

**AGENDA FOR A FINANCE COMMITTEE MEETING  
FOR WEDNESDAY, JULY 19, 2017, 4:00 PM  
SMALL CONFERENCE ROOM, SECOND FLOOR  
MUNICIPAL BUILDING**

**(Councilmen Stanley, Kuhl, Mercer, and Reynolds)**

- I. **CALL TO ORDER – Councilman John Reed, Chairman**
- II. **ROLL CALL**
- III. **MINUTES – Meeting held July 3, 2017**
- IV. **NEW BUSINESS**
- V.
  1. **Request for a budget revision for contribution in lieu of B & O; contribution for Friendship Park; other line item adjustments; moving funds for the City’s sidewalk project.**
  2. **Proposal to streamline Parkersburg’s demolition program.**
- VI. **ADJOURNMENT**

**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 Years 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**

<b>FUND</b>	<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>CURRENT BUDGET</b>	<b>REVISION</b>	<b>REVISED BUDGET</b>	<b>SUMMARY DESCRIPTION</b>
<b>REVENUE REVISION</b>						
001	305-000-000	BUSINESS & OCCUPATION TAX	8,350,000	(256,000)	8,094,000	CORP CIT RECLASS
001	368-000-000	CONTRIB - OUTSIDE ENTITIES	27,110	256,075	283,185	CORP CIT/MISC DON.
001	381-700-000	REIMB - PD OFF DUTY	45,000	(45,000)	-	REVENUE RECLASS
001	381-706-000	REIMB - FD OFF DUTY	800	(800)	-	REVENUE RECLASS
001	399-409-001	MISC - MARKETPLACE	18,000	(18,000)	-	REVENUE RECLASS
001	399-436-000	MISC - DEMO COST REIMB	12,000	(12,000)	-	REVENUE RECLASS
001	399-436-005	GRASS & WEEDS CLEANUP	68,500	(68,500)	-	REVENUE RECLASS
001	399-700-000	MISC PD FEES	2,950	(2,950)	-	REVENUE RECLASS
001	399-706-000	FIRE CLEAN-UP	7,800	(7,800)	-	REVENUE RECLASS
001	340-000-000	RENTAL INCOME	10,580	18,000	28,580	REVENUE RECLASS
001	361-000-020	CHARGES - DEMOLITIONS	-	12,000	12,000	REVENUE RECLASS
001	361-000-025	CHARGES - GRASS & WEEDS	-	68,500	68,500	REVENUE RECLASS
001	361-000-030	CHARGES - PD REPORTS ETC.	-	2,950	2,950	REVENUE RECLASS
001	361-000-035	CHARGES - FIRE CLEANUP	-	7,800	7,800	REVENUE RECLASS
001	361-000-045	CHARGES - PD OFF DUTY	-	45,000	45,000	REVENUE RECLASS
001	361-000-050	CHARGES - FD OFF DUTY	-	800	800	REVENUE RECLASS
				<u>75</u>		
<b>DEVELOPMENT DEPARTMENT</b>						
001	341-000-000	DEPARTMENTAL SUPPLIES	20,500	75	20,575	MISC DON - FSP PARK
				<u>75</u>		
<b>STREET DEPARTMENT</b>						
001	750-103-315	OTHER SALARIES & WAGES	590,803	(49,920)	540,883	SIDEWALK LAB. RECLASS
001	750-104-000	FICA EXPENSE	45,943	(3,819)	42,124	SIDEWALK LAB. RECLASS
001	750-226-005	WORKERS COMP PREMIUM	11,730	(914)	10,816	SIDEWALK LAB. RECLASS
001	750-230-000	CONTRACTUAL SERVICES	10,000	54,653	64,653	CONTRACTED SIDEWALK
				<u>-</u>		
		<b>GRAND TOTAL</b>		<u>-</u>		

The above resolution proposes to revise the FY18 General Fund budget to reflect revenue reclassifications resulting from a pledge from a local corporation to make Corporate Citizenship/Public Safety contributions in lieu of B&O tax, a miscellaneous contribution toward the rededication ceremony of Friendship Park and the related expenditure in the Development Department, and various reclassification of charges for services to a more appropriate line-item consistent with the State Auditor's Uniform Chart of Accounts.

Additionally, the amounts budgeted as temporary labor for the City's Sidewalk Replacement Program is proposed to be moved to the contractual services line-item in the Street Department for the purposes of contracting the labor service with a third-party.



**Proposal to Streamline Parkersburg's  
Demolition Program**



## **Program Overview**

Parkersburg, like many communities, struggles with slum and blighted property. These properties tend to manifest themselves in lower income neighborhoods, because they have experienced years (if not decades) of disinvestment and population loss. To abate this issue and encourage urban renewal, cities must deal with vacant and dilapidated properties before they become a nuisance. Parkersburg has done this in recent years thanks to City staff and the West Virginia Housing Development Fund. The following briefly outlines how the City's demolition program came to be and the plan of action associated with it.

