A FISCAL YEAR 2027 BUDGET WORKSHOP OF THE COMMON COUNCIL OF THE CITY OF BECKLEY CONVENED AT 5:30 PM ON MARCH 12, 2026, IN COUNCIL CHAMBERS AND VIA WEB-X.

PRESENT: Mayor Ryan Neal, City Manager Phillip Jarrell, Evan Dewey Recorder Treasurer, and City Attorney Bill File. Council Members: Natalie Coots, Kip Buchanan, Nancy Shoemaker-Dingess, Janine Bullock, and Sherrie Hunter. . The following City employees were present: Comptroller, Adam Skruggs, Board of Public Works Director Mike Bolen, IT Tech Keith Carter, and Director of P&R Leslie Baker. ABSENT: Susan Miller, Councilman Reedy, and Councilman Williams.

The Mayor reminded everyone that this is a Workshop. No votes will be taken, and no decisions will be made. He called the meeting to order at 5:30 p.m. The public had the option to join the meeting in person, listen by WEB-X from their computer, or listen by phone, using the weblink or phone number provided the day of the meeting on the City's webpage at Beckley.org or the City's Facebook page.

You may view the workshop by logging on to Beckley.org or going to the City's Facebook page. It is open to the public, but there will be no public comments. The Mayor said that all members of Council were present.

The only item on the agenda was the Fiscal Year 2027 Budget. City Manager Jarrell said this is an overview of the FY 2027 Budget and thanked the staff, department heads, Adam Scruggs Controller and Evan Dewey, Recorder-Treasurer. Mr. Jarrell said that Council will be receiving more detailed information during this budget meeting than Council has in the past. He said that the City's goal is to be as transparent and as informative as possible. He asked that Council keep in mind that this is a summary of the overall budget and invited Council to contact him directly. He said if a departmental workshop is needed, it can be scheduled. City Manager Jarrell said that this is designed to be a conservative budget. Should revenues exceed projections, any surplus funds will be directed into contingency (or reserve) funds to help prepare the City for future anticipated expenses and financial obligations. Mr. Dewey explained that the budget will begin on July 1, 2026, and run through June 30, 2027. He said this has to be submitted to the State Auditor's Office before March 27, 2026, which is State law and code requirements for the City. He said the goal is to educate Council so they can make an informed decision when they vote on the budget during next week's council meeting. He said the focus item of this workshop will include Revenue Estimates and Trends, General Fund – Budget by Department, General Fund – Budget by Expense Type, and WVSAO Budget Document. He said that Council was previously provided with a line-item budget. He welcomed Council members to ask questions. He said that the strict timeline from March 7 – March 28th to address the budget comes from the State. Internally this budget has been worked on since January, department heads got involved in February, and now Council comes into play since the City is legally allowed to have these conversations. He said he underestimates the revenue and overestimates the expenditures. He said this helps prevent having to constantly make changes throughout the year.

The first topic is revenue. Collections have been relatively flat with some slight increases over the last five years. Total collections remain near the $30M mark. He said if the City is fortunate, it will stay around $30M.

One main revenue source is tax based which depend on consumer behavior and economic well-being. He said that Federal and State policies can have significant impact on a city's revenue collection ability, including grant participation. He said that the City had substantial grant funding, some earmarks that were pulled back which had a big impact. He said every year in Charleston there is a silent debate going on regarding B&O and consumer sales tax. He said the Legislature could pass a bill that could affect the City's ability to bring in revenue. He said that the City has been and will continue to focus heavily on applying for as many grants as possible. He said that the one-time ARPA fund is gone but ongoing expenses continue. Next were revenue trends. Hoping to maintain the $30M mark, the revenue is staying relatively flat. He said the City has well over twenty different revenue sources. Out of those, the major revenue sources are B&O Taxes (this is projected at $12.8M which is lower than it was in 2025 but hopes to be higher than it was in 2026). His estimate for B&O taxes is higher than what we had in 2026. Sales Tax stays right around $7M. Property Tax is a formulated number from the Auditor's Office. The City receives a certificate of valuation from the County. The County increased property taxes this year, which moved this number up slightly to $3.1M. This number includes some delinquency and failure to collect. Federal Grants are staying at $1.M as it was last year. This is dependent on what the City brings in from federal grants. There is an expense line on the expenditure side of the balance sheet for $1.1M. This balances it out. He said if the City can get $2M from the Federal Government then this number will change in the revenue and adjustments can be made if more Federal dollars arrive. The Hotel Occupancy Tax doesn't vary much, it is the same as last year's staying at $1M. Utility Excise Tax is also the same at $1.1M. The City would like to see this increase because expenditures are increasing. The cost of daily operations is increasing. Without a growth in revenue, we would have to start cutting back on some other things. At this time, the revenue projected for 2027 is $30M.

