

# THE DAILY TIMES

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## Aztec considers utility connection fee to replace impact fees

— By Cornelia de Bruin — The Daily Times

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**AZTEC** — Aztec City Commissioners want to raise money for their municipality by charging a fee for new utility connections.

If they follow through with their plans, the utility connection fee would replace fees the commissioners began charging developers to build within the city. Called impact fees, the amount of money raised for city coffers fell far short of original revenue estimates.

Aztec commissioners are perfecting the language in a new regulation they likely will implement after the new year begins. Commissioners voted Thursday to keep a moratorium on the impact fees in place. The moratorium was put into effect last May to give commissioners the time they needed to study and write the new regulation.

"The whole intent of this is to give us more time to review and evaluate the city's needs," said Aztec City Manager David Velasquez. "The impact fees didn't generate enough money."

Anticipating a spike in growth, city commissioners enacted the impact fees in 2005.

"We were expecting explosive growth when we adopted them in 2005, but that didn't happen," Mayor Sally Burbridge said. "The fees have only generated small amounts of money and there's not

enough in any of the funds to really do anything."

From May 2005 to April 2008 the impact fees collected \$275,059. Commissioners approved the moratorium last May. The city of Aztec has used the funding to pay for a Wastewater Improvement project, its Reservoir No. 3, electric improvements to two circuits supplying power to Aztec residents and for a demonstration solar project at its electric warehouse.

City commissioners enacted the moratorium after several subdivisions came before Aztec's Planning and Zoning Board and the City Commission. Growth projected would have burdened Aztec's existing infrastructure, possibly requiring the construction of additional water and power lines.

Because growth didn't happen at the rate the city thought it would, commissioners decided to re-examine the entire impact fees concept. Commissioners also worried the fees were hurting commercial interests in Aztec.

"They could have deterred some businesses," said John Favarino, who runs The Hiway Grill, his family's 57-year-old business. "There was always a concern about impact fees because cities try to attract money-making businesses."

Favarino is president of Aztec's Economic Development Advisory Board.

Commissioners want to replace the impact fees with a utility connection fee for each of the city's utilities: electric, water and wastewater. Their plan is to implement the charge in increments spread out during a five-year period to reduce the impact to residential and commercial customers.

Residential connection fees, for example, would increase from \$316 at the beginning of the year to

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\$794 by January 2013 for a single-phase, 200 ampere or less connection that requires no transformer and do not include swamp, air conditioning or natural gas central heating.

Commercial electric service would be connected after the city's electric department director estimated the charge, determining the cost of materials, labor, equipment, the meter installation and hook-up and estimate fees.

Fees for water and wastewater connections would depend on the size of pipe used, and whether or not a sewer connection was necessary.

Aztec city staff prepared an elaborate fee schedule setting proposed charges for contingencies related to utility service so commissioners can see first-hand how a new ordinance would work.

"I think it's a good idea," said Commissioner Larry Marcum, the county's fire chief. "It's the right thing to do because the economic picture has changed pretty dramatically."

Velasquez said, "The utility connection fees would give us a whole lot more latitude we need to apply them to needs that develop as the city grows."

Favarino said San Juan County has several strikes against it in trying to attract new businesses: expensive land, lack of rail service and minimal air service.

Only 6 percent of the land in San Juan County is privately owned.

"It makes sense to put a moratorium on the impact fees because we all need businesses that bring gross receipts taxes," he said. "They're important to have."

Favarino said the county has done a great job in nurturing local businesses. He gave kudos to the Quality Center for Business for its efforts. As a businessman he suggested the area might want to study other parts of the state to garner development ideas.

"One way to do a better job is to study other areas that have done a good job," he said. "We don't want to give away the farm, but we do need to offset the lack of rail and air service."

Commissioners likely will act on the impact fee moratorium and utility connection fee replacement at their first meeting, Jan. 6.

The 55-day moratorium is set to expire Dec. 31.

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