

MINUTES
FINANCE COMMITTEE MEETING
5:00 P.M., MARCH 1, 2021
A/V CONFERENCE ROOM*

Bobby Reishman, Vice Chairperson, called the meeting of the Charleston City Council Committee on Finance to order at 5:00 p.m., March 1, 2021, held virtually*.

A silent roll was taken by the Clerk and a quorum was established. The following committee members were present:

Bobby Reishman, Vice Chair
Ben Adams
Brent Burton
Becky Ceperley
Mary Beth Hoover
Will Laird

*In response to the COVID-19 pandemic, the meeting of the Finance Committee was conducted electronically. The meeting was made available to the public as a live stream via Zoom and CivicClerk (per the agenda).

I. DISCUSSION:

a. Approval of Previous Minutes - Councilmember Reishman asked for unanimous consent to dispense with the reading of the minutes for the February 16, 2021 meeting and that they be approved as distributed. There was no objection and the minutes were approved.

b. Insurance Presentation – Frank Baer from AssuredPartners –

After Baer's presentation, City Manager, Jonathan Storage added that the insurance renewal is an on-going discussion with AssuredPartners and the Administration. What Baer has found is an increase, but it is in line with trends country-wide, and is the best deal the City can get. He added that what the City of Charleston has is unique across city municipalities in the state, in that it is able to have various hybrid approaches to coverage that provides multiple layers and excess coverages that allows the City to spread the risk among multiple carriers while controlling some of the losses through self-insured retention.

II. RESOLUTIONS:

- a. Resolution No. 431-21 – Authorizing the Mayor or City Manager to enter into a construction agreement with the Kanawha Valley Regional Transportation Authority (“KRT”) to provide KRT with a right of entry onto real property owned or controlled by the City of Charleston during the course of construction of new streetscaping and a building on Laidley Street as part of a larger City Center project, where the terms of the construction agreement are attached hereto as Exhibit A.

Be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor or City Manager is authorized to enter into a construction agreement with the Kanawha Valley Regional Transportation Authority (“KRT”) to provide KRT with a right of entry onto real property owned or controlled by the City of Charleston during the course of construction of new streetscaping and a building on Laidley Street as part of a larger City Center project, where the terms of the construction agreement are attached hereto as Exhibit A.

Storage added that the KRT and the City are partnering for the reimaging of Slack Plaza. The construction agreement deals with what to do with the KRT ingress and egress during the construction of the new ticketing facility. Doug Hartley, from the KRT, added that they have been working together to ensure the two projects don’t conflict. He added that they will be moving to Court Street during the construction, without blocking the restaurant pick-up area, south of the existing Brawley Walkway.

Councilmember Ceperley moved to approve the Resolution. With members present recorded thereon as voting unanimously in the affirmative, Vice Chairperson Reishman declared Resolution No. 431-21 approved.

- b. Resolution No. 432-21 - Authorizing the Mayor or City Manager to enter into a lease agreement with the Kanawha Valley Regional Transportation Authority ("KRT") to provide KRT with rights of tenancy relating to certain real property owned or controlled by the City of Charleston along Laidley Street, including a new mass transportation boarding and ticket building being constructed at KRT expense, where the terms of the lease agreement are attached hereto as Exhibit A.

Be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor or City Manager is authorized to enter into a lease agreement with the Kanawha Valley Regional Transportation Authority ("KRT") to provide KRT with rights of tenancy relating to certain real property owned or controlled by the City of Charleston along Laidley Street, including a new mass transportation boarding and ticket building being constructed at KRT expense, where the terms of the lease agreement are attached hereto as Exhibit A.

Councilmember Ceperley moved to approve the Resolution. With members present recorded thereon as voting unanimously in the affirmative, Vice Chairperson Reishman declared Resolution No. 432-21 approved.

- c. Resolution No. 433-21 - Authorizing the Mayor or City Manager to enter into a direct purchase agreement with Stryker Medical for the purchase of four (4) power cots for the Charleston Fire Department at a cost not to exceed \$69,524, where the purchase price matches the rates associated with a competitively-sourced federal General Services Administration (GSA) contract.

