. The actual fund balance resulting from activity through June 30, 2017 is \$321,170 for a negative variance of \$121,429. The variance is the result of favorable scheduling with the street paving contractor in which additional paving over what was initially planned to be completed prior to June 30th was able to be completed. This resulted in more of the liability allocated to the 2017 fiscal year and less allocated to the 2018 fiscal year.

The proposed revision accommodates the variance described above.

Memorial Bridge Fund Revision

In the same manner that the City is contractually obligated in the General Fund for purchase orders issued from prior appropriations, the unexpended portions of the bridge maintenance and overlay and toll booth renovations in progress as of June 30, 2017 require re-appropriation into the 2018 fiscal year.

The proposed revision accommodates the contractual obligations of the Memorial Bridge Fund as described above.

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to request approval from State Auditor's Office for the following budget revision within the General Fund for the Fiscal Year 2017-2018 prior to the expenditure or obligation of funds for which no appropriation or insufficient appropriation currently exists, and to make said budget revisions upon the State Auditor's approval:

GENERAL FUND

FUND ACCOUNT DESCRIPTION	CURRENT BUDGET	REVISION	REVISED BUDGET	SUMMARY DESCRIPTION
REVENUE				
001 299-00 FUND BALANCE	1,216,919	1,068,204	2,285,123	UNENC. FUND BALANCE
001 369-000-000 TRANSFERS IN - OTHER FUNDS	1,329,223	<u>1,214,522</u>	2,543,745	STABIL/CAP RES XFER IN
		2,282,726		
POLICE DEPARTMENT				
001 700-106-000 RETIREMENT EXPENSE	1,632,485	1,843,711	3,476,196	MUNICIPAL LEAGUE TA
FIRE DEPARTMENT				
001 706-106-000 RETIREMENT EXPENSE	2,884,002	<u>439,015</u>	3,323,017	REAP GRANT CARRYOVER
		2,282,726		
GRAND TOTAL		<u>-</u>		

The above resolution proposes to revise the General Fund budget to appropriate the first year's additional pension contributions required associated with the closing of the Police & Fire Pension Plans and adoption of the Optional Funding Policy. The funding sources proposed include \$1,068,904 of FY17 unencumbered/unappropriated fund balance, a \$957,559 transfer in from the Stabilization Fund, and a \$256,963 transfer in from Capital Reserve.

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to request approval from State Auditor's Office for the following budget revision within the General Fund for the Fiscal Year 2017-2018 prior to the expenditure or obligation of funds for which no appropriation or insufficient appropriation currently exists, and to make said budget revisions upon the State Auditor's approval:

GENERAL FUND

FUND ACCOUNT DESCRIPTION	CURRENT BUDGET	REVISION	REVISED BUDGET	SUMMARY DESCRIPTION
REVENUE				
001 299-00 FUND BALANCE	801,416	415,503	1,216,919	ENC. FUND BALANCE
001 366-000-000 STATE GRANTS	54,392	3,000	57,392	LITTER CTRL GRANT
001 366-557-000 STATE GRANTS - REAP	-	39,200	39,200	REAP GRANT
		457,703		
MAYOR'S OFFICE				
001 409-214-000 TRAVEL	1,000	268	1,268	MUNICIPAL LEAGUE TA
CITY COUNCIL				
001 410-214-000 TRAVEL	6,000	1,072	7,072	MUNICIPAL LEAGUE TA
FINANCE				
001 414-230-000 CONTRACTUAL SERVICES	104,000	1,500	105,500	ADDRESS VERIFICATION
001 414-353-000 COMPUTER SOFTWARE	6,000	62,661	68,661	SOFTWARE CONVERSION
CITY CLERK				
001 415-214-000 TRAVEL	3,500	402	3,902	MUNICIPAL LEAGUE TA
ENGINEERING				
001 420-230-000 CONTRACTUAL SERVICES	4,000	4,000	8,000	DOCUMENT SCANNING
DEVELOPMENT				
001 421-230-000 CONTRACTUAL SERVICES	35,000	67,400	102,400	ENV REMEDIATION PROG
CONTRIBUTIONS TO OTHER GOVERNMENTS				
001 424-567-001 CONTRIB - OTHER GOV UNITS	-	31,250	31,250	MULTI-USE TRAIL PMT
CODE ENFORCEMENT				
001 436-230-000 CONTRACTUAL SERVICES	75,000	32,166	107,166	G&W MOWING SERVICE
MUNICIPAL BUILDING				
001 440-215-000 REPAIR & MAINT - BUILDINGS	46,000	5,600	51,600	SPANDREL INSTALLATION
MARKETPLACE				
001 590-458-000 CAPITAL OUTLAY - OTHER	-	5,000	5,000	MKTPLACE REPAIR/MAIN.
POLICE DEPARTMENT				
001 700-341-000 DEPARTMENTAL SUPPLIES	75,096	22,820	97,916	BALLISTIC VESTS
001 700-459-000 CAPITAL OUTLAY - EQUIP	228,000	5,968	233,968	VEHICLE INS CLAIM
FIRE DEPARTMENT				
001 706-221-000 TRAINING & EDUCATION	10,000	3,135	13,135	ONLINE TRNG SUBSCRIP

