

## GENERAL CONSIDERATIONS

The City of Morgantown continues to enjoy extraordinary growth and development. In terms of State standards, this rate of growth is near unprecedented and it should be kept in mind that it is not likely to be sustained in the mid and long term. For the next 36 months though, investments throughout the City are quite promising and should generate significant returns. The City's primary objective is to see that they are prudently administered and are not allowed to subsidize the ongoing operations of the City. With this dominant feature highlighted, the more promising developments are as follows:

**River Front Development:** This is probably the most visible development in the City and it is not finished yet. To date, approximately \$120,000,000 has been invested in the area and currently committed is another \$35,000,000. Projects being designed include: the new Marina (\$3,600,000); the West Virginia Public Theater (\$15,800,000); area infrastructure to include the Walnut Street entrance to Hazel Ruby McQuain Park (\$2,500,000) and a new Parking Garage (\$11,000,000). Supporting this work are State Economic Development Grants and Tax Increment Financing.

**Square at Falling Run:** \$5,000,000 has been committed to this project to acquire the first set of properties and to demolish dilapidated buildings. Construction of the \$30,000,000 Augusta Residence Building is expected to start this year and \$3,800,000 in Tax Increment Financing Bonds are planned to be issued to acquire additional property. The balance of the \$250,000,000 proposal is being negotiated with potential financiers.

**Sunnyside Up:** This initiative continues to advance with the completion of the master plan for the area. There should be considerable activity in Sunnyside this year with proposed WVU developments and private sector projects being discussed measured in the ten's of millions of dollars.

**Downtown Morgantown:** Construction starts this spring on the \$500,000 High Street Improvements (Willey to Fayette). An additional \$250,000 has been committed for the second block of High Street to be installed next year. Grant applications have been assembled for the third phase of the project totaling \$700,000 to be constructed in the following year. Meanwhile the Metropolitan Theatre is rapidly becoming a big success hosting a variety of entertainments and special events. In the near future an additional \$200,000 will be invested in additional restoration of this facility.

**WVU:** The University is continuing an aggressive capital improvement program and schedule. Projects to be completed or started this year include the Mountainlair Plaza/Parking Garage (\$7,500,000); Ag Sciences Renovation (\$9,500,000); Evansdale Residence Hall (\$14,750,000); Main Campus Infrastructure (\$12,500,000); Allen/Percival Hall Upgrade (\$10,600,000); and the Alumni Association Center (\$9,000,000) for a total investment of \$63,850,000. Additional projects proposed to start next year total \$50,000,000.

**WVU Medical Campus:** The University has ambitious plans for this part of the school as well. Most recently an initiative to construct a \$25,000,000 Inter-Modal Transportation Facility has gained the community's endorsement and looks very promising. In addition to this proposal, a \$150,000,000 expansion project is currently underway and will provide additional space for learning, research, and patient care. Projects currently underway include the North/Northeast Tower construction, Northwest Pavilion/Cancer Center expansion, as well as construction of the new HSC library/learning center and the Blanchette Rockefeller Neurosciences Institute.

**WVU Research and Development Park:** Ground has been broken for this state of the art research and development site. Activities already underway or proposed to start this year include: grading for a cost of \$1,210,000; infrastructure investments of \$6,000,000; and construction of a 60,000 sq. ft. research building for \$12,000,000 for a total initial investment of \$19,210,000. Once completed, this Park will make a dominant contribution to the economic base of Morgantown.

**Airport:** The development of airport acreage has traditionally been impeded by four factors. They are: the absence of adequate water pressure; little flat land; poor access to the east side of the runway; and inadequate utilities also on the east side. Today though initiatives are in place addressing all these issues as well as a number of other improvements. The first is the \$10,000,000 extension of the runway safety area which is already under construction and may lead to an extension of the runway itself by 1,100 feet for a cost of \$1,000,000. This project is also creating flat land by virtue of the cut and fill required - a 50 acre bench will be created suitable for a light industrial park. The water pressure issue is being addressed by a \$1,200,000 water up-grade project in cooperation with MUB, the County Commission, and the County Development Authority (work should be completed this year). To contend with the access and utility requirements for the east side of the Airport, the City is negotiating with the West Virginia National Guard to construct a \$15,000,000 armory in that area that can leverage a \$2,500,000 access road and the required utilities. All these issues should be resolved this year.

