

MUNICIPAL HOME RULE
PILOT PROGRAM

City of Fairmont

2019
PROGRESS
REPORT

West Virginia State Code §8-1-5a (m) provides:

“Commencing December 1, 2015, and each year thereafter, each participating municipality shall give a progress report to the Municipal Home Rule Board and commencing January 1, 2016, and each year thereafter, the Municipal Home Rule Board shall give a summary report of all the participating municipalities to the Joint Committee on Government and Finance.”

The Municipal Home Rule Board has developed this standard format for Pilot Program participating municipalities to prepare and submit their respective Annual Progress Reports. The intent of this standard format is to gather and compile information in a consistent, easily understood, and efficient manner that will be used to develop a concise and practical summary report to the Joint Committee on Government and Finance.

Annual Progress Reports must be submitted electronically as an individual file in PDF format no later than the close of business on December 1, 2016, by emailing Debbie Browning at debbie.a.browning@wv.gov, West Virginia Development Office, West Virginia Home Rule Pilot Program, State Capitol Complex, Building 6, Room 553, Charleston, West Virginia 25305-0311, 304-558-2234.

A. General Information		
Name of Municipality: City of Fairmont		
Certifying Official: Valerie A. Means	Title: City Manager	
Contact Person: Valerie A. Means	Title: City Manager	
Address: 200 Jackson Street, Suite 301		
City, State, Zip: Fairmont, WV 26554		
Telephone Number: 304-366-6211	Fax Number: 304-366-0228	
E-Mail Address: vmeans@fairmontwv.gov		
2010 Census Population: 18,704		
B. Municipal Classification		
<input type="checkbox"/> Class I <input checked="" type="checkbox"/> Class II <input type="checkbox"/> Class III <input type="checkbox"/> Class IV		
C. Pilot Program Entry Phase		
<input type="checkbox"/> Phase I (2007 Legislation) <input checked="" type="checkbox"/> Phase II (2014 Legislation) <input type="checkbox"/> Phase III (2015 Legislation)		
D. Attest		
I hereby confirm that I am the authorized official for this municipality and certify that the information submitted herein and attached hereto is true and accurate and that this report addresses each and every initiative included in the original Home Rule Pilot Program Plan Application for this municipality and any subsequent amendments, if applicable.		
Valerie A. Means		11/14/19
Type Name of Certifying Official	Signature of Certifying Official	Date

Please use this page to report progress on each **non-tax related initiative** included in your Home Rule Application. Each non-tax related initiative must have a separate page.

Initiative: Relief from the zoning ordinance regulating the use or acquisition of additional land by a farm, industry, or manufacturer.
Category of Issues Addressed (check all that apply) <input type="checkbox"/> Organization <input checked="" type="checkbox"/> Administration <input type="checkbox"/> Personnel <input type="checkbox"/> Other
Was this non-tax initiative a part of your original plan application <input checked="" type="checkbox"/> or a plan amendment <input type="checkbox"/> ?
Has the ordinance(s) needed to implement this initiative been enacted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, when was the ordinance enacted? September 8, 2015
If no, please describe challenges faced in enacting the related ordinance(s)
<p>SUCSESSES – In the space below, please provide a brief narrative highlighting successes realized through the implementation of this initiative and any metrics used to track performance.</p> <p>The City of Fairmont’s (City) Ordinance no. 1658 to provide relief from the provisions of West Virginia Code §8a-7-10(c) which prohibit the City’s zoning ordinance from regulating the use or acquisition of additional land by a farm, industry, or manufacturer passed unanimously after a work session with Council on August 11, 2015, introduction of the ordinance on August 25, 2015, and proper notification and public hearing at Council’s regular meeting on September 8, 2015.</p> <p>To date, this ordinance has not affected any business.</p>
<p>LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.</p> <p>The City has amended its Zoning and Land Use Planning Ordinance to aid its revitalization efforts and to accommodate and meet the changes in land uses. The revitalization goal has only been partially realized and the expansion of certain industrial activities allowed under West Virginia Code §8a-7-10(c) was proven to be a major impediment to achieving the City’s goals. The City would encourage other municipalities to enact legislation providing relief from West Virginia Code §8a-7-10(c) to ensure protection from future acquisition or expansion of non-conforming uses.</p>

Please use this page to report progress on each **non-tax related initiative** included in your Home Rule Application. Each non-tax related initiative must have a separate page.