Next was the General Fund Expense / Revenue Trend which illustrated the Revenue and expenses from July of 2024 through February 2026. The spikes in revenue are because B&O and Sales Tax come in quarterly. A month after these come in there is a cash infusion. This illustrates how important cashflow and cash management are. The budget for departments will be a focal point including what is set to spend for each department. If we don't have the cash, we can't spend that. Evan said he is purposing a $34M budget. If the City doesn't have $34M, it can't spend it. He said the overall cost of operations is increasing. This is why we are working toward a healthy reserve of cash. If something were to happen and just one of the spikes (previously explained) did not occur, it would be a big problem not only for the month that the spike did not occur, but for the following months, waiting to receive the next quarterly B&O taxes. Preparation for short-term operations, and long-term needs are going to be critical over the next few years. Evan asked if there were any questions about what has been presented, before proceeding with the department's budgets. Councilwoman Hunter asked if CDBG grants would be included in the Federal Grants in revenue. He said yes.

Councilwoman Hunter asked if the $280K lease money from the Pinecrest building that the City previously received went in the general fund.

City Manager Jarrell asked if she was referring to the building at Pinecrest. She said yes. Mr. Jarrell said that it went to the general fund. She asked if it had been a challenge, no longer receiving that money. City Manager Jarell said yes. Evan said yes, the revenue would come into the general fund, but the expenses for upkeep and maintenance would also be paid from the general fund. Evan said that he is aware that the City formerly had that building. City Manager said that it is usually 4 months before the B&O tax revenue is received so you have to have enough cash on hand to carry it through the in between times. Councilwoman Shoemaker-Dingess stated that revenue in January 2026 was low. Mr. Jarrell said that he was told that the Hotel Tax was low due to lack of people traveling and the City had additional expenses for roadway salt and for overtime to plow the streets for snow removal. Evan said historically that January revenue is lower for the City. Mr. Jarrell said a lot of people shopped for Christmas online rather than in stores which tremendously impacts B&O taxes. Evan said that the City operates off a modified accrual accounting system so going forward some of the reports might be pushed back a month. This system is different than cash basis that makes sense to people who are not accountants and CPA's. He said that Adam Scruggs has done a great job stepping in and helping with this, as it is what is required by GAAP Accounting, the GASB Rules, and what is required when the City does its audits. Evan said in 2026 they will be working on reports out of the Tyler Accounting System which is more on a cash basis (for management decisions) so he will be mindful to mark reports what type of accounting method was used as not to cause confusion. The presentation given today is using a cash basis system.

Councilwoman Hunter asked if the Hotel Tax is split evenly between the City and County. Evan said as far as he knows, it is. It passes through the general fund and then goes to the Parks & Recreation Department budgets. Department budgets consist of many specific line items including payroll, benefits, and operating expenses. Fire and Police Departments have unique expenses for operations. The City has some flexibility to operate within those line items if expenses do not exceed the total departmental amount. Budgets are created to allow some "cushion" for unexpected issues. Evan said that there is flexibility to operate within the overall budget. Regarding the line items that were presented, it is okay throughout the year to go over on one and under on another. What is more important is that the City must reconcile with the auditor's office at the end for the total department budget. There are specific rules set by the WVSAO on how to create and submit municipal budgets. Evan said that the City is not required to send line items to the WVSAO. The WVSAO's office wants an amendment if a department is operating at a loss.

City Council had a decrease for 2027 which was due to overestimates and some costs that were under City Council that were moved to the Recorder Treasurer's Office. Evan said that if Council members have not used their allotted annual $1,000.00, they may want to consider doing so as it starts over as of July 1, 2026, at which time another $1,000.00 is available to each Council member.