**Recreation:** BOPARC has just finished another successful year highlighted with a new skate park and the development of Dorsey's Knob (most visible the Lodge). The new year promises more advancement with funds in hand for \$505,000 for debt reduction and capital improvements at Dorsey's Knob and a proposed, unique partnership with the County Commission and MRTC for the maintenance of the 50 mile rail/trail network that serves the area (\$70,000 per year project).

**Community Development:** The City is poised to start its second year as an Entitlement Community. Although it appears Federal Funding for this program is going to be reduced, the City can still expect in excess of \$500,000 per year for the next several years for grant qualified activities. Low/moderate income housing and low/moderate income neighborhood improvements should remain to be high priorities in this area.

**General Services:** Of all the considerations listed, general municipal services remain the most important. This past year the City was able to advance them by adding two

Police Officers, one Code Enforcement Officer, and one Engineering Technician to the City workforce without increasing any tax formulas or service fees. Quality services at the most affordable rates will continue to be pursued in the new fiscal year.

Over the past several years, Morgantown has enjoyed considerable growth and development. The new year promises to be just as successful and more with projects totaling \$166,800,000 committed for construction. The balance of this document reflects this point and presents the proposed municipal budget documents for fiscal year 2005-2006.

**CITY COUNCIL GOALS  
AND  
OTHER HIGHLIGHTS**

What follows is a brief description of the proposed budget as per City Council’s goals and an overview of significant, proposed features:

1. **No Service Fee Increases or Changes in Tax Formulas:** Although the City has some flexibility in raising additional revenues through these mechanisms, the proposals in this document are financed through the growth of the City’s economic base.
2. **Continue the Street Paving Program:** This is a traditional program included in the City budget financed in the Capital Escrow Account rather than through property owner assessments or service fees. This year the program is proposed to be \$150,000. Later in the fiscal year, if additional revenues are realized, I recommend that this program be increased to \$200,000.
3. **Continue the Sidewalk Program:** \$238,000 remains available for this program without employing property owner assessments or service fees.
4. **Grant City Employees a Cost of Living Raise:** Last year the Federal Consumer Price Index increased by 3.4% for this area. As per your guidance, the proposed budget funds a 3.5% cost of living raise for all city employees at a cost of \$250,000. If approved, this will be the thirteenth year in a row that Council has granted a pay raise.
5. **Continue Capital Improvements Program:** Major items recommended are:

<u>Department</u>	<u>Item</u>	<u>Amount</u>
Police	5 Cruisers	\$143,500
	Weapons	10,000
Fire	Equipment	20,000
Public Works	Signs Plotter	14,000
City Hall	Boiler and Repairs	51,500
Council Chambers	Improvements	5,000
<b>TOTAL</b>		<b>\$244,000</b>

Principal Capital Improvements planned for the next 4 years are as follows:

<b>Department</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
City Hall	\$20,000	\$20,000	\$	\$
Engineering GIS	15,000	15,000	15,000	15,000
Police Cruisers	145,000	145,000	145,000	145,000
Street Resurfacing	250,000	250,000	250,000	250,000
Sidewalk Program	150,000	150,000	150,000	150,000
Fire Department Station (with Vehicles)	500,000	500,000	500,000	500,000
Public Works Vehicles	200,000	150,000		

6. **Support BOPARC and Related Projects:** \$70,000 remain in Capital Escrow for the Wiles Hill School project; \$15,000 remain for general projects; \$16,000 remain for upgrades; \$181,000 remain for Dorsey's Knob grant match; \$18,000 remain for Dorsey's Knob Lodge; and in the proposed budget \$10,000 is recommended for the Botanic Garden; \$10,000 to complete the Learning Trail; \$20,000 to help maintain the trail system leading to Morgantown (\$50,000 contribution from the County); and \$100,000 for additional projects - \$440,000 for recreation initiatives.
7. **Continue Support of Sunnyside Up:** To advance this project and as per the agreement with West Virginia University, \$100,000 is proposed for the fourth year of operation.
8. **Beautification Projects:** \$57,000 remain in the Capital Escrow Budget to support projects (the full time coordinator, seasonal help, and interns are budgeted in the General Fund - City Manager's Office).
9. **West Virginia Public Theater:** The third \$100,000 payment toward the \$500,000 grant pledge is included in the Capital Escrow Account.
10. **River Front Theater Project:** A \$1,000,000 no interest loan is recommended to the Theater Project (not to West Virginia Public Theater). The reasons for this recommendation are as follows: The \$1,000,000 loan will generate a \$15,800,000 project as part of River Front Development that will be owned by the City of Morgantown. Without the loan, the City may lose a \$8,800,000 State Economic Development Grant. The loan will be repaid to fund other projects and has good collateral. The City will be paid approximately \$400,000 in B & O Construction taxes in the two years following the loan.

