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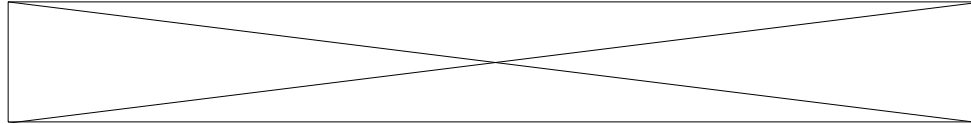


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Avondale property-tax, sewer-rate increases may be ahead 2 Comments

Proposal hikes property levy \$33 a year, sewer bill 75¢ a month



Because of the recession and the housing bust, property in Avondale lost 50 percent of its assessed valuation from a high of \$614 million in 2010 to an anticipated \$314 million in 2014. Assessed valuation is the dollar value assigned to property for taxing purposes.

Nick O'Connell/The Republic

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By David Madrid The Republic | azcentral.com Mon May 13, 2013 9:36 AM

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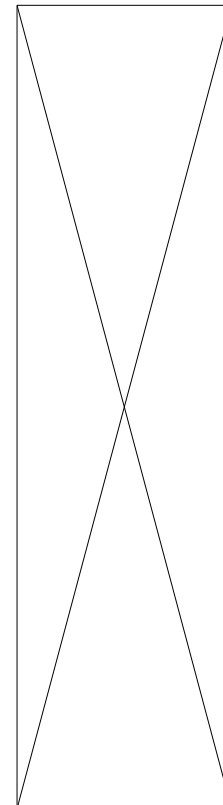
- Police: 34.4 percent.
- Fire: 14.7 percent.
- Parks, Recreation and Libraries: 14.2 percent.
- Development and Engineering Services: 6.6 percent.

Avondale residents could see sewer rates and property taxes increase under the city's proposed budget.

The average monthly sewer bill could rise 75 cents and the average homeowners' city property-tax bills could go up \$33 a year, according to preliminary Avondale estimates.

Among other things, money in the budget would be used to repair, build and replace streets and sewer lines. Plus, it would help wrap up construction of the long-awaited fire station for the Northwest Public Safety Facility.

Although council members say they support the proposed sewer rate and property-tax increases, they disagree how to phase them in.



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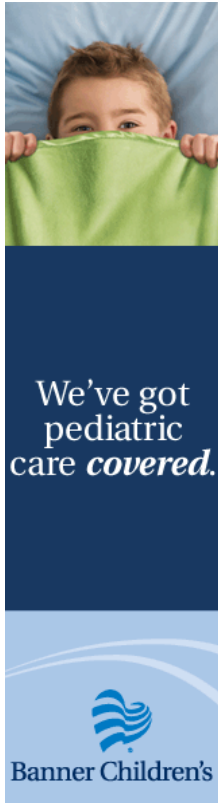
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Information Technology: 4.4 percent.
Other: 25.7 percent.

*Other expenditures include such services as city administration, finance and budget, human resources, neighborhood and family services, economic development and city court.



The fee hikes are likely to be the most high-profile part of the proposed nearly \$172 million fiscal 2013-14 budget the City Council will consider May 20. That total includes almost \$48 million to pay for city operations and a \$45 million capital budget. Final adoption of the budget and a hearing on the proposed property-tax levy would be June 17.

The tentative budget calls for Avondale to spend \$12 million more than this fiscal year's almost \$160 million budget, a 7.7 percent increase. The new fiscal year begins July 1.

Sewer-rate increase

The sewer-rate increase will raise \$10 million for \$12.2 million in planned wastewater-system upgrades. That includes adding filters and a new clarifier at the Charles M. Wolf Water Resource Center.

A clarifier removes heavier solids from wastewater and it would allow the treatment plant to handle more sewage.

The city would need about a 12 1/2 percent increase in revenue collected from sewer rates to pay for the sewer revenue bonds that would finance most of the projects, Kevin Artz, Avondale's finance and budget director, told the City Council recently.

The city officials plan to conduct a rate analysis before having public hearings. The City Council could vote on the rate hikes in October or November.

City leaders will weigh two options: a one-time 12 percent increase or a 4 percent increase over three years.

