



Siloam Springs city officials consider electric growth fee

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SILOAM SPRINGS — Growth in Siloam Springs is causing a need to expand the city's electric infrastructure, said Art Farine, superintendent of Siloam Springs Electric Department.

“ The new development is causing a heavy burden on the department, ” he said.

City directors looked at ways to pay for the new development at the city board workshop meeting June 27.

The plan is to charge service extension fees to developers. New developments are not identified in the capital improvement plan. A \$ 1, 024 fee per lot will take the burden from electric department customers and place the cost on developers.

“ We've got \$ 1, 024 per lot we don't get a return on in seven years after we turn on the electricity to that lot, ” Farine said.

Recently, city directors hired a consulting company to conduct an impact fee study. The \$ 72, 300 study will look at the impact of growth on fire, police, parks, water and sewer infrastructure in the city. An impact fee correlates to the amount of money needed to maintain infrastructure and provide services based on how much the infrastructure and service is used.

Developers will pay electric service extension fees based on the cost of the infrastructure in a subdivision. That fee could be reimbursed to developers if another developer decides to add another subdivision onto the infrastructure.

Farine said about \$ 2 million in infrastructure is sitting in subdivisions waiting to be used. Some subdivisions that were platted 10 years ago and have electricity to them are not filled with homes, he said. The electric department has footed the bill to run electricity for new developments.

City Administrator David Cameron said developers currently pay for other infrastructure, such as sewer, water and streets, in their developments. The city would still provide electric infrastructure to the development with the service extension fees in place.

“ They — developers — they know this is coming, ” said Paul Calloway, assistant city administrator and treasurer.

The \$ 1, 024 fee also would be charged for commercial and industrial developments.

Farine said the fee amount could change based on the amount of infrastructure needed. A formula is used to calculate the increased cost, he said.

City directors could vote on this fee as early as the end of July or the first of August. Officials plan to hold public meetings with developers before the city board votes on the issue.

City officials also saw a 10-year capital improvement plan for the electric department at the city's board workshop meeting June 27.

Collections began Saturday for a 1-percent sales tax that will fund infrastructure in Siloam Springs over the next 10 years. Of that 1-cent tax, 3 / 8 ths will pay for at least \$ 9. 9 million worth of infrastructure the electric department needs to meet the expected growth of the city. Voters approved the 1-cent sales tax in May.

“ We're just trying to get a game plan for the money, ” Cameron said. “ We want to leave everything on top of the table what it costs. ”

The sales tax that will end in 10 years will bring the city an estimated \$ 12. 6 million in revenue over that period, officials said.

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