11. **Downtown Business Improvement District:** \$50,000 is proposed in the Capital Escrow Account to fund the second phase of this \$1,500,000 project (\$750,000 already in hand).
12. **Contributions to Other Agencies:** The MLK Celebration, MAEP, Vision 2020, the Humane Society, Social Justice, the United Way, the Health Department, the Community Trust, and Arts and Culture are kept at current levels. The contribution to Main Street is increased \$4,000 to fund health insurance increases and administrative costs.

## **REVENUES GENERAL CONSIDERATIONS**

1. The cash carry over is estimated to be \$825,000. This number is based upon detailed projections of this year's revenues and expenditures. A formal budget amendment for the current year will be presented prior to the end of the fiscal year.
2. Property tax assumptions for the new year are based upon past levels of growth and the new construction completed in the City outside of Tax Increment Financing Districts (growth factor of 3.5%). Expected tax revenues should be presented by the County in early March. It is recommended that if the County forecast exceeds the amount budgeted that the difference be used to increase the General Fund Contingency.
3. The Gas Utility tax is increased by \$15,000 to reflect the new consumer rates considered by the Public Service Commission.
4. Regular B & O Construction taxes are estimated to be \$8,000,000 for the new year (about what is estimated to be collected this year-record high). This number reflects a strong, local economy that has grown substantially in recent years.
5. Special B & O Construction taxes are increased to \$1,200,000 as per all the projects listed earlier in General Considerations. Given the significance of this number, rate of collection will be carefully monitored. Suggested special projects may be accelerated or slowed to match the actual collection of these revenues.
6. Hotel and Motel taxes are expected to somewhat level given the full year of experience with new facilities now on line.
7. Video Lottery taxes have grown significantly over recent years. The proposed budget forecasts a leveling of these revenues as well.
8. Fire Service Fees are based upon actual charges with a 1% delinquency factor.
9. Police Personnel Grants are reduced by more than half (\$155,000) as per the major changes in Federal Police Grants.
10. Public Works Miscellaneous Revenue is set at \$56,000 to continue the in-house sidewalk construction program (funds used for seasonal payroll).
11. Remaining revenues are projected on the basis of recent, historic trends.

**EXPENSES**  
**GENERAL CONSIDERATIONS**

1. Health Insurance rates are calculated at current rates (125% of expected claims) and allow for a 10% increase in the second half of the new fiscal year. With this assumption, the City will expend \$2,372,814 on this fringe benefit next year.
2. Retirement costs for the City workforce are generally held constant with the exception of the Police and Fire Departments. As per State law, employer contributions to these programs are increased 7% per year. To fund this requirement in the new fiscal year, the cost is \$48,888.
3. All liability insurance costs are increased by 15% for a total cost of \$273,011.
4. Fire Department Personnel costs are increased by \$88,000 to fund two, new, full-time Firefighter positions.
5. A new line item is created in the Street Department to fund Brush and Debris Removal at a cost of \$10,000. This past year, new air quality regulations were issued that prohibit the burning of such materials by public bodies.
6. Contributions to the Capital Escrow Account from the new fiscal year budget are proposed to be \$1,447,214. Again, this transfer will be carefully monitored as per collections of Special Construction B & O Tax revenues.
7. The General Fund Contingency Line is proposed to be \$432,838 which is 2.5% of the budget. At the earliest opportunity, I recommend that this line be increased to 3% of the budget as additional funds allow (\$85,000).