Initiative: Relief from the notice and public auction requirements relevant to the sale of real property when the value is less than \$15,000
Category of Issues Addressed (check all that apply) <input type="checkbox"/> Organization <input checked="" type="checkbox"/> Administration <input type="checkbox"/> Personnel <input type="checkbox"/> Other
Was this non-tax initiative a part of your original plan application <input checked="" type="checkbox"/> or a plan amendment <input type="checkbox"/> ?
Has the ordinance(s) needed to implement this initiative been enacted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, when was the ordinance enacted? September 8, 2015
If no, please describe challenges faced in enacting the related ordinance(s)
<p>SUCSESSES – In the space below, please provide a brief narrative highlighting successes realized through the implementation of this initiative and any metrics used to track performance.</p> <p>The City of Fairmont’s (City) ordinance no. 1653 to provide relief from the notice and public auction requirements of West Virginia Code §8-12-18(b) relative to the sale of real property belonging to the City when the value of the parcel to be sold is less than \$15,000 passed unanimously after a work session with Council on August 11, 2015, introduction of the ordinance on August 25, 2015, and proper notification and public hearing at Council’s regular meeting on September 8, 2015.</p> <p>To date, 251 properties were identified as vacant or abandoned. The City has acquired 30 dilapidated buildings since July 1, 2016 and had them demolished. Three lots were transferred to adjacent property owners. A secondary result of this program has been the voluntary demolition of dilapidated buildings conducted by private property owners.</p> <p>In fiscal 2019 eleven of the above-mentioned properties were acquired and demolished and one sub-standard lot was sold to North Central West Virginia Community Action to be included in their development plans. The City continues to maintain an inventory of its substandard lots and plans to use the Vacant Building Registration program together with local community development groups to promote the sale and productive reuse of such lots.</p>
<p>LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.</p> <p>This initiative works in conjunction with the City’s Vacant Building Registration program. It was also beneficial to have the City of Fairmont designate a fixed sum to aid in the demolition of these blighted structures. Given that dilapidated, abandoned and vacant properties are a statewide problem, this initiative should be promoted as part of any municipality’s vacant building registration program because it allows for sub-standard and vacant lots to be returned to productive use.</p>

Please use this page to report progress on each **tax related initiative** included in your Home Rule Application. Each tax related initiative must have a separate page.

Tax related Initiative: Expand B&O tax credits for new business and business expansion; to promote the re-occupancy of vacant or dilapidated structures, to foster the rehabilitation and preservation of contributing structures in the City's downtown historic district; and to encourage longevity of business operation in the corporate limits

Was this tax initiative a part of your original plan application or a plan amendment ?

Has the ordinance(s) needed to implement this initiative been enacted? Yes No

If yes, when was the ordinance enacted? September 8, 2015

If no, please describe challenges faced in enacting the related ordinance(s)

REVENUES – In the space below, please provide a brief narrative highlighting revenue amounts and revenue categories realized; revenue amounts and revenue categories reduced; net revenue gain; and, any metrics used to track performance.

In fiscal 2016, through June 30, 2016, three businesses took advantage of the “New and Expanded Business Tax Credit” for total credits of \$290,724. One business was approved under the new legislation for “Historic District Tax Credits” and received \$575 in tax credit in fiscal 2016 for one quarter of B&O Tax. The taxpayer was eligible for additional credits in fiscal 2017.

In fiscal 2017, through June 30, 2017, three businesses that were approved in fiscal 2016 continued to take advantage of the “New and Expanded Business Tax Credit” for additional credits of \$291,128. The business approved for “Historic District Tax Credits” in fiscal 2016 received \$1,531 in tax credit in fiscal 2017 and one additional business was approved for this credit and received \$129 in credits in fiscal 2017. Additionally, one business celebrated their one-hundredth anniversary and received 100% credit against B&O tax in amount of \$203 under the “Milestone Anniversary Tax Credit” legislation.

In fiscal 2018, through June 30, 2018, under the “Milestone Anniversary Tax Credit” legislation, one business continued to receive 100% credit against B&O tax for three quarters in amount of \$1,222 in celebration of their one-hundredth anniversary. One additional business received credit of \$158 in celebration of their fifth-year anniversary. “Historic District Tax Credits” continued for an annual filing for one business in amount of \$106. However, the most significant credits were received using the “New and Expanded Business Tax Credit”. Two taxpayers received credits of \$268,897 in fiscal 2018.

In fiscal 2019, through June 30, 2019, “Historic District Tax Credits” continued for an annual filing for one business in amount of \$111. The most significant credits were received using the “New and Expanded Business Tax Credit”. Three taxpayers received credits of \$230,656 in fiscal 2019.

