MINUTES
FINANCE COMMITTEE MEETING
6:30 P.M., AUGUST 21, 2023
AV ROOM #308, CITY HALL

Joseph Jenkins, Chairperson, called the meeting of the Charleston City Council Committee on Finance to order at 6:30 a.m., August 21, 2023.

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

Joseph Jenkins, Chair
Brent Burton, Vice Chair
Becky Ceperley
Mary Beth Hoover
Larry Moore
Chad Robinson
Shawn Taylor

Absent:

Other Councilmembers present:
Pam Burka
Frank Annie
Joe Solomon
Jennifer Pharr
John Gianola
Emmett Pepper
Chelsea Steelhammer

I. <u>DISCUSSION:</u>

a. <u>Approval of Previous Minutes</u> - Councilmember Burton asked for unanimous consent to dispense with the reading of the minutes for the August 7, 2023 meeting and that they be approved as distributed. There were no objections, and the minutes were approved.

II. RESOLUTIONS:

a. Resolution No. 864-23 – A Resolution authorizing and directing the City Manager to take all steps necessary to convert to the optional method of financing for both closed Policemen's and Firemen's Pension and Relief Funds as authorized in Chapter 8, Article 22, Section 20, subsection (g) of the West Virginia Code and electing to maintain the target to amortize any actuarial deficiency by the fiscal year ending June 30, 2046, and authorizing and directing the City Treasurer to transfer the amount of $36,736,846.00 from the Uniform Pension Reserve Fund established in Section 111-14 of the Municipal Code of the City of Charleston, to be divided equally and deposited in each the Policemen's and Firemen's Pension and Relief Funds;

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

   That the City of Charleston, West Virginia, shall convert to the optional method of financing for both closed Policemen's and Firemen's Pension and Relief Fund as authorized in Chapter 8, Article 22, Section 20, subsection (g) of the West Virginia Code and authorizes and directs the City Manager to take all steps necessary to finalize said conversion. Furthermore, the City elects to maintain the target to amortize any actuarial deficiency by the fiscal year ending June 30, 2046, and authorizes and directs the City Treasurer to transfer the amount of $36,736,846.00 from the Uniform Pension Reserve Fund established in Section 111-14 of the Municipal Code of the City of Charleston, to be divided equally and deposited in each the Policemen's and Firemen's Pension and Relief Funds.

Finance Director, Andy Wood, added that the legacy police and fire pensions were closed in 2011, and the City elected to use the conservation method of funding going forward, administered by the Consolidated Public Retirement Board. According to the City's annual evaluation reports, the conservation method does not meet the requirements of a reasonable funding method under standard actuarial principles, and the plans may experience significant increases in the required contributions over time. The funds are currently on target to be fully funded in 2046.

Wood added that during the most recent Legislative Session, a bill was passed that provides an opportunity for the City to analyze and switch the funding method. The proposed optional method is a more traditional schedule that breaks down the liability over a set period of time to maintain the target date of 2046. Contributions from the employer will be sent to the pension trust and the benefits will be paid from the trust fund. There would be no changes to any benefits to any current or future retirees. With the proposed change, there would be an initial higher contribution with significant savings in the later years, starting around 2035. Depositing the balance of the Uniformed Pension Reserve Fund into the Pension Trust will buy down the initial schedule with a lump sum deposit.

Wood added that the bill proposes what to do with the sales tax moving forward. Since the City would not need as much going forward with the proposed resolution, the allocations will be changed to put 33% of sales tax into the Uniformed Pension Reserve Fund. Any remaining balance would into the City's Employee Heath Insurance Reserve Fund. Bond debt payments would still be the priority. Wood added that this will allow the City's contribution from the sales tax to become a fixed amount, and the contribution from the General Fund to trend downward.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 864-23 approved.

b. Resolution No. 865-23 – Authorizing the City Manager to enter into a lease for approximately 958 square feet of space in 601 Morris Street, Suite 205, with Charleston WV Caregiving LLC dba Cornerstone Caregiving., for office space for a term of one (1) year and monthly rent of $1,600.

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

   The City Manager is authorized to enter into a lease for approximately 958 square feet of space in 601 Morris Street, Suite 205, with Charleston WV Caregiving LLC dba Cornerstone Caregiving., for office space for a term of one (1) year and monthly rent of $1,600.

City Manager, Ben Mishoe, added that the lease is for office space owned by the City at 601 Morris Street. Cornerstone Caregiving provides senior care. The resolution is for a one-year lease with an option for renewal. Mishoe added that there is a slight increase from the previous tenant's rent.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 865-23 approved.

c. Resolution No. 866-23 – Authorizing the Mayor or City Manager to enter into a contract with SoftResources LLC in the amount not to exceed $128,000, inclusive of the allowance for any necessary travel, to perform implementation project management support services for the City's Enterprise Resource Planning System replacement project. The scope of services will help to ensure the project stays on schedule, on budget, and within scope.

   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 contract with SoftResources LLC in the amount not to exceed $128,000, inclusive of the allowance for any necessary travel, to perform implementation project management support services for the City's Enterprise Resource Planning System replacement project. The scope of services will help to ensure the project stays on schedule, on budget, and within scope as more fully described in Exhibit A.

