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City Council: Council raises impact fees despite contractors' protests

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KINGMAN - After a five-month period of studies, work sessions and public hearings, the Kingman City Council on Monday voted to raise development impact fees for new water and wastewater connections.

In a unanimous vote, Council adopted a set of modifications recommended by a rate and investment fee study published by the Red Oak consulting firm in October 2008. The modifications will raise the water development fee for the most common meter size from \$1,200 to \$1,800, with corresponding increases among larger meters, and will also increase the wastewater development investment fee from \$66 per fixture unit to \$91 per unit, raising the average cost for a single-family residence from \$990 to \$1,365.

The impact fee increases follow similar increases in the monthly water and wastewater rates, which were approved by Council Dec. 15 and took effect on Feb. 1. The water hikes will be used to pay for water infrastructure improvements in the city's east bench area and to offset the rising electrical costs associated with pumping Kingman's water out of the ground. The wastewater hikes are intended to generate new revenues to prove the city can repay a \$35 million loan from the state Water Infrastructure and Finance Authority for upgrades and expansions of the Hilltop Wastewater Treatment Plant.

The decision to raise the water impact fees from \$1,200 to \$1,800 was somewhat of a compromise on Council's part. The Red Oak study actually recommended increasing the fees to \$3,370, a 180-percent increase, but Council opted for the lower amount, fearing that such high impact fees would further stifle Kingman's already sluggish growth and fail to produce the revenue needed to fund the east bench infrastructure projects.

To offset the remaining costs, Council chose in December to raise the municipal water rates by an extra \$2 on top of Red Oak's recommendation.

The compromise failed to soften the blow to developers, however, as evidenced by Clay England, a director with the Northern Arizona Builders Association. England claimed the new fees were just one more added cost to contractors who are already reeling from a significant drop in business caused by the nationwide recession.

"The people that I represent come to me and say, 'We're close to a third of the people in Kingman,'" England said. "What's the Council doing for us? What are they doing for us to help us right now?"

England said many local contractors were losing jobs and going out of business.

"We're afraid to do sales tax because it's going to add \$60 more to a car, but \$10,000 (to a house) is okay," he said. "My people are frustrated because they're losing jobs, they can't feed their families, and we come to you as our local government to see what can be done about that instead of just adding on."

Vice Mayor Janet Watson said she sympathized with England and understood the bind contractors were in, but she added that the new water and wastewater infrastructure was crucial to the city's continued development, and the city had already broken up the cost by raising rates for city residents as well.

"It's a shared cost, and I wish that we didn't have to do it," Watson said. "I wish we didn't have to do it to our

residents either."

Councilman Keith Walker noted that the city would be discussing revisiting the impact fees a year earlier than scheduled during its upcoming budget meetings. Councilman Kerry Deering assured England that Council was not deaf to contractors' concerns, and he echoed Walker's assertion that Council did intend to work with developers to revisit the issue this year.

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