



Lake Havasu City

Lake Havasu City
Municipal Courthouse
Council Chambers
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Legislation Text

File #: ID 16-0960, Version: 1

COUNCIL COMMUNICATION

TO: Honorable Mayor and Council

FROM: Tabatha Miller, Administrative Services Director
Sandy McCormack, Senior Accountant

SUBJECT:

Introduce Ordinance No. 16-1167 Amending Lake Havasu City Code Section 3.20.040, Schedule of Fees and Service Charges, to Update Fees and Charges

FUNDING SOURCE:

N/A

PURPOSE:

To introduce an ordinance amending City Code Section 3.20.040 to update City fees and charges.

BACKGROUND:

Annually, the City undergoes a review of fees and charges as required by Chapter 3.20 of the City Code. During the process, departments review their fee schedules and make recommendations to either increase, decrease, or maintain the fees. They evaluate the need for new services as the citizens' needs and desires change. New fees are added as services are identified.

The review began by first establishing how the fees would be adjusted this year. During the years after the Great Recession, most City fees were kept flat. As a result, when the fees were updated last year some fees and charges increased by double digit percentages. In order to minimize larger changes, and keep fees consistent with the reasonable costs to be recovered as set forth in Section 3.20.040, the Consumer Price Index (CPI) was used to calculate recommended fee changes. The CPI, for the 12-month period ending in June, was 1.0%. The more detailed cost of service review will be completed every several years.

In most cases, fees were rounded to the nearest whole dollar. As a result, many small dollar fees will not be changed this year. All departments reviewed the proposed fee changes and approved the list that is included with this council communication.

A few important fee changes to note are:

- Minor Conditional Use Reviews and Zoning Variance Reviews will now be charged half the price of a major review. Previously these reviews were no charge.

- A new fee of \$25 for responding to customer meter re-reads in excess of one free re-read per year. This will encourage customers to monitor their own meter usage and reduce the expense of the additional service calls.
- Fee for 1" Irrigation or Additional Meter Installation (Short-Side Meter) should have been increased previously. This is a housekeeping item.
- If a fee is included in a contract, the contract terms may override fee changes.
- Fee changes would be effective February 1, 2017.

In addition to the proposed changes to City fees and charges, staff is recommending a policy change to water and sewer utility billing. Past practice has allowed part-time residents to turn off and reactivate water, sewer, and trash charges seasonally. The dilemma with this practice is that the fixed costs associated with providing water and particularly sewer services do not change if residents temporarily forego service. The City's water and sewer infrastructure was built and is maintained year-round to accommodate the maximum demand on the systems, not the average demand. Fixed costs, including debt service and depreciation account for 75% of the total wastewater expenses and variable costs only 25% of the total.

To ensure that part-time residents pay their share of the fixed costs for the water and sewer systems, and full-time residents are not subsidizing these costs, staff is recommending that utility customers pay the minimum fees for water and sewer, year-round. All customers would be responsible for the minimum sewer fee of \$41 per month plus the \$5.16 monthly water base fee. Trash service could continue to be temporarily suspended while there is no water usage at the residence.

COMMUNITY IMPACT:

N/A

FISCAL IMPACT:

Potential for slight increase in revenues

ATTACHMENTS:

Ordinance No. 16-1167

Proposed Fees & Charges for 2017

Proposed Facility Use Fees for 2017

SUGGESTED MOTION:

I move to introduce Ordinance No. 16-1167 amending Lake Havasu City Code Section 3.20.040, to update the Schedule of Fees and Service Charges.