City Manager, Ben Mishoe, added that the vendor is the consultant that was hired for the solicitation of the new ERP software upgrade. The change order is for the company to oversee the implementation.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 866-23 approved.

d. Resolution No. 867-23 – Authorizing the Mayor or City Manager to enter into a Land Use Agreement with The West Virginia Department of Health and Human Resources' Office of the Chief Medical Examiner for a plot of land within Spring Hill Cemetery approximately 27 feet by 50 feet, as detailed in the attached exhibit, for the purposes set forth in West Virginia Code § 61-12-15.

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

   The Mayor or City Manager is authorized to enter into a Land Use Agreement with The West Virginia Department of Health and Human Resources' Office of the Chief Medical Examiner for a plot of land within Spring Hill Cemetery approximately 27 feet by 50 feet for the purposes set forth in West Virginia Code § 61-12-15 et seq.

City Manager, Ben Mishoe, added that State legislature determined that it was necessary that the City work with the State to find resting places for unclaimed human remains. A space was found within Spring Hill Cemetery, where four columbariums will be constructed.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 867-23 approved.

e. Resolution No. 868-23 – Authorizing the Mayor or City Manager to purchase two new 2023 Ford F-150 trucks for the Street Department from National Auto Fleet Group, for the amount of $42,237.47 each, totaling $84,474.94, pursuant to a competitively sourced multi-state contract. This will replace Street Department units 750/34 and 750/6 as part of the fleet rotation schedule.

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

   That the Mayor or City Manager is authorized to purchase two new 2023 Ford F-150 trucks for the Street Department from National Auto Fleet Group, for the amount of $42,237.47 each, totaling $84,474.94, pursuant to a competitively sourced multi-state contract.

City Manager, Ben Mishoe, added that the vehicles will be for the Street Department, and purchased through a competitively sourced multi-state contract.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 868-23 approved.

f. Resolution No. 869-23 – Authorizing the Mayor or City Manager to purchase one new Case 836C grader for the Street Department from a Sourcewell Contract through State Equipment Inc. in the amount of $260,877.91. This will replace Street Department unit 750/88 as authorized in the fiscal year 2023-2024 budget.

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

That the Mayor or City Manager is authorized to purchase one new Case 836C grader for the Street Department from a Sourcewell Contract through State Equipment Inc. in the amount of $260,877.91.

City Manager, Ben Mishoe, added that the vehicles will be for the Street Department, and purchased through a competitively sourced multi-state contract. The price is significantly less that what was budgeted.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 869-23 approved.

g. Resolution No. 870-23 – Authorizing the Mayor or City Manager to purchase one new Kubota Excavator for the Street Department from a Sourcewell Contract through State Equipment Inc. in the amount of $77,216.92. This will replace Street Department unit 750/84 on its regular replacement schedule as authorized in the fiscal year 2023-2024 budget.

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

   That the Mayor or City Manager is authorized to purchase one new Kubota U55-5RSAP Excavator for the Street Department from a Sourcewell Contract through State Equipment Inc. in the amount of $77,216.92.

City Manager, Ben Mishoe, added that the vehicles will be for the Street Department.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 870-23 approved.

h. Resolution No. 871-23 – Authorizing the Mayor or City Manager to purchase two new BC1000 Tier 4 Wood Chippers for the Street Department from a Sourcewell Contract through Vermeer, for the amount of $50,793.57 each, totaling $101,587.14. This will replace Street Department units 750/CH2 and 750/CH4 as part of their regular replacement schedule and authorized in the fiscal year 2023-2024 budget.

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

   That the Mayor or City Manager is authorized to purchase two new BC1000 Tier 4 Wood Chippers for the Street Department from a Sourcewell Contract through Vermeer, for the amount of $50,793.57 each, totaling $101,587.14, pursuant to a competitively sourced contract.

City Manager, Ben Mishoe, added that the vehicles will be for the Street Department.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Resolution No. 871-23 approved.

i. Bill No. 8010 – BILL to amend and reenact Sec. 111-14 of the Municipal Code of the City of Charleston, as amended, relating to modifying the distribution of the City Sales and Use Tax Fund; providing for certain distributions to the Employee Health Insurance Reserves fund; removing reference to the conservation method of financing the pensions; detailing the uses of the Employee Health Insurance Reserves; and providing for the future transfer of certain funds to the Other Post Employment Benefits trust, upon its establishment by the City.

Now, therefore, be it ordained by the Council of the City of Charleston:

That Sec. 111-14 of the Municipal Code of the City of Charleston, as amended, be amended and reenacted to read as follows:

Sec. 111-14. Deposit of taxes collected in special revenue funds.

(a) The special revenue fund in the city treasury previously established, designated and known as the City Sales and Use Tax Fund is hereby continued. The second special revenue fund in the city treasury previously established, designated and known as the Uniform Pensions Reserve Fund is hereby continued. The third special revenue fund in the city treasury previously established, designated and known as the Employee Health Insurance Reserves is hereby continued. The City Sales and Use Tax Fund shall continue to receive all revenues received from collection of the city's sales and use taxes, including any interest, additions to tax and penalties deposited with the city treasurer.

