

GENERAL CONSIDERATIONS

Over the past several years the City of Morgantown has experienced extraordinary growth in a number of different areas. Economic development; recreation; arts and culture; neighborhood initiatives; environment concerns; and related issues have all been advanced. Equally important, new, exciting projects have been well prepared for execution in the new year building on recent successes. Dominant among them are:

Downtown Morgantown: The heart and soul of any City is its Downtown. This coming fiscal year \$500,000 will be invested in the first Business Improvement District in the State constructing a new street scape on upper High Street. A second \$500,000 package will be sought to continue the work next year. The operation of the Met Theatre under the guidance of the new Theatre Commission also holds significant promise.

Square at Falling Run: An economic development grant and TIF district are in place to generate over \$8,000,000 for the first phase of this project. The new year should see City acquisition of key properties and demolition of dilapidated housing to set the project in motion.

River Front Development: This project has been one of the big success stories in Morgantown's recent history. The work continues in fiscal year 05 with \$13,900,000 in grant funds to construct the West Virginia Public Theater, a new Marina, and significant landscaping. Groundwork is also in place for TIF financing of a new parking garage; improvements to the Walnut Street entrance to Hazel Ruby McQuain Park; and other public improvements. Plans for additional office buildings and residential units also continue to advance.

Morgantown Airport: \$10,000,000 is projected to construct the extension of the main runway safety area starting this year and another \$1,200,000 is budgeted for the water system improvement. Coordination also continues with the West Virginia National Guard for construction of an \$18,000,000 Armory on site. A new committee is in place to seek new commercial services; construction of corporate and general aviation hangars; and development of a business park.

Recreation: BOPARC continues to execute its \$18,000,000 master plan

and develop its newest acquisition Dorsey's Knob. A high priority for the new year will be to gather funds to pay the balance of the acquisition cost for Dorsey's Knob as the new entry way to Morgantown.

Community Development: As the newest entitlement community in West Virginia, Morgantown will receive \$670,000 per year in DHUD funds starting this year to assist low and moderate income families; eliminate slum and blight; and deal with other special situations. This work is already underway and will effect specific programs and projects in July.

Culture and Arts: A strong initiative is underway to define Morgantown as a major arts and culture center in this region. Hazel Ruby McQuain Park; the Creative Arts Center; the Metropolitan Theatre; the West Virginia Public Theater; and a number of other special arts and culture organizations offer a unique synergy elevating Morgantown's prominence in this arena.

General Municipal Services: Of all the initiatives listed, this remains the most important, bedrock, core responsibility of the City to advance Morgantown's quality of life. Quality services at the most affordable rates remain a high priority to be pursued in the new year.

With this introduction written, special note has to be made that there are also severe challenges to the future growth and development of the City. Work has been undertaken to resolve them but much remains to be done. In the area of transportation, the new MPO is aggressively moving forward with the Department of Highways. In the near future hopefully specific near term, mid term, and long term strategies will be put in place and the City will be on track to solve this worsening situation. Similarly MUB is well underway in mitigating storm water issues both with regard to flooding and quality of ground water. Here again though much work remains to be done.

Morgantown: The most livable, lowest unemployment, highest quality of life City in the State. Reflective of this and the promises of the new year, the balance of this document is presented proposing the budget documents for fiscal year 2004-2005.

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: The proposed budget meets this objective.
2. Continue the Street Paving Program: \$250,000 is available for the 2004 construction season and \$150,000 is proposed for 2005.
3. Continue the Sidewalk Program: \$305,000 remains available for this program.
4. Grant City Employees a Raise: Last year the Federal Consumer Price Index increased by 1.98%. As per your guidance, the proposed budget funds a 2% cost of living raise for all City employees at a cost of \$137,262 . If approved, this will be the twelfth year in a row the City 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	\$136,000	
	Radios @ Computers	\$ 14,000	
Fire	Pumps	\$ 5,000	
	Equipment		\$ 20,000 0
Public Works	Equipment	\$ 31,500	
Council Chambers	Improvements	\$ 5,000	

TOTAL

\$211,500

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

<u>Department</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>
City Hall	\$ 20,000	\$ 20,000		
Engineering GIS	15,000	15,000		
Police Cruisers	135,000	135,000	\$135,000	\$135,000
Street Resurfacing	250,000	250,000	250,000	250,000
Sidewalk Program	150,000	150,000	150,000	150,000
Fire Department Station	500,000	500,000		
Fire Department Pumper	300,000			
Fire Department Aerial		500,000		
Public Works Vehicles	200,000	150,000		