A 12 percent increase could be a \$3 to \$4 per month increase in the average monthly \$25 residential sewer bill, Artz estimated. If the sewer rate were raised over 3 or 4 years, that could increase the average sewer bill about 75 cents per month, Artz said.

Until there is a vote on the proposed increase, the tentative budget reflects a 4 percent increase this year followed by 4 percent increases in the next two budget cycles favored by the majority of the council.

"Nobody wants to hear that rates are going up, but the reality is everything gets more expensive. The improvements we are doing here cost money," said Councilman Jim McDonald, who opposed a one-time increase.

Property-tax increase

The city is considering raising property taxes because of general-obligation bond debt and rising home values have not yet brought in more revenue for the city.

Because of the recession and the housing bust, property in the city lost 50 percent of its assessed valuation from a high of \$614 million in 2010 to an

anticipated \$314 million in 2014. Assessed valuation is the dollar value assigned to property for taxing purposes.

Although property values have begun to rise again, there is a lag before those new higher values impact property taxes.

To make up for the lower tax collections, the council would consider raising property taxes so the city can collect enough money to pay \$4.9 million in general obligation bond debt.

As Avondale property tax collections dropped in fiscal 2012 and 2013, the rate was raised to \$1.33 per \$100 of assessed valuation from \$1.10.

Since property tax collects have decreased even more, the council will consider a one-year increase to \$1.80 per \$100 of assessed valuation.

But Artz said that in fiscal 2015 the property-tax rate would drop to \$1.58 per \$100 of assessed valuation and in fiscal 2016 the rate would decrease to \$1.46 per \$100 of assessed valuation.

A home with an assessed valuation of \$167,500 in 2007 now has an assessed valuation of \$115,000. So, with the proposed increase, this year's city tax bill for that home would increase from \$145 a year to \$178, an increase of \$33 or almost 23 percent.

ncil members disagreed about how much the city should increase the tax.

ncilman Kenn Weise said that some residents may find the proposed tax hike is not a big burden.

ink we've been good stewards of the money and hopefully people will understand its (an increase of) \$3.29 3.30 a month," Weise said.

Donald favored a smaller property-tax increase with the city kicking in \$750,000 from the general fund to the debt-service fund.

"Every time we talk about tax raises, people are going to get angry," he said.

Mayor Marie Lopez Rogers favored a one-time increase.

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"I'm of the frame of mind that you pull the Band-Aid off quickly, so I would ... not use any of our general funds at this point," she said.

Avondale resident Richard Childress said the sewer and property-tax increases are small enough that they don't bother him. Childress said his property tax will increase \$15 to \$20 a year.

"It will be a minimal impact," he said. "We're only talking a few dollars. I don't have a problem with that."

Spending plan

The proposed \$172 million budget includes upgrades to help Phoenix International Raceway expand, roadwork, a fire station and pay raises for workers.

The proposed water-system upgrades set aside \$1 million for the Avondale Boulevard waterline from Lower Buckeye Road to the Gila River. That project connects PIR to the city water system. A \$2.8 million sewer-line project connects PIR to the city sewer system. The upgrades are under way and are expected to be complete later this year.

The city plans to spend \$13.3 million in street improvements, including \$1.7 million for improvements to deteriorating roads.

The city will spend \$1.3 million for road work in the City Center.

The improvements will help lay the groundwork for the planned City Center Transit Center, which will be near the intersection of 114th Avenue and Roosevelt Street.

The budget designates \$2 million to build the fire station for the Northwest Public Safety Facility on the Estrella Mountain Community College campus. The building was designed to house both a police station and fire station.

Initially, the city planned to share the fire facility with Litchfield Park, but in 2009, the agreement fell apart. Avondale built the public-safety facility, and uses the Police Department portion, but the fire-station side is an empty shell.

The fire station will open in January 2014.

There's \$890,000 in pay raises for all employees. That's a 3 percent wage increase for all employees except fire and police employees whose wages are based on union contracts. Last year, employees got a 3 percent pay raise after going three years without a pay raise.

The City Council would increase each council member's annual discretionary fund from \$5,000 to \$6,000. Discretionary funds are a pool of money council members use at their discretion to benefit the city.

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