Be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor or City Manager is authorized to enter into a direct purchase agreement with Stryker Medical for the purchase of four (4) power cots for the Charleston Fire Department at a cost not to exceed \$69,524, where the purchase price matches the rates associated with a competitively-sourced federal General Services Administration (GSA) contract.

Storage added that this is a direct purchase with Stryker Medical as they provide the current power cots for CFD. He added that there are some technical specifications as to why they needed to go with a particular vendor due to the newly purchased ambulances.

Councilmember Ceperley moved to approve the Resolution. With members present recorded thereon as voting unanimously in the affirmative, Vice Chairperson Reishman declared Resolution No. 433-21 approved.

**CharlestonFD-4Cots-Feb21**

Quote Number: 10327791

Remit to: **Stryker Medical**

Version: 1

P.O. Box 93308

Prepared For: CHARLESTON FIRE DEPT

Chicago, IL 60673-3308

Attn:

Rep: Austin Long

Email: austin.long@stryker.com

Phone Number: (858) 774-0394

Quote Date: 02/22/2021

Expiration Date: 06/30/2021

Delivery Address		End User - Shipping - Billing		Bill To Account	
Name:	CHARLESTON FIRE DEPT	Name:	CHARLESTON FIRE DEPT	Name:	CHARLESTON FIRE DEPT
Account #:	1080876	Account #:	1080876	Account #:	1080876
Address:	808 VIRGINIA ST W	Address:	808 VIRGINIA ST W	Address:	808 VIRGINIA ST W
	CHARLESTON		CHARLESTON		CHARLESTON
	West Virginia 25302-1820		West Virginia 25302-1820		West Virginia 25302-1820

Equipment Products:

#	Product	Description	Qty	Sell Price	Total
1.0	650605550003	6506 MTS PWRPRO COT HIGH CNFIG	4	\$19,881.00	\$79,524.00
Equipment Total:					\$79,524.00

Trade In Credit:

Product	Description	Qty	Credit Ea.	Total Credit
TR-SPCOT-PPXT	TRADE-IN-STRYKER POWER COT TOWARDS PURCHASE OF POWERPRO XT	4	-\$2,500.00	-\$10,000.00

Price Totals:

Grand Total:	\$69,524.00
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Prices: In effect for 60 days.

Terms: Net 30 Days

Ask your Stryker Sales Rep about our flexible financing options.

- d. Resolution No. 434-21 - Authorizing the Mayor or City Manager to purchase one (1) vehicle from Matheny Motor Truck Company in the amount of \$27,445, where the vehicle will serve as a replacement vehicle to be used by the Metropolitan Drug Enforcement Network Team (MDENT) and titled to the Kanawha County Sheriff's Office. The purchase will be made through a competitively sourced state-wide contract.

Be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor or City Manager is authorized to purchase one (1) vehicle from Matheny Motor Truck Company in the amount of \$27,445, where the vehicle will serve as a replacement vehicle to be used by the Metropolitan Drug Enforcement Network Team (MDENT) and titled to the Kanawha County Sheriff's Office. The purchase will be made through a competitively sourced state-wide contract.

Storage added that the City acts as the fiscal agent for MDENT. This purchase will be for the Kanawha County Sherriff's Office.

Councilmember Ceperley moved to approve the Resolution. With members present recorded thereon as voting unanimously in the affirmative, Vice Chairperson Reishman declared Resolution No. 434-21 approved.

- e. Resolution No. 436-21 - Authorizing the Mayor or City Manager to enter into a Mutual Aid Agreement with the Kanawha-Charleston Health Department (“KCHD”) for the City’s provision of and reimbursement for mutual aid rendered to KCHD in responding to the COVID-19 public health crisis, where the terms of the Mutual Aid Agreement are attached hereto as Exhibit A.

Be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor or City Manager is authorized to enter into a Mutual Aid Agreement with the Kanawha-Charleston Health Department (“KCHD”) for the City’s provision of and reimbursement for mutual aid rendered to KCHD in responding to the COVID-19 public health crisis, where the terms of the Mutual Aid Agreement are attached hereto as Exhibit A.

