



CITY OF KINGMAN COMMUNICATION TO COUNCIL

TO: Honorable Mayor and City Council

FROM: Tina Moline

MEETING DATE: May 19, 2026

AGENDA SUBJECT: Public Hearing and Adoption of Ordinance No. 2001 -
Increasing Water Base Rates, Volume Rates, Capital Renewal
Fee, and Other Miscellaneous Water Service Fees, and
Establish Two New Water Fees

SUMMARY:

In FY2023, a comprehensive cost of service study was conducted, which resulted in the adoption of new water rates and a five-year financial plan. Each year, the City reviews the water system's five-year financial plan to confirm that revenues are adequate to cover operating and capital expenses while maintaining a targeted 60-day cash reserve. In performing the annual review, the need for rate increases was identified in order to continue to meet the rising costs of operating the system as well as replacing deteriorating infrastructure.

In addition to reviewing water usage volumes and base rates, miscellaneous water service fees that had not been evaluated for many years were analyzed. The review identified the need for fee adjustments to improve cost recovery, which was presented to Council for consideration on March 17, 2026. Additionally, two new water fees were determined to be necessary to offset the operational costs associated with providing those services.

On March 17, 2026, the City Council reviewed proposed rate increase options intended to address rising service costs, maintain the long-term financial stability of the water system, and meet funding needs for major capital replacement projects. Following discussion, the Council adopted a Notice of Intent to proceed with Option A, as was presented, which included a 3.85% increase to water volume and base rates. The Council also approved a 50% increase to the Capital Renewal Fee for FY2027, along with proposed adjustments to the miscellaneous water service fees and the creation of two new water service fees: Non-Pay Disconnect Lock fee and Customer Assisted Turn-On or Turn-Off fee.

The proposed rates and fees identified in the Notice of Intent are now being presented to Council for final consideration and possible adoption. If approved, the new rates and fees will take effect on July 1, 2026.

FISCAL IMPACT:

There will be a positive fiscal impact of an estimated \$21,788 in FY27 and an estimated \$600,000-\$700,000 in FY28 - FY31 to the Water Operating Fund. The Water Capital Renewal revenues will be positively impacted by \$1,016,142 in FY27 and an estimated \$250,000 - \$300,000 in FY28-FY31.

STAFF RECOMMENDATION:

Adopt Ordinance No. 2001 increasing water rates and fees and establishing two new water fees.

SUGGESTED MOTION:

Move to adopt Ordinance No. 2001

ATTACHMENTS:

[Water System Financial Plan Update - Public Hearing Presentation](#)

[Ordinance 2001 Water Rates](#)

[ARS 9-499.15 Justification Report-Water.pdf](#)

[Notice of Intent 2026-0317-Water.pdf](#)