STREET CLEANING

001 756-459-000 CAPITAL OUTLAY - EQUIP - 96,991 96,991 SIGN TRUCK (IN PROG.)

STORMWATER MANAGEMENT

001 805-458-000 CAPITAL OUTLAY - OTHER 231,200 53,954 285,154 STMWATER DRAINAGE

HEALTH & SANITATION GRANTS

001 809-230-000 CONTRACTUAL SERVICES - 2,000 2,000 REAP GRANT CARRYOVER

001 809-341-000 DEPARTMENTAL SUPPLIES - 12,516 12,516 REAP GRANT CARRYOVER

001 809-458-000 CAPITAL OUTLAY - OTHER - 49,000 49,000 REAP GRANT CARRYOVER

457,703

GRAND TOTAL

-

The above resolutions proposes to reappropriate the portion of the FY17 General Fund balance that is already encumbered from prior appropriations and for which the City is contractually obligated to fulfill.

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to revise the User Fee Special Revenue Fund Budget for Fiscal Year 2017-2018 to reflect the following changes:

USER FEE SPECIAL REVENUE FUND

FUND	ACCOUNT	DESCRIPTION	CURRENT BUDGET	REVISION	REVISED BUDGET	SUMMARY DESCRIPTION
REVENUE						
036	297-00	FUND BALANCE	442,599	<u>(121,429)</u> (121,429)	321,170	BUD./ACT. FUND BAL
STREETS						
001	706-106-000	STREET IMPROVEMENTS	610,777	<u>(121,429)</u> (121,429)	489,348	STREET IMPROVEMENTS
GRAND TOTAL			<u>-</u>			

The above resolution proposes to revise the User Fee Special Revenue Fund Budget to reflect the difference between the actual and budgeted fund balance for FY17. The downward revision is the result of the timing of the timing of the 2017 annual paving contract in which the hired contractor was able to perform additional paving ahead of schedule during the 2017 fiscal year.

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to revise the Memorial Bridge Fund Budget for Fiscal Year 2017-2018 to reflect the following changes:

MEMORIAL BRIDGE FUND

FUND	ACCOUNT	DESCRIPTION	CURRENT BUDGET	REVISION	REVISED BUDGET	SUMMARY DESCRIPTION
REVENUE						
092	299-00	FUND BALANCE	8,701,102	695,543	9,396,645	BUD./ACT. FUND BAL
				<u>695,543</u>		
MEMORIAL BRIDGE EXPENDITURES						
092	570-223-002	PROF SVS - ARCH/ENGINEERING	50,000	20,000	70,000	ANNUAL RPT REV. EST.
092	570-223-005	PROF SVS - LOAD ANALYSIS	5,000	46,000	51,000	BRIDGE RATING SERVICE
092	570-458-004	CAPITAL OUTLAY - OTHER IMP	-	579,162	579,162	BRIDGE OVERLAY C/O
092	570-458-006	CAPITAL OUTLAY - RETRO MAINT	205,000	177,004	382,004	RETRO MAINT C/O
				<u>822,166</u>		
GRAND TOTAL				<u>(126,623)</u>		

The above resolution proposes to revise the Memorial Bridge Fund to reflect the difference between the actual and budgeted fund balance. The revision includes bridge deck overlay contracts that were appropriated and in progress as of the end of FY17. Additionally, a revised estimate of the annual report and a required load rating inspection is included in the proposed revision.