Storage added that the agreement is in recognition of the mutual aid the City has and continues to provide in addressing the public health crisis stemming from Covid-19, the biggest expense of which is the hosting of the vaccination clinics at the Convention Center. It will allow the City to receive FEMA reimbursements.

Councilmember Ceperley moved to approve the Resolution. With members present recorded thereon as voting unanimously in the affirmative, Vice Chairperson Reishman declared Resolution No. 436-21 approved.

- f. Resolution No. 437-21 - Authorizing the Mayor or City Manager, subject to final review by the City Attorney, to enter into contracts through Assured Partners of WV and Arthur J. Gallagher Risk Management Services, Inc., at a price of \$1,630,042.69, for the City's Risk Management and Property, Casualty, and Cyber Insurance coverage for the period March 31, 2021 through March 31, 2022, in accordance with the costs attached, and specifically by rejecting all underinsured motorists coverage and accepting uninsured motorists coverage with statutory minimum limits of \$25,000/\$50,000/\$25,000 only; and Risk Management Services Co. (RMSC) for Third Party Administration of Workers Compensation and Property/Casualty Claims in accordance with the costs attached and a fee advance of \$103,720.00; and further authorizing the Mayor or City Manager to sign the appropriate forms rejecting the underinsured motorists coverage and accepting the uninsured motorists coverage.

Be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor or City Manager is hereby authorized and directed, subject to final review by the City Attorney, to enter into contracts through Assured Partners of WV and Arthur J. Gallagher Risk Management Services, Inc., at a price of \$1,630,042.69, for the City's Risk Management and Property, Casualty, and Cyber Insurance coverage for the period March 31, 2021 through March 31, 2022, in accordance with the costs attached, and specifically by rejecting all underinsured motorists coverage and accepting uninsured motorists coverage with statutory minimum limits of \$25,000/\$50,000/\$25,000 only; and Risk Management Services Co. (RMSC) for Third Party Administration of Workers Compensation and Property/Casualty Claims in accordance with the costs attached and a fee advance of \$103,720.00; and further authorizing the Mayor or City Manager to sign the appropriate forms rejecting the underinsured motorists coverage and accepting the uninsured motorists coverage.

Councilmember Burton abstained from voting as he works for the firm that helps handle the insurance program for the City.

Councilmember Ceperley moved to approve the Resolution. With members present recorded thereon as voting in the majority in the affirmative, Vice Chairperson Reishman declared Resolution No. 437-21 approved.

I. DISCUSSION (CONTINUED):

c. Budget Presentation- Jonathan Storage, City Manager -

Good evening. Mayor Amy Shuler Goodwin and I are pleased to present to you the Administration's proposed budget for the 2021—2022 Fiscal Year. To be sure, the ongoing COVID-19 health crisis has wreaked havoc all around us: over the past year, lives have been cruelly cut short, many businesses have permanently closed, and many more of our neighbors and loved ones have lost their jobs and livelihoods. Through it all, though, our local economy, our community, our City have marched forward—persevered through the darkest days of the pandemic—and now march toward daybreak. As reported to this committee previously, the City's financial outlook has been ALL BUT certain during the past 12 months. Preparing for the worst, the Administration took immediate evasive action to reduce expenditures while also establishing constant lines of communication with county, state, and federal leaders to ensure the City of Charleston received every amount of support it could. City Officials thoroughly researched every piece of information they could regarding the CARES Act, U.S. Treasury guidelines and programs, and state spending allocations and rules. These efforts paid off, as the Administration was able to secure 9 months of total funding for the City's Fire, Police, and Refuse Departments' payroll expenses through the CARES Act. These funds proved critical in allowing the City to continue providing essential services to our residents. Moreover, the City has avoided having to lay off a single city employee. Along the way, the City was also able to step in to provide assistance to many of our struggling businesses by creating innovative grant programs, deferring the collection of B&O taxes, and facilitating outdoor dining opportunities and free parking for curbside pickups. Certainly, the Administration was not able to achieve every priority it set out to tackle when we met this time a year ago. Yet, this year has shown our collective resilience and ability to maneuver quickly and accomplish our essential mission of serving our constituents. We are not free from the uncertainty of our present circumstances, but I hope you will share our enthusiasm and hopefulness as we move forward. Now, I will discuss the highlights of the proposed \$99.8 million budget.