(b) Revenues in the City Sales and Use Tax Fund shall be used each quarter: (i) first, to satisfy the debt service requirements and any prior debt service requirements deficit on, and to replenish any required reserves in accordance with the bond documents for, any bonds issued by, or other obligations incurred by, the city, from time to time, including any refunding bonds, to finance improvements to the Charleston Coliseum and Convention Center and for any other economic development or public safety projects, including the funding of any reserve funds relating to any such bonds or other obligations, and/or to make lease payments which secure bonds issued to finance improvements to such Charleston Coliseum and Convention Center or other economic development projects; (ii) second, after providing for payment of first priority items, (a) during the period of October 1 through October 31, 2015, or at such other time as the city treasurer receives the quarterly remittance from the state tax department representing collections for the period of June, July, and August, 2015, 40 percent of the revenues received from the taxes imposed by this chapter, or any lessor amount remaining after providing for payment of first priority items, shall be deposited in the Uniform Pensions Reserve Fund, and (b) beginning during the period of November 1, 2015 through September 30, 2023, one-half of the revenues received from the taxes imposed by this chapter, or any lessor amount remaining after providing for payment of first priority items, shall be deposited in the Uniform Pensions Reserve Fund, and (c) beginning October 1, 2023, 33 percent of the revenues received from the taxes imposed by this chapter, or any lessor amount remaining after providing for payment of first priority items, shall be deposited in the Uniform Pensions Reserve Fund; and (iii) third, after providing for payment of first and second priority items, in the event there were insufficient funds available in any prior quarter to transfer 40 percent, or one-half, or 33 percent, as applicable, of the revenues received from the taxes imposed by this chapter to the Uniform Pensions Reserve Fund, such amounts shall be deposited in the Uniform Pensions Reserve Fund from revenues available in the City Sales and Use Tax Fund; and (iv) fourth, after providing for payment of first, second and third priority items, any unencumbered revenue in the City Sales and Use Tax Fund may periodically be transferred as necessary or convenient to the Uniform Pension Reserve Fund Employee Health Insurance Reserves. Additionally, there shall be deposited in each fund: (1) all appropriations to the particular fund; (2) all interest earned from investment of the particular fund; and (3) any gifts, grants or contributions received and placed by the city into the City Sales and Use Tax Fund, or the Uniform Pensions Reserve Fund, or Employee Health Insurance Reserves. Revenues in the City Sales and Use Tax Fund, and the Uniform Pensions Reserve Fund, and the Employee Health Insurance Reserves shall not be treated by any person as general revenue of the city.

(c) Revenues in the Uniform Pensions Reserve Fund shall be used: (i) first, to satisfy the balance of the benefit obligations imposed and assumed by the city on a pay-as-you-go basis for those members who have retired after election of the conservation pay any required annual contribution established for the closed pension trusts using the optional method set forth in W.Va. Code § 8-22-20(f) § 8-22-20(e) after first applying the member contributions and premium tax proceeds not required to be retained in the closed trusts pursuant to W. Va. Code § 8-22-20(f)(2), and any other dedicated or designated income sources as authorized by law, to any such obligations; (ii) second, after providing for payment of first priority items, to satisfy the city's obligations to the Municipal Police Officers and Firefighters Retirement System for the new members hired after adoption of the conservation method the closure of the pension trusts to new members as provided by W.Va. Code §§ 8-22-20(f)(3) and 8-22a-1, et. seq.; and (iii) third, at such time as the actuarial report required by W.Va. Code § 8-22-20(f) § 8-22-20(e) indicates no actuarial deficiency in the closed municipal policemen's or firemen's pension and relief funds, and after providing for payment of first and second priority items and normal costs as contemplated by W.Va. Code § 8-22-20(f)(4) § 8-22-20(e)(2), any remaining and unencumbered revenues may be transferred as necessary or convenient to the city's general revenue account Employee Health Insurance Reserves; Provided: nothing herein shall preclude transfers from the Uniform Pensions Reserve Fund into the city's general revenue account or any other fund or account from time to time in such amounts as may be necessary or convenient to facilitate the payment of obligations or to accomplish the purposes herein, so long as consistent with the priorities set forth in this subsection.

(d) Revenue in the Employee Health Insurance Reserves shall be held to satisfy future retiree healthcare, dental, and optical insurance expenses until such the time that the City establishes an irrevocable Other Post Employment Benefits trust for the purpose of funding such benefits for eligible retirees. At such time that the City establishes an Other Post Employment Benefits trust, revenue derived from the distribution in subsection (b) of this section to the Employee Health Insurance Reserves shall be transferred to the trust to be used in accordance with the trust policy.

See Wood's comments for Resolution No. 864-23.

Councilmember Burton moved to approve the Resolution. With members present recorded thereon as voting unanimously in the majority as affirmative, Chairperson Jenkins declared Bill No. 8010 approved.

Councilmember Burton motioned to adjourn the meeting.
Meeting adjourned.