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Council eyes water rate hike

Wastewater bill could go up \$7.50 a month

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JAMES CHILTON/Miner

Department heads and members of the Kingman City Council discuss modifying the city's water and wastewater fees Monday morning.

from \$21.24 to \$24.08, or \$2.84 total. That includes raising the base water charge for all customers inside the city limits from \$4.34 to \$6.21, and from \$5.85 to \$8.37 for those living outside the city.

The studies recommend increasing monthly wastewater rates so the average residential wastewater bill would go from \$14.44 to \$21.37, a total increase of \$7.51. For all residential and commercial customers, the base charge would jump from \$6.41 to \$9.49.

Kingman now pays less for water than most neighboring cities of comparable size, including Yuma, Lake Havasu City and Prescott, but it still pays more than most sections of Bullhead City.

Kingman also pays far less in monthly wastewater bills than all comparable cities, particularly Lake Havasu's average bill of \$48.76 a month.

The proposed rate increases would put Kingman in the middle of the pack for water bills, but it would retain the lowest wastewater bills. Again, the increase includes raising the base charge from \$6.41 to \$9.49 for all wastewater customers, residential and commercial.

Additionally, Red Oak's studies recommend increasing both water and wastewater development investment fees, also known as impact fees - the one-time charge for new connections designed to cover the cost associated with new growth.

KINGMAN - Members of the Kingman City Council met Monday morning to discuss proposed modifications to the city's monthly water and wastewater rates, as well as the one-time development investment fees, or impact fees.

City Finance Director Coral Loyd spent the better part of an hour going over a pair of studies conducted by Red Oak Consulting regarding the city's water and wastewater financial plans for the next 10 fiscal years, as well as the correlating infrastructure improvement plans.

In short, Loyd said that to maintain the city's current water and wastewater service, and to prove its ability to repay proposed loans for the pending upgrades and expansion of the Hilltop Wastewater Treatment Plant, the city must raise its monthly rates and the investment fees paid by developers.

The studies recommend hiking the monthly rates so the average residential water bill would increase

Red Oak is recommending the city raise the water impact fees for the most common meter size, 5/8-inch by 3/4-inch, from \$1,200 to \$3,370, with corresponding increases among larger meters as well. For wastewater, the firm is recommending an increase from \$66 per fixture unit to \$91, which would raise the average fees for a single-family residence from \$990 to \$1,365.

Loyd said the increased water impact fees would go to pay for \$11.9 million in growth-related projects, including \$7.4 million for a 24-inch transmission pipe and boosters for the Rattlesnake water tank in the city's east bench area, deemed necessary for the developments already being planned or built in the vicinity, such as Hualapai Mountain Medical Center and the new middle school.

Sharp rise in

impact fees

Councilmembers accepted most of the proposed increases as required, but several balked at the proposed sharp increase for water impact fees. To raise just the \$7.4 million for the east bench projects, the new fees would have to generate \$400,000 a year for the next 18 years.

That would mean at least 121 new meter connections a year, a number of which the city is currently on track to fall short - only 46 building permits have been issued so far this fiscal year - and at the current rate of development, the city will likely manage only about 100 total permits, generating only \$330,000.

Two alternatives offered

Loyd presented Council with two alternatives for raising the required revenues. The city could increase water impact fees to just \$1,800 per connection, which would generate \$180,000, or keep them at their current level, which would generate \$120,000.

The difference could then come from an additional \$1 to \$2 increase in the monthly water rates, on top of the \$2.84 increase already proposed.

Those increases would generate \$216,000 and \$432,000 a year, respectively.

Vice Mayor Janet Watson said she hoped the city could discuss those options at the Dec. 15 public hearing for modifying the monthly fees. While the subsequent impact fee hearing isn't scheduled until Jan. 20, Watson said she wanted to discuss reducing the impact fee increase ahead of time, so that if Council does choose to raise water rates by an additional dollar or two, it can do so in one vote along with the increases already prescribed.

"It seems to me it's going to be a bitter pill for everyone, and I don't like to be the person giving out the medicine," she said.

"But it seems it would be easier if we did it all at once as far as increasing the water rates."

Councilman Keith Walker said he felt the \$2 additional rate increase was the safest choice for ensuring the city wouldn't have to deal with a potential shortfall.

"I think we need the \$2, because it's steady income," he said.

"On building permits, I think we're taking a gamble there ... We need to go with \$2 versus the \$1 cause I think we're gonna shoot ourselves in the foot (otherwise)."

Mayor John Salem had recommended putting all three rate options into the eventual resolution, but Councilwoman Robin Gordon questioned whether the options were really "options" at all, considering the obvious downturn in building permits.

"Why have an option if it's not a good option?" she said.

"I'm with Keith, I'd rather go ahead and go with \$2 so we have what we need.

"We can't depend on the number of building permits at all."

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