• BUDGET GAP

I will begin by first addressing the budget gap. Had the COVID pandemic never occurred, the Administration was originally expecting to address a \$800,000 gap for the coming Fiscal Year. With the cessation of our receipt of CARES Act funding in November, the City's revenue dynamic changed such that our initial budget planning revealed a \$4.5 million budget gap to maintain current operation levels without additional federal government support. The Administration quickly set to work to chisel down the gap by strategically making expenditure reductions in a manner that would permit the Administration to maintain current levels of city services while not creating new taxes or fees. I am pleased to report that the gap has been reduced by 60% in our proposal, requiring \$1.8 million to be transferred from the City's Rainy Day Fund to balance the budget.

• KEY BUDGET HIGHLIGHTS

The proposed General Fund budget is not extravagant in any sense of the word, but it does

accomplish so much to be thankful for.

- o No positions are proposed to be eliminated.
- o As the Administration has done in the past 2 budgets, \$3 million is proposed for street paving—in addition to using money the City received as part of settling the paving antitrust cases.
- o The Building Department's initial contracted services account for demolitions will remain at its elevated \$300,000 level.
- o The Administration proposes creating a new City Planner position in the Planning Department to help with the ongoing and expanding work of the Charleston Land Reuse Agency.
- o The Administration plans to add a Peer Support position within the CARE Office, which will be grant funded.
- o No reductions in funding to our Police & Fire Departments.
- o No changes to active employee healthcare premiums, deductibles, or max out of pocket expense thresholds.
- o No changes to the City's contribution levels for employee HSA accounts under PEIA Plan C.
- o No changes to retiree healthcare premiums, deductibles, or max out of pocket expense thresholds.
- o The City's health clinic will remain in place and will become an approved PEIA provider, saving the City close to \$400,000 per year.
- o Critical machinery and equipment will be purchased, including:
 - 17 Police vehicles
 - Police radio equipment
 - New body cameras with improved functionality and battery life
 - 3 CFD passenger vehicles
 - 1 Fire Rescue Truck
 - 10 heart monitors and 1 training monitor for CFD
 - 1 mechanical chest compression device for CFD
 - 2 thermal imaging cameras for CFD
 - Various traffic signal equipment for Traffic Engineering
 - 1 Grader for the Street Department
 - 3 zero turn mowers for Public Grounds

• REVENUES

I would like to discuss some highlights relating to the City's anticipated revenue in the next year. As stated earlier, the Administration is NOT proposing ANY NEW taxes or fees. Generally speaking, revenues from taxes and fees have been improving since City Council revised the estimates in the fall. Overall, though, the Administration is not expecting revenue to get back to prepandemic levels until FY 2023. Noteworthy revenue items include:

- B&O: We are happy to report that current B&O revenue trends are tracking about 3.6% above revised budget estimates. This growth is expected to continue, and we are projecting \$42.5 million in B&O revenue for next Fiscal Year, which is 10.12% above revised estimates for the current fiscal year.
- City Service Fee (User Fee): We are estimating \$7.1 million in revenue from the City Service fee. As many of you know, this particular category of revenue is being debated in the House of Delegates. H.B. 2256, in its current form, would strip cities and towns of the authority to charge these fees. As a reminder, Charleston's user fee funds road improvements and law enforcement.
- Should the City's authority to charge the use fee be repealed by the Legislature:

- 100% of all funds used to pave our streets would disappear, causing the City to reduce paving projects and cut department budgets to afford to pave roads.
- 20% of the police department budget would be cut. This represents about \$4 million in money that goes directly to paying police officers and purchasing their essential equipment. Police officer positions would inevitably have to be cut out of the budget.
- Members of the Administration are working closely with our elected leaders at the State Capitol to explain how important this revenue stream is to the City of Charleston.
- Please keep in mind as you review this budget proposal that it will significantly change should H.B. 2256 get passed into law, as a \$7 million hole will be blown right through our balanced budget.
- Property Taxes: The Administration has not yet received certified assessed values from the County Assessor, so the stated rate in the budget document may adjust based on what we receive; however, we expect the stated property tax revenue estimate to be pretty close to the final number. We should be receiving the certified assessed values on or before March 3rd.
- Oli & Gas Severance Taxes: We are projecting \$75,000 in this revenue category, which is 40% below our revised estimates for the current fiscal year. State Severance Tax estimates are trending downward, and we are making our projections according to State estimates for the natural resource extraction industry.
- Hotel Occupancy: The Administration has consulted with the Charleston Convention and Visitors Bureau to gain insight into expected travel and tourism trends in the coming year. Based on that consultation, we are projecting a 50% increase in Hotel Occupancy taxes over the next year from current revised estimates, representing \$2.25 million in revenue. But this amount still only represents 75% of what the City's prepandemic levels were.
- Amusement Tax: We believe this source of revenue will go down by 33% to bring in 50,000 in revenue for the year.
- Ambulance Fees: We anticipate ambulance fee revenue will be down somewhat from the current year, dropping about 7.4% to bring in \$2.5 million.
- Gaming and Video Lottery: We are seeing upward trends in gaming and video lottery revenue, and we estimate an increase of \$15,000 from current estimates – increasing the total revenue anticipated from these items to \$360,000.

• EXPENDITURES

I am pleased to report that the Administration has reduced overall operational spending compared to the current year's estimate. While some areas of expense are increasing due to market factors (e.g., insurance), overall operational expenses are down.

- Personal Services - Expenditures for Personal Services (including wages, benefits, and payroll taxes) is increasing around 0.87%
- Contractual Expenses
 - o Some contractual items are experiencing growth, though.
 - Printing costs are increasing based primarily on the Administration's efforts to move away from individual desk printers and installing more efficient and cost-effective shared leased copiers. The increase represents a cost shift from individual department materials and supplies accounts to a more specific printing expense budget line.
 - Travel and Training is increasing due to COVID-19 causing necessary department trainings and travel to be postponed, creating a backlog of required training needs.

- The largest single contractual service increase in the proposed budget stems from the City's liability insurance costs. The expense to the General Fund is increasing by \$175,000 from last year, which is a nearly 21% increase.
- Commodities - Overall, commodities expenditures are down nearly 2% from current estimates, representing nearly \$85,000 in reductions. \$48,500 of the amount is for reduction in materials & supplies expenses.
- Capital Outlay - Capital outlay costs will increase this year, as several large equipment items are slated to be purchased, such as the Fire Rescue Truck and Grapple mentioned earlier.
- Coliseum & Convention Center / Municipal Auditorium The proposed budget removes the Municipal Auditorium as a General Fund item and transfers it to become part of the Coliseum & Convention Center's budgetary authority. Currently, there are 3 full time positions budgeted for the Municipal Auditorium, but these staffers typically spend their time working at the Coliseum & Convention Center. Further, because both the Convention Center and the Municipal Auditorium are governed by the same Board, the Administration believes the Board should play a larger role in proposing budgetary adjustments for the Municipal Auditorium. The administration proposes a \$1.9 million subsidy for the CCCC, which includes funds for operational assistance at the CCCC, bond debt service payments, and operational assistance for the Municipal Auditorium. Increased subsidy levels for the Coliseum & Convention Center represent the City's largest ongoing expense directly attributable to the COVID-19 pandemic. The proposed operational subsidy, not counting bond debt service, is nearly 50% higher than what was proposed in March 2020, accounting for a substantial portion of the current budget gap (20%).

• CONCLUSION

In conclusion, the proposal before you tonight is balanced and represents ongoing efforts to tighten the proverbial belt while also providing essential services to our constituents. The Administration chiseled away at a \$4.5 million budget gap to bring it down 60% to \$1.8 million, requiring a modest use of available Rainy Day Funds to close the gap. The Administration is proud to offer you a budget that does not include implementing position cuts, reducing City services, or creating new taxes or fees. Thank you for your time and consideration.

Councilmember Ceperley motioned to adjourn the meeting.

Meeting adjourned.