

DAILY MINER

Tuesday, April 13, 2010

Council sets aside \$500,000 for road repairs

Funds for impact fee study yanked during Monday's budget meeting

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KINGMAN - The Kingman City Council renewed its commitment to preserving the city's decaying streets Monday, when Council members agreed to set aside up to \$500,000 in contingency funds to continue the city's chip-sealing and overlay program through the next fiscal year.

The \$500,000 transfer from the general fund to the Highway User Revenue Fund was the single largest budget modification made at Monday's preliminary budget hearing, the first in a series leading up to the adoption of a final budget for FY 2011, which begins July 1. The city's chip-sealing fund has continued to dwindle over the past several years as the poor economy has caused state gas tax revenues to plummet. Additionally, the state Legislature has taken steps to further cut HURF revenues in order to balance its own massive deficit, leaving the city barely any money at all with which to preserve its roads.

In making the recommendation to use general fund money, Mayor John Salem said he believed the cost would more than offset the expense of having to replace roads should they deteriorate further. "The cost of replacement of roads is going to be 10 times what the chip-seal program would be, and it's important that we continue to fund it, even on a limited basis," he said.

Council concurred with Salem and agreed to put the item on the budget, but members also agreed it should only be spent if the state fails to bring in the revenues it expects to. Typically, Salem noted, the city of Kingman's budget expectations have been consistently more conservative than the state's, and usually to the city's advantage.

Council also agreed to pull \$50,000 in anticipated spending for an updated study of the city's impact fee structure. Members reasoned that the study would result in a foregone conclusion that the city's existing fees aren't high enough, while no one on Council has expressed a desire to actually raise them. City Attorney Carl Cooper noted that while the city ordinance currently requires the impact fee study to be conducted, nothing was stopping the Council from voting to waive the requirement at a future meeting. Council also revisited the idea of contracting with a third party private business, Revenue Discovery Systems, to conduct the city's sales tax collections instead of the state Department of Revenue. Council agreed to set aside \$150,000 for a potential contract negotiation with RDS, which will remain contingent on whether or not the state Legislature passes a bill to outlaw such third party collections. Finance Director Coral Loyd noted that the state already appears to be behind on its reporting for numerous local sales tax payments this year.

"For example, February's numbers for room tax typically would be about \$20,000 and it was reported to us as \$8,000," Loyd said. "We asked questions, you know, 'Where's the money?' and we still don't have that resolved."

Loyd added that at least one local restaurant was able to show documentation that it paid its sales tax to the revenue department in person Jan. 29, yet the state still hasn't recognized it as having paid up.

"We've had a lot of those issues," she said.

Not surprisingly, the most divisive issue of the session proved to be the Economic Development and Marketing Commission. As in past meetings, Council was divided over whether or not to allocate \$8,000 in



**JOHN
SALEM**



**KERRY
DEERING**



**CAROLE
YOUNG**



**CORAL
LOYD**

savings to the new commission following the consolidation of the city's Good Samaritan and Kingman Resource Center housing assistance programs.

The strongest proponent of the new commission, Carole Young, was also the loudest voice in favor of allocating the \$8,000, while Kerry Deering led the opposition, arguing that the money would be better off spent on immediate needs such as the chip-seal program rather than a commission whose efforts might not pay off for years to come.

"What are the biggest problems facing the city that we don't have the money right now that we need to pay for?" Deering asked. "That's where I think any spare money we can come up with needs to go, to the general fund or to be tagged for those things."

He added that, while everyone would love to see new businesses move into town, the current economic environment just didn't allow for it, no matter how hard the EDMC might try. Instead, he said, the city should focus on surviving the downturn, and only then should it start worrying about economic growth. But Young argued that \$8,000 was just a drop in the bucket compared to what Bullhead City and Lake Havasu City spend on their respective economic development entities. She added that the city would effectively hobble itself by not addressing future economic development now, rather than after the recovery sets in.

Young made a motion to allocate the \$8,000 to the EDMC, with Keith Walker seconding. The motion passed by a 4-3 vote, with Salem, Young, Walker and Robin Gordon in favor and Deering, Watson and Ray Lyons against.

Despite the additional funding, EDMC's anticipated budget is still about \$12,000 less than the \$76,125 it originally requested. Young suggested most of that shortfall could be cut from the commission's "Shop Kingman" program, which she said has recently been built upon by the [Kingman Area Chamber of Commerce](#).

Finally, Council agreed with a proposal by Salem to set aside up to \$10,000 for a possible future contract with Management Training Corporation for the use of inmates from Arizona State Prison-Kingman in Golden Valley. The inmates, he said, could provide a low-cost means of doing certain cleanup or rehabilitation projects on a limited basis, such as after a heavy storm.

Finance Department staff will make the requested changes and present Council with a tentative budget at the May 3 Council meeting, where members may make further cuts, but no additions. Council will then vote on final budget adoption May 17.

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