Until recently, the Urban Renewal Authority and City of Parkersburg did not have the means to effectively prevent and remove slum and blight. As result, the City's Code Enforcement Division identified eighty properties in 2015 that needed to be torn down. However, the situation became more manageable when the Urban Renewal Authority applied for and received two low interested loans in the amount of \$250,000 from the Fund. The first note/loan was executed by URA on May 6, 2015.

Initially, the terms of the loan gave the City two years to draw down and payback the funds interest free. If the funds were not paid back by May 2017, the City would pay a three percent interest on the funds going forward. Fortunately, the City was able to renegotiate the terms of this agreement with the Fund. As a result, the URA has until December 31, 2017 to draw down and pay back the funds interest free. The City will pay back the funds by the end of the year.

In submitting the loan application, City staff developed a rubric to prioritize slum and blighted property for demolition. The rubric looked at several criteria and weighted each accordingly. For example, a property that had been severely damaged in a fire was weighted more heavily than a home that was secured properly. Conversely, if a property slated for demolition was clustered around other nuisance properties, it might be weighted more heavily and acquired through eminent domain for redevelopment purposes. Please see attached rubric for more details.

This assessment tool, coupled with the Vacant Property Registration Program (VPRP), put property owners on notice that the City and its partners were serious about preventing slum and blight in the community. The net effect has been the demolition or rehabilitation of more than fifty properties since 2016. The accomplishments listed below would not have been possible without a dedicated source of funding and the VPRP:

## Demolition Project Update

Properties demolished by the City/URA: **17**

Properties acquired and demolished by the City/URA: **5**

Properties demolished by their owner: **14**

**Total properties demolished: 36**

Properties removed from the demolition list, because adequate repairs were made: **4**

Properties under repair by homeowner: **11**

Properties registered with the Vacant Property Registration Program: **Approx. 400**

## Program Administration and Update

The administration of the demolition program has been a team effort. City staff from Public Works, Development and Finance have all played a role. While the Fund's program did help staff get organized early on, it created a new administrative burden. On top of the due process requirements associated with demolishing slum and blighted property, staff have spent a considerable amount of time adding properties to the approved demolition list and preparing reimbursement requests. When renegotiating the terms of the agreement earlier this year, the Administration tried to streamline the administrative process. Unfortunately, that component was turned down by the Fund.

To date, the City/URA has incurred \$250,000 in demolition expenses. Rather than execute a second loan agreement, the City has identified another mechanism to finance the next round of demolition projects.

## Demolition Program Funding Proposal

To realize efficiencies in the Code, Development and Finance Departments, it is being proposed to City proposed to self-finance the City's next \$250,000 of demolition work. The following explains how the plan would be implemented from an accounting perspective.

### Scenario:

The City has \$250,000 of demolitions ready to get underway; however, insufficient current budgetary resources are available to perform all of the work at one time. While the answer to the problem in the past has been to borrow the amounts from a third party, the City currently has enough in reserves to finance the project over multiple years without a third party.

The City has approximately \$1,920,000 in reserves (\$1,120,000/Capital Reserve; \$800,000/Stabilization) that can be leveraged to finance a project over a period of time. For the demolition project, the City would “borrow” the \$250,000 from Capital Reserve/Stabilization and repay the amount over a 3 year period. This strategy would allow the City/URA to continue its demolition program, while not adversely impacting general operations or reserve accounts. Such a strategy would require City Council to adopt a resolution stating as such.

**Illustration:**

\$250,000 borrowed from Capital Reserve/Stabilization in FY18 for demolitions:

Beginning reserve balance, 7/1/17	1,920,000	
Less: Borrowing	<u>(250,000)</u>	Initial borrowing to perform the project
Ending reserve balance, 6/30/18	1,670,000	

FY19 repayment to reserves:

Beginning reserve balance, 7/1/18	1,670,000	
Add: Payment	<u>83,000</u>	1 <sup>st</sup> repayment installment
Ending reserve balance, 6/30/19	1,753,000	

FY20 repayment to reserves:

Beginning reserve balance, 7/1/19	1,753,000	
Less: Borrowing	<u>83,000</u>	2 <sup>nd</sup> repayment installment
Ending reserve balance, 6/30/20	1,836,000	

FY21 repayment to reserves:

Beginning reserve balance, 7/1/20	1,836,000	
Less: Borrowing	<u>84,000</u>	Final repayment installment
Ending reserve balance, 6/30/21	1,920,000	Reserve fund(s) are now repaid in full

This method of self-financing does have recent precedent as this strategy is essentially the same thing the City is currently utilizing to “borrow” from Capital Reserve to begin the annual paving contract in the spring and repaying Capital Reserve in the July beginning the following fiscal year. The only difference in this proposal is spreading the repayment over a 3 year time frame.

**Benefits:**

This proposal allows the City to perform a more costly project in one year while spreading the budgetary burden over multiple years. Additionally, as the City is essentially serving as its own bank/lender, the City will not incur any interest costs over the repayment terms set forth within.

It would save staff time, because the Building Enforcement Agency would once again become the final arbiter in the demolitions, the exception being properties condemned by URA and acquired through eminent domain.