



# VIEW*S* & VISIONS

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## Strong Cities Equal a Stronger State of West Virginia

Lisa Dooley, Executive Director  
West Virginia Municipal League

Lisa Dooley is the Executive Director of the West Virginia Municipal League, a statewide nonprofit and nonpartisan association of cities, towns and villages established to assist local governments in advancing the interests of its citizens. In managing the League, Dooley develops and coordinates training, insurance, financial, legal and technical assistance programs for local officials.

A native of Boone County, West Virginia, Dooley represents municipalities before the West Virginia Legislature, holds seats on several state commissions, oversight and advisory councils on their behalf and advocates for applying best practices to promote excellence in municipal government in West Virginia.

Dooley has served as a member of the West Virginia Department of Environmental Protection's Advisory Council, the Governor's Law Enforcement Training Subcommittee, past president and current board member of the West Virginia Society for Association Executives and past board member for the National League of Cities.

In a presentation to a gathering of West Virginia Municipal League members and city officials from across the state, a former Tax Commissioner's opening remarks included what has become one of my favorite lines: "*No one likes taxes, even me.*"

Like most folks, when I write the check for my municipal fee, I do not think about its breakdown of funding; I simply see a deduction from my checking account. Unlike the electric bill, with colorful charts of kilowatt hours used, the municipal user fee is simply an amount based on and measured by the cost of delivering an essential or special service, divided among the users, to recover definitive costs. Adopted by ordinance, the process of establishing a municipal fee includes public hearings, public notice, at least two – sometimes three – readings of the ordinance and, finally, implementation.

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The financing of municipal government in West Virginia is not an exact reflection of nationwide municipal trends. The similarities are consistent, though, in ever-escalating costs of essential service provisions and the necessity to fit the needs of the citizens within the constraints of a balanced budget. What sets us apart and, in my



opinion, ahead of the curve is the innovation and dedication of our municipal officials who live the words, "...we will transmit this city not only, not less, but greater and more beautiful than it was transmitted to us." To do that, municipalities in West Virginia tailor an accurate blend of taxes, user fees and efficient service delivery that works best for their city and the citizens they serve. One size does not fit all.

As a way of defining the municipal service fee, the Governmental Budgeting and Fiscal Policy Committee of the GFOA (Governmental Finance Officers Association) states "when certain services provided especially benefit a group, then governments should consider charges and fees on the direct recipients of those that receive benefits from such services. Well-designed charges and fees not only reduce the need for additional revenue sources but promote service efficiency." West Virginia Code stipulates such a fee is for essential or special municipal services, therefore it must provide a direct benefit to the user, must not be based on property value



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or assets and must not be collected with the purpose of raising revenues beyond the cost.

There are several things to consider when developing these fees, including an understanding of the laws and statutes, a study of the valuing factors, such as subsidies and the direct/indirect cost of providing the service, periodic reviews and updates, government transparency and last, but certainly not least, public input – including objections and remedy.

The West Virginia Municipal League believes the key to a successful proposal includes a combination of municipal fees, municipal taxes and efficient delivery systems. The adoption of formal policies, authorized in West Virginia Code 8-13-13, should identify all areas of the fee-to-service ratio (affordability, pricing, cost of goods and services). Policies should include the intent of the municipal government of

recovering costs, setting out the full cost of service provision – including direct/indirect costs – and calculating those charges with the associated costs of collections addressed within.

The next step involves a recommended, systematic review and update of the charges. My rule of thumb for any government looking at implementing a new fee or tax is to start at the right number. It hurts just as much (if not more) to increase a fee or tax as it does to implement a new one. Inflation, regulatory permit increases and use of the service all have a direct impact on the adequacy of cost recovery. The consideration of alternative methods of delivery, other measures of cost reduction and benchmarking is popular with municipal finance officers and is a way of comparing what other cities are doing while looking at service levels with pricing options.

Regarding the collection of municipal user fees, West Virginia statute prohibits the dedicated revenue from outpacing the cost of the service provided. The requirement of annual submission and approval of municipal budgets provides oversight via the West Virginia State Auditor's Office. Further, the statute and any subsequent court rulings uphold the municipal citizen's right of protest with a method for recalling the implementation of the fee through a petition for referendum.

Finally, having served as the state's municipal advocate for 25 years, I have been in the company of greatness. The mayors, city councils and municipal officials serving from Charleston to Thurmond are simply extraordinary. They each find ways to provide critical and essential municipal services, and they continually deliver for West Virginia and its residents. With the drastic reduction of federal and state funding, they find innovative and alternative means to address statewide dilemmas, are not afraid of the responsibility and do not apologize for the authority they possess. Municipal user fees have been one of those alternative solutions. When you look around the state at the hubs of economic development, you are directed to the infrastructure and services provided in and around our municipalities. In other words, strong cities equal a stronger state of West Virginia. ▽