City Hall's increase this year by $7,325 was due to office phone and internet expenses. The Mayor's Office budget increased slightly by $782.00 this year. Evan said that the Mayor's office expenses may roll into the City Manager's budget and some of City Hall's expenses may roll into the Recorder Treasurer's budget (to help capture more of what is required to run the departments). Combining these budgets and redistributing expenses may be beneficial for reporting and monitoring. Evan said that if it makes sense for some of the line items to combine, he will bring it to the Council's attention. Next was the Recorder Treasurer's budget which increased this year by $18,052.00 due to an overlap in the HR position so the person taking this position can be trained by Shirley Trotter before she retires. This increase is also due to training expenses for Even and Adam. This will not be an expense every year. Next is the City Manager's budget, which decreased by $46,715 due to the previous year including a salary payout to the previous City Manager. The budget funds the FTE's and operational cost for the office. This is still a new office that will require calibration to truly determine funding needs and what expenses should flow through the office. An amendment may be needed during the fiscal year. Mr. Jarrell said that Susan Miller's salary is now included in the City Manager's budget rather than the Mayor's budget. Next was the Contributions. There was no change in the dollar amount for this year. Evan said that this will be looked at more in depth in April and May as a new process and criteria for distributing City funds are needed. He highly recommends sparingly providing contributions and prioritizing required contributions and contributions that provide the most benefit to the City. He said the total amount being contributed may need to decrease in the coming years. Evan said the major contributions being made include New River Transit, the Convention Center, the County Library, the Health Center, EOC and a few others that are smaller. City Manager Jarrell suggested that the City not increase the amount it contributes even if the recipients have additional expenses because the City also has additional expenses.

Next, is the Code Enforcement budget. Evan said this increased by $104,560 for this year, which allows for additional funding for training and travel for the new directors and inspectors. Inspectors have a short grace period to acquire all necessary certifications and education. This also allows for additional positions or salary payouts. City Manager Jarrell said the zoning laws, permit fees, and fines are being reassessed.

Next was the IT Department. IT's budget increased this year by $6,871.00. Software that is used specifically for the police department and fire department need to be put in their respective budgets rather than IT's budget. This will be worked on soon. City Manager Jarrell said that Segra is the internet provider, but the City had to finish paying Optimum before it switched to Segra which is part of the reason for the increase. Other reasons for the increase are due to a rise in utilities. The IT budget includes municipal court.

Next is the Police Department. It will see an increase this year by $50,730.00. An additional 7% pension contribution is required each year. Most of the cost is for payroll, benefits, insurance, and capital outlay like other departments. This also includes unique budget funding for K9 officers and supplies, and law enforcement equipment and gear.

Next is the budget for the Fire Department which increased by $26,823.00 this year. It also has an additional 7% pension contribution which is required annually. The increase is mainly due to payroll, benefits, insurance, and capital outlay. Unique budget for the FD includes bunker gear and specialty equipment. City Manager Jarrell explained that the specialty coats that new firefighters must be fitted for are $4K each. The facial recognition software has increased. He said that the City is trying to increase revenue and cut costs where it can. Evan said that it is good to have the requisitions being looked at so it signals departments to make sure they have done their due diligence in making sure it's the most affordable route.

The Board of Public Work's (BPW) operating budget, overall, is going down $144,041.00. This includes overbudgeting to help with some of the capital outlay that BPWs needs. The weather plays a big role with the budget for this department, which also deals with multiple units including Streets & Highways, Street Lights, Signs & Signals, Snow Removal, Street Construction, Street Cleaning, and Recycling. There may be a gap in the timing if grant funding is awarded this year. The budget for this department will have to increase to allow for things like demolition and paving if there isn't sufficient grant money. The cost for salt to treat the roadways is going up.

Next was the Parks & Recreation (P&R) Department. The operating budget for P&R is not included in this budget. It is a separate budget. Money is being taken from the general fund to help cover the operating costs. This is the first budget that was formulated for this department. Evan said that he and Leslie Baker Director of P&R met and discussed the budget for P&R and he would be glad to discuss it with Council later. He said the contribution from the general fund only went down because the P&R hasn't hit the $2.4M mark recently. He said if the City has to, it will pull money from the contingency fund, but the City hopes to avoid having to do that.

