



## What Will the Proposed Granite Shoals Sewer System Cost Me?

### INITIAL TIE-IN COST

The sewer plan, as proposed by the city council in Resolution No. 396-A, is that *most existing residences in the city will be connected to the sewer system at no charge at the time their area is phased in.<sup>1</sup> The city will pay for grinder pumps, laterals and decommissioning existing septic tanks. The city will, at its expense, maintain and replace grinder pumps as needed.*

### MONTHLY OPERATIONAL CHARGES

After a residence is tied into the sewer system, the city will charge each connection a monthly service fee. *The city's engineers have estimated that the sewer system's operating costs will be approximately \$35 per month per residential connection.* The current plan is to charge that amount, but depending upon future public input, the city may increase this amount some to lower the potential tax increases that are explained below. *There will be no monthly service charge until the residence begins receiving sewer service.*

### TAXES

**If you are 65 or older, your homestead city property taxes are frozen, and there will be NO increase in your homestead property tax in any of the sewer system phases, and your sole cost will be the monthly service fee, which you will pay only after you are connected to the sewer system and are receiving service.**

The city will be issuing bonds to build the sewer plant, install collection lines and grinder pumps, handle reclaimed water disposal, and to replace aged water lines and repair street cuts. The city proposes to repay the bonds primarily with property tax revenue and with other available revenues, such as impact fees for newly constructed homes, interest that will be earned on the bond funds prior to their use, and revenue from new development. Increased growth, valuation, and commercial development is anticipated with accompanying tax revenue expansion.

<sup>1</sup> The city will have an installation allowance for each home that will cover the basic costs of installing the sewer lateral, connecting the grinder pump to the electrical system of the house, and decommission your existing septic tank. The allowance will cover the costs for almost all homes, but there will be a few homes with special electrical or lateral needs, and the homeowner may have to pay the difference.

The detailed analysis of the sewer system's tax rate implications is in the city's summary analysis as provided by its financial advisor, which is located on the city's website, [www.graniteshoals.org](http://www.graniteshoals.org).

For phase 1, the city's current 0.448/\$100 property tax rate is expected to increase by a total range of 8 cents to 12 cents per \$100 valuation, depending upon the rate of overall property value growth, and the year involved, although in a worse case scenario – assuming the city fails to invest the construction funds, has minimal property value growth, does not draw down an existing interest fund, and has no impact fees or development revenue – the increase could reach 20 cents per \$100 valuation.

Below are some charts which show the approximate potential tax increase on homesteads from the current 2010 property taxes. **For example, if you are under 65 (again, those 65 or older will have no tax increase), and you have a home with an assessed value of \$100,000, the increase from your property taxes will likely increase between \$80 to \$120 from what you paid in 2010 (or \$6.67 to \$10 per month), depending on the level of growth within the city. This increase is not cumulative, or in other words, it is not an increase levied each year, but instead it is just an increase from the 2010 rates.**

<u>Assessed Value</u>	Potential Tax Rate Increase Alternatives		
	\$0.08/\$100	\$ 0.10/\$100	\$0.12/\$100
50,000	\$ 40.00	\$ 50.00	60.00
75,000	60.00	75.00	90.00
<b>100,000</b>	<b>80.00</b>	<b>100.00</b>	<b>120.00</b>
150,000	120.00	150.00	150.00
200,000	160.00	200.00	240.00

Or, on a monthly basis, for those who escrow their taxes with their mortgages:

<u>Assessed Value</u>	Potential Tax Rate Increase Alternatives		
	0.08	0.10	0.12
50,000	\$ 3.33	\$ 4.17	\$ 5.00
75,000	5.00	6.25	7.50
<b>100,000</b>	<b>6.67</b>	<b>8.33</b>	<b>10.00</b>
150,000	10.00	12.50	12.50
200,000	13.33	16.67	20.00

The above estimates are based on conservative overall city property value growth rates between 4 and 7 percent per year.

With a sewer plant in Granite Shoals, the likelihood is that new development will be spurred, and new commerical activity will develop in the city's commerical areas along RM 1431. If so, the effect upon individual taxpayers will be reduced below what is shown above, and the burden that existing property owners currently face will be spread among more properties, and sales tax revenue should increase significantly. If new property development occurs within the city, or sales taxes increase as a result of new businesses locating in Granite Shoals, these additional revenues can be applied to the repayment of the bonds. Additionally, Phases 2 and 3 should become more affordable and require far lower increases in the tax rate, if any is needed at all.

For more information, see [www.graniteshoals.info](http://www.graniteshoals.info), and the city's website [www.graniteshoals.org](http://www.graniteshoals.org)