The City continues to promote the legislation on its website and continues to notify taxpayers in forms distribution.

B&O Tax revenues from any number of categories could be affected by these credits. The City has no reasonable method of estimating the cost to the City for reduced revenues caused by B&O tax credits for preservation of contributing structures in the historic district. To date, no business has

applied for this credit. It is probable that there will only be one or two credits of this type per year. The new business, job expansion, and re-occupancy tax credits will not affect the current tax base. These credits will allow credits against new B&O Tax revenues. The anniversary tax credit will affect revenues minimally in milestone years.

SUCCESESSES – In the space below, please provide a brief narrative highlighting projects, improvements, programming, etc. realized through the implementation of this revenue initiative and any metrics used to track performance.

In allowing these B&O Tax credits, the City hopes to promote the general welfare of its citizens and realize the government objectives of revitalization and renewal of the City of Fairmont.

LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.

The City has implemented programs and communicated to businesses the availability of these credits. Guidelines and forms have been developed and are available on the City's website.

(This area is currently blank for providing a narrative.)

Tax related Initiative: Relief from the limitation in authority to offer B&O tax credits to provide for imposition of a one percent consumer sales and use tax

Was this tax initiative a part of your original plan application or a plan amendment ?

Has the ordinance(s) needed to implement this initiative been enacted? Yes No

If yes, when was the ordinance enacted? September 8, 2015

If no, please describe challenges faced in enacting the related ordinance(s)

REVENUES – In the space below, please provide a brief narrative highlighting revenue amounts and revenue categories realized; revenue amounts and revenue categories reduced; net revenue gain; and, any metrics used to track performance.

Imposition of a one percent (1%) municipal consumer sales and service tax and a complimentary use tax began on July 1, 2016.

In writing the Home Rule application, it was estimated that imposition of the sales tax would generate \$1,253,000 in gross annual revenues for the City. Net of the Tax Commission's administrative fee of \$63,000, estimated at 5%, and the offset reductions in Business and Occupation Tax of \$344,000, the City anticipated receiving \$846,000 in additional net revenue.

In fiscal 2017 the City received three distributions and accrued the fourth distribution for sales tax collections of \$1,728,008, net of administrative fees and exceeding the estimate by \$475,008. The City earmarked \$344,000 for general revenues of the City to offset the reduction in Business and Occupation Tax. The City transferred \$202,734 equally to its Police and Fire Pension Trusts and transferred the remaining \$978,540 to a General Fund investment account reserved for future needs when the City's pension funds are closed and the City will be required to pay all pensioners on a pay-as-you-go basis.

In fiscal 2018, imposition of the one percent (1%) municipal sales tax has allowed the City to close its existing City of Fairmont's Policemen's and Firemen's Pension and Relief Funds to new hires. Effective January 1, 2018, all new hires of policemen and firemen are enrolled in the Municipal Policemen and Firemen's Retirement System and the existing Police and Fire Pension Funds have been moved to the Conservation Funding Method. With the change in method and allowing for a reserve for future pension benefits, pension cost increased in fiscal 2018 by \$716,136 and is expected to increase in fiscal 2019 by \$869,799. These increases are covered by sales tax proceeds received in fiscal 2017 and proceeds of \$1,932,988 in fiscal 2018, which include the fourth quarter amount of \$521,342 received on July 24, 2018 and which are net of administrative fees.

In fiscal 2019, proceeds of \$2,237,759 in sales and service tax and a complimentary use tax were received; which include the fourth quarter amount of \$553,673 received on July 19, 2019 and which are net of administrative fees. As in prior fiscal years, the proceeds less \$344,000 earmarked for general revenues of the City to offset the reduction in Business and Occupation Tax were used to meet the City's Police and Fire pension \$2,132,762 obligation under the Conservation Funding Method.

SUCCESES – In the space below, please provide a brief narrative highlighting projects, improvements, programming, etc. realized through the implementation of this revenue initiative and any metrics used to track performance.

After offsetting reductions in general revenues, as planned, the City is using net revenue generated from the imposition of the sales tax to finance its unfunded liabilities in the City of Fairmont's

Policemen's and Firemen's Pension and Relief Funds. Future uses could also include providing funding for the demolition of vacant and dilapidated structures or providing funding for quality of life projects.

LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.

The City worked closely with the West Virginia Tax Commission and asked for a review and critique of the City's ordinance prior to presenting the ordinance to City Council for adoption. This facilitated the process and resulted in no issues post-adoption.