Next was Capital Outlay. This is a comprehensive list of requests from various departments within the City, most of which is equipment. City Manager Jarrell said the BPW needs a 3.5-ton roller to pave streets. He said the City will do its best to get as many items as possible on the sheet that it can but isn't sure it can afford to get all of it. City Manager Jarrell said that 2 snowplows had to be purchased because 2 broke this winter. A grant was submitted for the 6 police cruisers and a bucket truck. Hopefully the City will receive grants which would help reduce the amount of money for these items which would have to be purchased from the general fund. The Building Payment listed is for the police and fire station which is a bond but listed under capital outlay because it is an expense. Councilwoman Hunter asked if this includes the new fire station. Evan said yes. The item listed as FD Building Payment of $280K was set up using a balloon payment so very little is paid on a monthly and annual rate but coming due in 2029 approximately $3.8M,

It is due in June, and the City does not currently have that. Refinancing is a possibility. The City is currently trying to find other ways to afford this. Evan had the department heads list everything they need and had them prioritized.

There were things that they wanted but compromised and did not put them on the list. He said the department heads were cooperative, understanding and great to work with.

Next was the General Fund (GF) Total. It is a $34M budget. The increase in the total GF budget is $745,394. Total Operating Budget has been reduced by $198,000.00; the difference is going into the contingency fund. Total Contingency (Reserve) line item has been increased by $943,000.00. This balanced by adjusting the contingency line. Evan said that he tried to make cuts in the budget in various places but realized that we have to have what we need and this is basically a flat budget. One thing that the City needs to do is the WVSAO Rule – Revenues must match expense, expense must match revenue. The beginning cash balance has to be part of the revenue (it is not revenue that we are going to get). He anticipates that the City will end the year with $5M so that counts as revenue. It balances on a spreadsheet but overall, this budget is relatively flat. Amendments are required to update the beginning cash balance. At the end of this fiscal year, ending June 30, amendments will have to be made to reconcile any issues within department's budgets. In early July, amendments will have to be made for general revenue and the coal severance fund showing what the City has to start the FY27 year with. This is mandatory and must be sent in before July 15th.

The 2027 Budget broken down into expense by type shows that 34% of the budget is for salaries, 21% is for employee benefits, 17% is for general operations, 10% is for contributions/transfers, 8% is for capital outlay, 7% is for the contingency fund. The Mayor asked if this is a new line item. Evan said it is not new with the auditor's office, and he can't speak if anything has really been put into it in the past. He said the reserve is part of the general fund budget. He said that if a department needs it, money can be moved from the contingency line to a department. The other part is what he refers to as a rainy-day fund. This is separate. To move in and out of the rainy-day fund takes more work and more consideration. The City does not have a rainy-day fund. Evan said he would like to see the City have up to 3 to 6 months of operating cost in its rainy-day fund after its contingency fund reaches 10%. City Manager Jarrell said that he thinks that the State allows up to 30% of the total budget in a rainy-day fund. This means the City would be allowed to have $9M in a rainy-day fund. Councilwoman Hunter asked if the auditor's office has to approve every amendment the City sends. Evan said it's rare that they get back with the City regarding amendments but if the City could not show that it has the cash to do the amendments, then the State would likely question it, but the State must approve it and update the budget for their records. Evan said amendments must go before Council before going to the auditor's office.

Lastly, is the 3% is for liability/workers compensation, etc.

Councilwoman Coots expressed her appreciation to Evan for the budget presentation.

Next, Evan showed the Levy Document summary that gets published in the newspaper which summarizes everything. He also showed them the Coal Severance Tax Fund which will require Council's approval. This is separate from the general fund and is used to help fund the Parks & Recreation department and events. He said a little cash balance has been built up but this budget is the same as it was last year.

He said with the way the coal mining industry is, it's hard to determine what this will be next year. He said the City can use it as the City deems necessary. He showed them the levy, and the calculation used to arrive at the levy and the property tax rate. He gave Council a packet containing all this information. Councilman Buchanan asked what the Private Liquor License Club Fee is. City Manager Jarrell said that it is for Black Knight. He said that if a business requests permission to serve alcohol, they must get approval from the City. He said Uptown Dish wants to have tables outside and allow patrons to have a glass of wine with their meal, pending an ordinance from the City. City Manager Jarrell said the City wants to work with all the businesses uptown as best it can to help them. Evan said that he and Mr. File are working on what needs to be presented at Council next week. With there being no further comments the Mayor asked for a motion to adjourn which was made by Councilman Buchanan and seconded by Councilwoman Coots. The Mayor adjourned the meeting at 6:40 p.m.

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Mayor City Manager