

DAILY MINER



Tuesday, November 15, 2011

Impact fees on the way out in Kingman

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KINGMAN - Council will take the final step tonight toward repealing nearly all impact fees, and it will also hold a public hearing regarding expected rate hikes to wastewater user fees and monthly fixed charges as well as water connection fees.

Senate Bill 1525, which passed earlier this year, makes it so cities cannot collect impact fees after Jan. 1 unless it's for a "necessary public service." Within the statute, it says current impact fee programs must be replaced by August 2014, meaning cities need to come up with new fee ordinances, procedures, infrastructure improvement plans and fee studies by the deadline.

Instead of taking that route, Council decided to repeal all of the city's impact fees except for those collected for wastewater. The repeal will take effect Jan. 1.

Wastewater development fees are staying on because of the city's \$55 million debt associated with the upgrades and expansion of Kingman wastewater treatment plants.



JC AMBERLYN/Miner

The Kingman City Council.

Even with the city maintaining the collection of wastewater development fees, it is being proposed to raise user fees and monthly fixed charges in order to also stay current with lending requirements and have enough cash flow, as construction is down and the shortfall must be offset. According to the agenda, a typical residential customer paying about \$40 a month in wastewater fees will see his or her monthly bill go up by about \$10.

The debt's principal combined with interest and fees equates to an annual payment of \$4 million. The principal divided by the city's 9,000 customers comes to about \$6,100 per customer. Add in the interest and fees to this amount and divide it by the 20-year loan term and the figure you're left with is \$37 per month per customer for debt payment.

With the current proposed increases that \$37 per month will still not be met, and it is expected that the fees will take another \$12 jump in 2013.

Currently, a typical customer pays \$40.09 for sewer - a base rate of \$17.79 plus \$22.30 in user fees. This is calculated on usage of 6,150 gallons per month. The 2012 changes will bump the base rate to \$22.24 while the user fees increase to \$27.87. The plan for 2013 is to increase the base rate once again to about \$27 and the user fees to around \$35, bringing the average sewer monthly bill to \$62.

At that point, customers would be paying \$37 toward the debt service and \$25 toward wastewater operations.

As far as water connection fees go, they are possibly being increased due to the repealing of water impact fees and will pay for water infrastructure, which was how it was prior to the implementation of impact fees in 2005.

According to the agenda, this increase will not have a fiscal impact on the city and its customers, as the amount the connection fee is raised is exactly the same as the amount of the impact fee being repealed for

each type of connection. Connection fees are assessed when a new structure connects to the system for the first time.

At the end of the meeting, city staff plans to present a first-quarter financial report to Council.

Council meets at 5:30 today at 310 N. Fourth St.

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