6. Support BOPARC: \$206,023 remains in Capital Escrow Account line items for BOPARC initiatives and an additional \$170,000 is proposed as a match for a Dorsey's Knob acquisition grant.
7. Airport Improvements: Matches are now in place totaling \$700,000 for the extension of the runway safety area and the water improvement project.
8. West Virginia Public Theater Pledge: The second \$100,000 payment toward the \$500,000 pledge is recommended.
9. Neighborhood Improvement Projects: \$25,000 in additional funds are proposed for the South Park lighting project; the Wiles Hill School Project is recommended at \$35,000; and the White Park Learning Trail is included with \$10,000.

10. Continue Support of Sunnyside Up: To advance this project and as per the agreement with West Virginia University, \$100,000 is proposed for the third year of operation.
12. Beautification Projects: \$60,172 remains in the current Capital Escrow Budget to support these projects (the full time coordinator is budgeted in the General Fund City Manager's Office).
13. Contributions to Other Agencies: Support of Main Street; MLK Celebration; MAEP; Vision 2020; the Humane Society; Social Justice; and the United Way are kept at current levels. Support for the Health Department and the Community Trust are increased by \$1,000 each. Funding for Social Service Agencies is proposed to be included in the DHUD Entitlement Grant. \$45,000 (current level of funding) is recommended for arts and culture programs to be administered by the Community Trust.

REVENUES

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1. The cash carry over is estimated to be \$366,032 . 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. Expected Tax revenues should be forwarded by the County in early March. It is recommended that if the forecast exceeds the amount budgeted, that the difference be used to increase the General Fund Contingency.
3. Regular B & O Taxes are budgeted at \$7,200,000 for the new year (a record high about 1% over the amount expected this year). This number reflects the strong, local economy and the low unemployment rate in the area. WVU budget cuts need to be closely monitored as they will have the most direct impact on this revenue.
4. Special B & O Construction Taxes are again substantially reduced to \$400,000. All major construction projects in the City have been completed. The next phase of major construction proposed will be on the WVU medical campus but effected over an extended time period. This project will also be closely monitored.
5. Hotel and Motel Taxes are increased as per the occupancy of the Radisson and other City use factors. These revenues are expected to reach \$200,000 (Special Note: 50% of these funds are forwarded to the Convention and Visitor's Bureau as per State Law).
6. Video Lottery Taxes last year were initially estimated to be \$3,000 per month. In fact, they are averaging more than \$5,000 per month. This increase is included in the proposed budget.
7. Fire Service Fees are based upon actual charges with a 1% delinquency factor.

8. Public Works Miscellaneous Revenue is increased by \$50,000 to show the cost of labor for the Sidewalk Program that will be funded by the Capital Escrow Account through the City's General Fund.
9. All other revenues are forecasted on the basis of recent, historic trends.

EXPENSES

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1. Health insurance rates are calculated at current rates (125% of expected claims) and allow for an 8% increase in the second half of the new fiscal year. With this assumption, the City will expend \$2,085,075 on this fringe benefit next year.
2. Retirement costs for the total City workforce are increased by \$49,619 almost exclusively because of the State requirement for a 7% increase in the Police and Fire Pension contribution by the City. The modest 2% cost of living raise is responsible for the balance.
3. The Fire Fighter's Association has submitted a budget request to be found in Chapter 7. The proposal to increase the cleaning allowance by \$100 is included in the General Fund recommendations.
4. Fire and Police Pension costs are as per the most recent actuarial studies. Important to note that they are now to be funded at 17% and 16% of payroll respectively. Without changes in State law, these contributions could be 100% of payroll in 20 years.
5. All liability insurance costs are increased by 8% for a total cost of \$231,860.
6. One piece of good news is that Workers Compensation premiums are expected to be decreased by \$123,143 because of the City's merit rating adjustment.
7. Contributions to the Capital Escrow Account from the new fiscal year budget are proposed to be \$400,000 as per the expected B & O construction taxes in the same amount.
8. Special Note: The General Fund Contingency Line is proposed to be \$199,753. This is a precariously low number (1.3% of the budget). Prudently the contingency should be 3% of the budget (\$451,397). I recommend that if property tax estimates are delivered by the County in excess of the General Fund forecast that the difference be added

to this line. The second opportunity to fund a 3% contingency will be at the end of the fiscal year when the cash carryover is calculated.

9. Overall Department expenditures are depicted as follows: