



City of Sedona Financial Services Department

102 Roadrunner Drive Sedona, AZ 86336

(928) 204-7185 • Fax: (928) 282-7207

REQUEST FOR QUALIFICATIONS

WASTEWATER RATE STUDY

QUALIFICATIONS MUST BE RECEIVED PRIOR TO

October 3, 2018, 4:00 P.M.

SUBMIT TO:

City of Sedona

City Clerk's Office (for time and date stamping)

Attn: Cherie R. Wright, Director of Financial Services

102 Roadrunner Drive

Sedona, AZ 86336

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CITY OF SEDONA

REQUEST FOR QUALIFICATIONS FOR WASTEWATER RATE STUDY

I. INTRODUCTION

The City of Sedona seeks a Statement of Qualifications (SOQ) and Proposed Fee Structure from firms experienced in conducting wastewater rate studies and analyses, the development of customer class service rates and charges, and a cash flow analysis which will demonstrate the ability to repay outstanding debt and allow for repairs and improvements to the wastewater plant and collection system. The report developed will enable the City to comply with the State of Arizona Title 9 requirements in connection with a possible wastewater utility rate increase.

Background

The City of Sedona last had a wastewater system rate study performed in 2013-2014. The City has total principal and interest outstanding of \$37 million related to the wastewater system with annual debt payments of approximately \$4.5 million until the final payoff on July 1, 2026. Fiscal year 2016-17 operating expenses for the wastewater system totaled \$6.3 million. The City currently has about 6,800 sewer customers with \$5.9 million per year in revenue from user fees. The City does not own or operate the water company so generally does not base sewer use on water flow; therefore, the sewer is billed at flat rates depending on the type of unit (single family residential, multi-unit, commercial type, etc.) with a few exceptions.

Since the voters approved the construction of a sewer system in 1989, the City has subsidized the Wastewater Enterprise Fund with a portion of its city sales tax revenue. The subsidy has helped pay most of the debt service incurred for the original construction as well as upgrades to the capacity at the plant and extensions of the sewer lines. The last rate study planned for a slow reduction in the General Fund subsidy over the next twelve years, along with annual increases in user fees gradually declining, in order to achieve the ultimate goal of making the Wastewater Enterprise Fund financially self-supporting. For FY 2018-19, the General Fund subsidy is 25% of sales tax revenues.

In the years since the last rate study and the implementation of the rates recommended, certain concerns have arisen that the City would like considered in the new rate study. An analysis of the Wastewater Enterprise Fund conducted in 2017 has been included in the appendices as a reference regarding several issues identified.

II. SUBMISSION PROCEDURES

A. PROPOSED SCHEDULE

Tuesday, September 4, 2018	Issue RFQ
Monday, September 17, 2018	Written Questions Due
Monday, September 24, 2018	Responses to Questions Issued
Wednesday, October 3, 2018, 4:00 PM	Responses Due Responses not received by this time will not be accepted.
Wednesday, October 10, 2018	Committee Review of Qualifications/Scope Proposals
Tuesday, October 16, 2018	Interviews (as needed) It is anticipated that interviews will be for top two to three consultants, if necessary.
Tuesday, November 13, 2018	City Council Approval of Contract with Selected Consultant
Thursday, February 21, 2019	Rate Report and Cash Flow Projects Filed with City Clerk and Posted on Website
Tuesday, March 26, 2019	City Council to Approve Notice of Intent to Increase Rates
Tuesday, May 28, 2019	City Council Meeting and Public Hearing to Adopt Ordinance for Rate Increases
Monday, July 1, 2019	Effective Date of Any Proposed Rate Increases for Fiscal Year 2019-20

B. PRESENTATIONS

Those Respondents which are determined to be best qualified to undertake the services required under this Request for Qualifications (RFQ) may be invited to make a presentation to the City. Further information may be provided to the prospective Respondents after the initial selection.

C. SUBMITTAL REQUIREMENTS

Six (6) copies of the Respondent's sealed SOQ, and one (1) electronic copy, will be received by the City until 4:00 p.m., MST on October 3, 2018, at:

City of Sedona
City Clerk's Office (for time and date stamping)
Attn: Cherie Wright, Director of Financial Services
102 Roadrunner Drive
Sedona, Arizona 86336

The outside of the envelope must bear the notation:

**STATEMENT OF QUALIFICATIONS
WASTEWATER RATE STUDY
DUE: OCTOBER 3, 2018, 4:00 P.M.**

The Respondent's name and address should be clearly indicated on the envelope.

It is the responsibility of all Respondents to examine this RFQ carefully, understand the terms and conditions for providing the services listed and seek clarification in writing, of any item or requirement that may not be clear and respond completely. **FAILURE TO COMPLETE AND PROVIDE ANY OF THESE REQUIREMENTS MAY RESULT IN THE RESPONDENT'S SOQ BEING DEEMED NON-RESPONSIVE AND THEREFORE DISQUALIFIED FROM CONSIDERATION.** The City is under no obligation to return SOQs. Any unauthorized contact with any other official or employee in connection with this RFQ is prohibited and shall be cause for disqualification of the Respondent.

D. LATE SOQS AND MODIFICATIONS

SOQs and modifications thereof received after the exact time of closing of SOQs which is **4:00 p.m., OCTOBER 3, 2018** will not be considered.

E. WITHDRAWAL OF SOQ

Unless otherwise specified, SOQs may be withdrawn by written request received from the Respondent prior to the time set for closing of SOQs.

F. PUBLIC RECORD

All SOQs shall become the property of the City and shall become a matter of public record available for review, subsequent to the award notification. Submission of information by the Respondent shall not be released by the City during the evaluation process or prior to contract award.

If a Respondent believes that the SOQ contains information that should be withheld, a statement advising the City of this fact shall accompany the submission and the information shall be identified. The information identified as confidential shall not be disclosed until the City makes a written determination. The City shall review the statement and information and shall determine in writing whether the information shall be withheld. If the City determines to disclose the information, the City shall inform the Respondent in writing of such determination.

G. INQUIRIES

All questions related to this RFQ shall be directed to Cherie Wright, Director of Financial Services. All questions must be submitted in writing via email to CWright@SedonaAZ.gov or facsimile transmission to (928) 282-7207 by Monday, September 17, 2018. The City shall not be responsible for Respondents adjusting their SOQs based on any oral instructions made by employees of the City regarding the RFQ. All changes to the RFQ shall be in the form of a written addendum, which shall be furnished to all Respondents who are listed with the City as having received the original RFQ. The City will not respond to any requests for information pertaining to RFQ specifications received less than four working days (Monday-Thursday) prior to the Response Due date.

H. RESERVATIONS

The City of Sedona, Arizona reserves the right to:

- Reject any and all responses, in part or in whole
- Accept responses which in its sole discretion and opinion appear to be responsive, responsible, and in the best interests of the City
- Waive any formalities or informalities
- Request clarification from any Respondent on any or all aspects of its SOQ
- Waive any minor defects in the SOQ
- Cancel and/or reissue this RFP at any time
- Retain all SOQs submitted in response to this RFP
- Invite some, all, or none of the Respondents for interviews and further discussion

The City of Sedona consultant selection process is in accordance with Arizona Revised Statutes.

III. SCOPE OF WORK

A general outline of the presumed project scope is shown below. As part of the submittal, the Respondent should add to, subtract from, and further define and develop this scope as necessary to achieve the overall objective:

1. Review the City's current wastewater utility ordinance to identify potential issues and concerns, provide assessments and identify issues to be reviewed in the current study.

The City's current rate schedule has been included in the appendices for informational purposes. Current rates include the following:

- a. Monthly charges for connected properties: residential and commercial
 - b. Monthly charges for properties with sewer availability: deferred connection agreements, environmental penalties, and stand-by fees
 - c. Lien filing fee
 - d. Account set-up fee
 - e. Deposit
 - f. Septic tank pumping reimbursements for cluster systems
 - g. Septic tank replacement reimbursements for cluster systems
 - h. Late fees
 - i. Capacity fees
2. Develop alternative rate options (as applicable) that are based upon the assignments of relative revenue responsibility and address other City policy objectives, including the following:
- a. Consider and make recommendations regarding water-based rates. If recommended, consider and assist with the possibility of cooperative agreements with the two private water companies within the city limits to obtain water usage information, to help with enforcement of delinquencies, or other beneficial arrangements.
 - b. If water-based rates are recommended, make recommendations regarding water use for irrigation, separate winter and summer rates, incentives to minimize irrigation, etc.
3. Recommend wastewater service rates that equitably apportion revenue responsibility among customer classes in accordance with costs incurred by the utility and the customer in provision of that service, including the following concerns:
- a. Make recommendations to ensure the equity of rates for restaurants. The current square footage rate does not consider hours of operation, types of restaurant (take out, sit down, fast food, etc.), number of fixtures, etc. Furthermore, when the optional water-based rate is used by restaurants, the rate varies significantly from the square footage-based rate in almost every case.
 - b. Make recommendations for commercial properties with shared restrooms, both when the property is one parcel and multiple parcels, and when only office spaces or mixed use (offices, restaurants, salons, etc.).

- c. Make recommendations to ensure the equity of rates for residential properties. Currently, residential properties fall into the following categories: standard, low-flow, low-income, and multi-family rate. This doesn't consider house size, number of fixtures, part-time residents, short-term rentals, cluster systems, guest houses, RV hookups, etc.
 - d. Make recommendations to ensure the equity of rates for mobile home parks, RV parks, and RV hookups.
 - e. Evaluate the equity of the City's standby fee assessed to vacant lot with sewer availability.
 - f. Make recommendations regarding discounts for prepayment, autopayment, paperless billing, and remittance stub included with payment.
 - g. Make recommendations for adding distilleries and breweries as a new billing category and identify any other new categories to be recommended.
4. Make recommendations regarding the General Fund subsidies to the Wastewater Enterprise Fund.
5. Prepare a 20-year cash flow model which demonstrates sufficient revenue to meet operating expenses, debt service and appropriate debt covenants, and requirements of the Wastewater Master Plan.
6. Prepare comparisons to other Arizona wastewater systems and analysis of differences in comparability.
7. Provide recommendations for the following policy and procedure areas:
 - a. Quarterly vs. monthly billing
 - b. Connection of customers on deferred connection agreements or on environmental penalties
 - c. Policies regarding billing errors
 - d. Low income determinations
 - e. Any other identified recommendations
8. Consider the change management impact of the results of the rate study on rates compared to the current rates and help with a plan to communicate the change through public outreach.
9. Attend and participate in at least two outreach meetings with stakeholder groups.
10. Attend at least three City Council meetings to help educate Council on the proposed rate model.

IV. INSTRUCTIONS TO RESPONDENTS

A. SOQ FORMAT

To assist in the evaluation process, statements should contain the following information. The submittal shall be 12 pages maximum, 8 ½ x 11 inches, single-sided, 12-point font minimum. All pages count towards the page total except the cover, introductory letter, resumes, reference letters, work examples, and organizational chart (if included). The SOQ shall be submitted in the format outlined below.

1. **Letter of Introduction.** Describe your firm's areas of expertise and other information that helps to characterize the firm. Describe your overall understanding of the project. Provide the name, title, address, and telephone number of the primary contact.
2. **Project Manager's Experience.** Identify the project manager who will be responsible for this project. List the *project manager's* relevant experience and similar work including references.
3. **Personnel.** Describe the project team including name and office location of key personnel including sub-consultants. Describe key personnel's proposed roles and responsibilities on this project, and relevant related experience. Work performed by key personnel shall include computer modeling, data gathering, and public outreach at a minimum. List key projects the project team has worked on in the past five (5) years.
4. **Project Approach/Scope.** Develop and describe the tasks that must be accomplished to complete the project and a narrative description of how the firm proposes to execute the tasks. Describe how the firm will be able to collect or verify field data in a timely fashion. Describe challenges which you foresee this project presenting and your approach for addressing these challenges. Describe your approach to innovation.
5. **Examples of Similar Work.** Include a list of similar projects listing the Owner, the Owner's contact person, address and phone number.
6. **Resumes of Key Staff.**
7. **Proposed Work Schedule.** Identify concerns with the proposed schedule in Section II.A. of this RFQ, if any, and include a proposed schedule.

8. **Other.** Relevant information the consultant wishes to include that is not listed above.

9. Required Forms.

- a. SOQ Form (see Section VI of this RFQ)
- b. Respondent's Experience Statement (see Section VI of this RFQ)
- c. Completed Past Performance Questionnaire, sent separately by at least three (3) references (see Section VI of this RFQ)

B. SOQ REQUIREMENTS

To receive consideration, the SOQ must comply with the following additional requirements:

- 1. The SOQ and all other documents or materials submitted will be deemed to constitute part of the SOQ.
- 2. SOQs must be valid for a period of sixty (60) calendar days from the date of opening.

C. INTENT OF THE CITY

The objective of this RFQ is to provide sufficient information to enable qualified Respondents to submit written SOQs. This RFQ is not a contractual offer or commitment to purchase services. Contents of this RFQ and Respondent's SOQ will be used for establishment of any final contractual obligation. It is to be understood that this RFQ and the Respondent's SOQ may be attached or included by reference in an agreement between the City and successful Respondent.

D. REQUIRED INSURANCE

Insurance requirements are listed in Section 10 of the sample Professional Services Agreement in Section VII.A. of this RFQ.

V. BASIS FOR SELECTION

The SOQs submitted and potential interviews will be evaluated utilizing the criteria listed below. History from the current and previous projects and customers of the Respondent may be used to evaluate some of the criteria.

	WEIGHT
Relevant experience of Respondent with similar projects, including Project Manager experience	50%
Project approach/scope	30%
Number, location and availability of qualified personnel	10%
Public relations experience, including public outreach	5%
Familiarity with the City of Sedona	5%

After the City has identified the SOQ with the best value for the City, the City shall have the right to negotiate with the Respondent over the final terms and conditions of the contract. The primary objective of the negotiations is to maximize the City's ability to obtain best value, based on the requirement and the evaluation factors set forth in the RFQ. If an agreement cannot be reached, the negotiation will be terminated, and similar negotiations will occur with the second ranked firm.

A. RATING CONSIDERATIONS

1. Relevant Experience & Project Manager Experience

- a. What experience with projects of this size and scope does the team have?
- b. How much project management experience does the project manager have?
- c. Does the Respondent have a good record of developing similar projects that have been implemented projects?

2. Project Approach/Scope

- a. Are the minimum elements addressed?
- b. Do additional tasks suggested by the consultant tend to improve the quality of the end product?
- c. How well does the proposed scope assure accomplishment of the project concept?
- d. Is the Respondent's quality control team good?
- e. How well is the project approach explained and justified?

3. Public Relations & Public Outreach Experience

- a. How much experience does the team show in working with public committees?

4. Qualified Personnel

- a. How many members of the team have worked together on previous projects?
- b. How available is the team for the project?
- c. What local knowledge is evident in the team make-up?
- d. Does the team meet the objectives of the project?
- e. Are the primary consultant and sub-consultant complimentary in skill sets?
- f. How well does the team understand the concept/goal of this project?

5. Familiarity with the City of Sedona

- a. Has the Respondent done previous work with the City of Sedona?
- b. Has the project team done previous work with the City of Sedona?
- c. Has the Respondent and/or project team done previous work in the City of Sedona?

VI. REQUIRED FORMS

SOQ Form

In response to the Request for Qualifications (RFQ), the undersigned Respondent hereby proposes to furnish labor, material, travel, professional services, permits, supervision, equipment and equipment rental and all related expenses, and to perform all work necessary and required to complete the following project in strict accordance with the terms of this RFQ and the final contract for the prices specified by the Respondent for:

WASTEWATER RATE STUDY

Respondent certifies that he/she has examined and is fully familiar with all of the provisions of the RFQ and any addendum thereto; that he/she is submitting a SOQ in strict accordance with the Instructions to Respondents; and that he/she has carefully reviewed the accuracy of all attachments to this SOQ.

Respondent certifies that he/she has examined the SOQ documents thoroughly, studied and carefully correlated Respondent's observations with the SOQ documents and all other matters which can in any way affect the work or the cost thereof.

Respondent agrees that this SOQ constitutes a firm offer to the City which cannot be withdrawn by the Respondent for sixty (60) calendar days from the date of actual opening of SOQs. If awarded the contract, Respondent agrees to execute and deliver to the City within seven (7) calendar days after receipt of City's Conditional Notice of Award, the applicable Contract form, insurance certificates and bonds (if required).

Attached is the Respondent's Experience Statement which has been completed by Respondent and made a part of this SOQ.

Respondent also acknowledges receipt of the following addendum(s) to the RFQ which have been considered by the Respondent in submitting this SOQ (if none, state "NONE"):

Addendum No. 1 _____

Addendum No. 2 _____

(continued on following page)

RESPONDENT'S BUSINESS NAME (type or print)

By:

(signature in ink)

Date:

Name:

Title:

RESPONDENT'S BUSINESS ADDRESS/PHONE/FAX/E-MAIL

(PH)

(FAX)

(EMAIL)

Respondent's Experience Statement

1. The Respondent has been engaged in this business under its present name for ____ years.
2. Experience in work of a nature similar in type and magnitude to that set forth in the RFQ extends over a period of ____ years.
3. The Respondent has satisfactorily completed all contracts awarded to it, except as follows (name any and all exceptions and reasons therefore):

4. List at least five (5) references for work completed of similar type and magnitude as set forth in this RFQ. Please include all contact information and project details on a separate sheet.

ORGANIZATION	YEAR	TYPE OF WORK	CONTRACT AMOUNT
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I certify that the above information is true and correct to the best of my knowledge.

Signature: _____

Name: _____

Title: _____

Date: _____



City of Sedona Financial Services Department

102 Roadrunner Drive Sedona, AZ 86336
(928) 204-7185 • Fax: (928) 282-7207

PAST PERFORMANCE QUESTIONNAIRE

To: _____ Phone: _____
Printed Name of Evaluator

Email: _____

Subject: Past Performance Survey of: _____
Name of Company Being Evaluated

Name of Key Personnel Being Evaluated

The City of Sedona collects past performance information (on firms and key personnel) to assist in procuring/awarding projects based on value. The firm/individual listed above is requesting reference for a past project they have completed. It would greatly be appreciated if you could take a few moments to complete the survey and return it to the City of Sedona.

Rate each of the criteria on a scale of 1 to 10, with 10 representing that you were very satisfied (and would hire the firm/individual again) and 1 representing that you were very unsatisfied (and would never hire the firm/individual again). Please rate each of the criteria to the best of your knowledge. If you do not have sufficient knowledge of past performance in a particular area, please leave it blank.

Client Name: _____ Date Project Completed: _____

Project Name: _____

No.	CRITERIA	UNIT	RATING
1	Ability to meet customer expectations for quality of work performed	(1-10)	
2	Ability to manage costs	(1-10)	
3	Ability to maintain project schedule	(1-10)	
4	Comfort level in hiring the firm/individual again	(1-10)	
5	Leadership ability of personnel assigned to the project	(1-10)	
6	Ability to communicate effectively	(1-10)	

Signature of Evaluator Date

Thank you for your time and effort in assisting the City of Sedona in this important endeavor.

Please email or mail the completed survey by 4:00 PM on October 3, 2018 to:

CWright@SedonaAZ.gov or
Attn: Cherie Wright
City of Sedona, Financial Services
102 Roadrunner Drive
Sedona, AZ 86336

VII.APPENDICES

A. SAMPLE CONTRACT

CONTRACT FOR PROFESSIONAL SERVICES FOR THE CITY OF SEDONA

This contract is made and entered into on this ____ day of _____, 20____, by and between the City of Sedona ("CITY") and _____ "CONSULTANT").

1.
 - A. The CONSULTANT agrees to perform certain consulting and coordinating services for CITY, as set forth in **Exhibit "A"** (attached).
 - B. CITY agrees to pay the CONSULTANT as compensation for services on a time and materials basis in accordance with the process and fee schedule set forth in Exhibit "A," not to exceed a total amount of \$_____. If deemed necessary by CITY, the CONSULTANT and CITY will confer to further define specific tasks in the scope of work and estimate the amount of time to be spent on those tasks.
 - C. Any work that is different from or in addition to the work specified shall constitute a change in the scope of work. No such change, including any additional compensation, shall be effective or paid unless authorized by written amendment executed by the City Manager and by CONSULTANT. If CONSULTANT proceeds without such written authorization, then CONSULTANT shall be deemed to have waived any claims of unjust enrichment, quantum merit or implied contract. Except as expressly provided herein, no agent, employee or representative of CITY shall have the authority to enter into any changes or modifications, either directly or implied by a course of action, relating to the terms and scope of this contract.
2. All correspondence, reports and other documentation of CONSULTANT'S work shall be considered confidential information and will be distributed only to those persons, organizations or agencies specifically designated by CITY or its authorized representative, or as specifically required for completion of CONSULTANT'S task.
3. Except as otherwise set forth in this contract, billing and payment will be in accordance with the conditions set forth in Exhibit "A." Invoices are due and payable upon receipt and are delinquent only thirty (30) days after the date received by CITY. Each invoice shall set forth a general description of the work performed, in accordance with the scope of work, for the hours billed. CONSULTANT may complete such work as it deems necessary, after termination, except that such work will be at its own expense and there shall be no "termination charge" whatsoever to CITY.
4. Any fee required by any governmental agency in order for CONSULTANT to accomplish a task hereunder shall be provided by CITY and is not included in the hourly fee. However, in that CONSULTANT is doing business within the Sedona City limits, CONSULTANT will be required to obtain an annual Sedona Business License for every year that the CONSULTANT does business with Sedona or within the City limits.

5. In the event any term or provision of this contract is held to be illegal or in conflict with any law of the United States or Arizona or any local law, the validity of the remaining provisions shall not be affected, and this contract shall be construed and enforced as if it did not contain the particular term or provision.
6. OWNERSHIP OF DOCUMENTS. All documents, including, but not limited to, correspondence, estimates, notes, recommendations, analyses, reports and studies that are prepared in the performance of this contract are to be, and shall remain, the property of CITY and are to be delivered to CITY before the final payment is made to the CONSULTANT.
7. PROFESSIONAL RESPONSIBILITY. CONSULTANT hereby warrants that it is qualified to assume the responsibilities and render the services described herein and has all requisite corporate authority and professional licenses in good standing, required by law.
8. COMPLIANCE WITH LAW. It is contemplated that the work and services to be performed by CONSULTANT hereunder shall be done in compliance with applicable laws, ordinances, rules and regulations that are in effect on the date of this contract. Any subsequent changes in applicable laws, ordinances, rules or regulations that necessitate additional work shall constitute a change in the scope of work.
9. INDEMNIFICATION. To the fullest extent permitted by law, CONSULTANT shall indemnify and hold harmless CITY, and each council member, officer, employee or agent thereof (CITY and any such person being herein called an "Indemnified Party"), for, from and against any and all losses, claims, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees, court costs and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever ("Claims") to the extent that such Claims (or actions in respect thereof) are caused by the negligent acts, recklessness or intentional misconduct of the CONSULTANT, its officers, employees, agents or any tier of subcontractor in connection with CONSULTANT's work or services in the performance of this contract. The amount and type of insurance coverage requirements set forth below will in no way be construed as limiting the scope of the indemnity in this paragraph.
10. INSURANCE.
 - A. The CONSULTANT agrees to procure and maintain in force during the term of this contract, at its own cost, the following coverages:
 1. Worker's Compensation Insurance as required by the Labor Code of the State of Arizona and Employers' Liability Insurance.
 2. Commercial General or Business Liability Insurance with minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000.00) each occurrence and TWO MILLION DOLLARS (\$2,000,000.00) general aggregate.

3. Automobile Liability Insurance with minimum combined single limits for bodily injury and property damage of not less than ONE MILLION DOLLARS (\$1,000,000.00) for any one occurrence, with respect to each of the CONSULTANT'S owned, hired or non-owned automobiles assigned to or used in performance of the services. In the event that the CONSULTANT'S insurance does not cover non-owned automobiles, the requirements of this paragraph shall be met by each employee of the CONSULTANT who uses an automobile in providing services to Sedona under this contract.
 4. Professional Liability coverage with minimum limits of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) each claim and ONE MILLION DOLLARS (\$1,000,000.00) general aggregate. If approved by CITY, evidence of qualified self-insured status may be substituted for one or more of the foregoing insurance coverages.
- B. CONSULTANT shall procure and maintain the minimum insurance coverages listed herein. Such coverages shall be procured and maintained with forms and insurers acceptable to CITY, acceptable of which shall not be unreasonably withheld. All coverages shall be continuously maintained to cover all liability, claims, demands and other obligations assumed by the CONSULTANT pursuant this contract. In the case of any claims made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.
- C. A Certificate of Insurance shall be completed by the CONSULTANT'S insurance agent(s) as evidence that policies providing the required coverages, conditions and minimum limits are in full force and effect, and shall be subject to review and approval by CITY. The Certificate shall identify this contract and shall provide that the coverages afforded under the policies shall not be canceled, terminated or limits reduced until at least 30 days prior written notice has been given to CITY. The City shall be named as an additional insured. The completed Certificate of Insurance shall be sent to:
- City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
ATTN: City Clerk
- D. Failure on the part of the CONSULTANT to procure or maintain policies providing the required coverages, conditions and minimum limits shall constitute a Material Breach of Contract upon which CITY may immediately terminate this contract or, at its discretion, CITY may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by CITY shall be repaid by the CONSULTANT to CITY upon demand, or CITY may offset the cost of the premiums against any monies due to CONSULTANT from CITY.

- E. CITY reserves the right to request and receive a certified copy of any policy and any pertinent endorsement thereto. CONSULTANT agrees to execute any and all documents necessary to allow Sedona access to any and all insurance policies and endorsements pertaining to this particular job.
11. NON-ASSIGNABILITY. Neither this contract, nor any of the rights or obligations of the parties hereto, shall be assigned by either party without the written consent of the other.
 12. TERMINATION. This contract shall terminate at such time as the work in the scope of work is completed or upon CITY providing CONSULTANT with seven (7) days advance written notice, whichever occurs first. In the event the contract is terminated by CITY's issuance of said written notice of intent to terminate, CITY shall pay CONSULTANT for all work previously authorized and performed prior to the date of termination. If, however, CONSULTANT has substantially or materially breached the standards and terms of this contract, CITY shall have any remedy or right of set-off available at law and equity. No other payments, including any payment for lost profit or business opportunity, and no penalty shall be owed by CITY to CONSULTANT in the event of termination upon notice.
 13. VENUE. This contract shall be governed by the laws of the State of Arizona, and any legal action concerning the provisions hereof shall be brought in the County of Coconino, State of Arizona.
 14. INDEPENDENT CONTRACTOR. CONSULTANT is an independent contractor. Notwithstanding any provision appearing in this contract, and any exhibits and/or addenda, all personnel assigned by CONSULTANT to perform work under the terms of this contract shall be, and remain at all times, employees or agents of CONSULTANT for all purposes. CONSULTANT shall make no representation that it is the employee of CITY for any purpose.
 15. NO WAIVER. Delays in enforcement or the waiver of any one or more defaults or breaches of this contract by City shall not constitute a waiver of any of the other terms or obligations of this contract.
 16. ENTIRE AGREEMENT. This contract, together with the attached Exhibit "A," is the entire agreement between CONSULTANT and CITY, superseding all prior oral or written communications. None of the provisions of this contract may be amended, modified or changed except by written amendment executed by both parties.
 17. NON-DISCRIMINATION. CONSULTANT, its agents, employees, contractors and subcontractors shall not discriminate in any employment policy or practice. "Discrimination" means to exclude individuals from an opportunity or participation in any activity or to accord different or unequal treatment in the context of a similar situation to similarly situated individuals because of race, color, gender, gender identity, sexual orientation, religion, national origin or ancestry, marital status, familial status, age, disability, or veteran status. (Ordinance 2015-10 (2015)).

18. COMPLIANCE WITH FEDERAL AND STATE LAWS:

CONSULTANT understands and acknowledges the applicability to it of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989. The following is only applicable to construction contracts: CONSULTANT must also comply with A.R.S. § 34-301, "Employment of Aliens on Public Works Prohibited," and A.R.S. § 34-302, as amended, "Residence Requirements for Employees."

- A. Under the provisions of A.R.S. § 41-4401, CONSULTANT hereby warrants to CITY that CONSULTANT and each of its subcontractors will comply with, and are contractually obligated to comply with, all Federal Immigration laws and regulations that relate to their employees and A.R.S. § 23-214(A) (hereinafter "Contractor Immigration Warranty").
- B. A breach of the Contractor Immigration Warranty shall constitute a material breach of this contract and shall subject CONSULTANT to penalties up to and including termination of this contract at the sole discretion of CITY.
- C. CITY retains the legal right to inspect the papers of any contractor or subcontractor employee who works on this contract to ensure that the contractor or subcontractor is complying with the Contractor Immigration Warranty. CONSULTANT agrees to assist CITY in regard to any such inspections.
- D. CITY may, at its sole discretion, conduct random verification of the employment records of CONSULTANT and any subcontractors to ensure compliance with Contractor's Immigration Warranty. CONSULTANT agrees to assist CITY in regard to any random verifications performed.
- E. Neither CONSULTANT nor any subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if CONSULTANT or any subcontractor establishes that it has complied with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214, Subsection A.
- F. The provisions of this article must be included in any contract that CONSULTANT enters into with any and all of its subcontractors who provide services under this contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
- G. CONSULTANT shall execute the required documentation and affidavit of lawful presence as set forth in ARS 1-502/8 USC § 1621 (**Exhibit B**).

19. DISPUTE RESOLUTION. The parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this contract. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, upon which demand the matter shall be submitted to a mediation firm mutually selected by the parties. The mediator shall hear the matter and provide an informal opinion and advise within twenty (20) days following written demand for mediation. Said informal opinion and advice shall not be binding on the parties, but shall be intended to help resolve the dispute. The mediator's fee shall be shared equally by the parties. If the dispute has not been resolved, the matter may then be submitted to the judicial system.
20. DELAYS. CONSULTANT shall not be responsible for delays which are due to causes beyond CONSULTANT'S reasonable control. In case of any such delay, any deadline established as part of the scope of work shall be extended accordingly.
21. ATTORNEYS' FEES AND COSTS. Should any legal action, including arbitration, be necessary to enforce any term of provision of this contract or to collect any portion of the amount payable hereunder, then all expenses of such legal action or collection, including witness fees, costs of the proceedings and attorneys' fees, shall be awarded to the substantially prevailing party.
22. CONFLICT OF INTEREST. From the date of this contract through the termination of its service to Sedona, CONSULTANT shall not accept, negotiate or enter into any contract or agreements for services with any other party that may **create a substantial interest, or the appearance of a substantial interest in** conflict with the timely performance of the work **or ultimate outcome** of this contract and/or adversely impact the quality of the work under this contract without the express approval of the City Manager and the City Attorney. Whether such approval is granted shall be in the sole discretion of the City Manager and the City Attorney. The parties hereto acknowledge that this Contract is subject to cancellation pursuant to the provisions of ARS § 38-511.
23. NOTICE. Any notice or communication between CONSULTANT and CITY that may be required, or that may be given, under the terms of this contract shall be in writing, and shall be deemed to have been sufficiently given when directly presented or sent pre-paid, first class United States Mail, addressed as follows:

CITY: City of Sedona
Attn: City Manager
102 Roadrunner Drive
Sedona, AZ 86336

CONSULTANT: _____

24. NOTICE TO PROCEED. Unless otherwise noted by CITY, acceptance of this contract is official notice to proceed with the work.

CITY OF SEDONA, ARIZONA

CONSULTANT

City Manager

By: _____

Title: _____

ATTEST:

I hereby affirm that I am authorized to enter into and sign this contract on behalf of CONSULTANT

City Clerk

APPROVED AS TO LEGAL FORM:

City Attorney

EXHIBIT(S)

Exhibit A

Scope of Work and Associated Costs

Exhibit B

- Affidavit of Lawful Presence as set forth in ARS 1-502/8 USC §1621.
- Affidavit of Lawful Presence not required as this consultant is a corporation.

B. CURRENT RATE SCHEDULE

**CITY OF SEDONA
CONSOLIDATED FEE SCHEDULE**

Finance	Current Base Fee	Additions and Limits
Fee Description		
Monthly Sewer Subsidy Rate (for low income residential wastewater customers only)	FY 2017-2018, \$32.17 Flat Rate	
Lien Filing Fee	\$25 (added to the amount of the lien)	
Wastewater Account Set-Up Fee	\$25	
Deposit for Utility Services	\$250	
Wastewater Fee Schedule:		
<ul style="list-style-type: none"> • Residential • Billing Unit = Connection 	FY 2017-2018, \$61.11 per Billing Unit	
<ul style="list-style-type: none"> • Residential (Low Flow, a) • Billing Unit = Connection 	FY 2017-2018, \$47.52 per Billing Unit	
<ul style="list-style-type: none"> • ADU – Accessory Dwelling Unit • Billing Unit = Dwelling Unit 	FY 2017-2018, \$30.55 per Billing Unit	
<ul style="list-style-type: none"> • Multi Family/Apartments • Billing Unit = Dwelling Unit 	FY 2017-2018, \$39.34 per Billing Unit	
<ul style="list-style-type: none"> • Residential Subsidy • Billing Unit = Connection 	FY 2017-2018, \$32.17 per Billing Unit	
<ul style="list-style-type: none"> • Theaters, Libraries, Churches¹ • Billing Unit = Seat 	FY 2017-2018, \$0.90 per Billing Unit	

¹Subject to the Minimum Commercial Service Charge as shown on the Schedule.

**CITY OF SEDONA
CONSOLIDATED FEE SCHEDULE**

Finance	Current Base Fee	Additions and Limits
<ul style="list-style-type: none"> • Car Wash with Recycle¹ • Billing Unit = Bay 	FY 2017-2018, \$135.42 per Billing Unit	
<ul style="list-style-type: none"> • Department, Retail Stores¹ • Billing Unit = Restroom 	FY 2017-2018, \$10.22 per Billing Unit	
<ul style="list-style-type: none"> • Hotel, Motel, RV Parks^{1,2} • Billing Unit = Room 	FY 2017-2018, \$33.13 per Billing Unit	
<ul style="list-style-type: none"> • Resort – Cottages, Villas (master meter)¹ • Billing Unit = Unit 	FY 2017-2018, \$66.27 per Billing Unit	
<ul style="list-style-type: none"> • Fitness Center/Beauty Salon¹ • Billing Unit = 100 sq. ft. 	FY 2017-2018, \$4.21 per Billing Unit	
<ul style="list-style-type: none"> • Private Tour Jeep & Rental/Jeep Washing¹ • Billing Unit = Vehicle 	FY 2017-2018, \$3.86 per Billing Unit	
<ul style="list-style-type: none"> • Market • Billing Unit = Connection 	FY 2017-2018, \$250.74 per Billing Unit	
<ul style="list-style-type: none"> • Mortuaries • Billing Unit = Connection 	FY 2017-2018, \$396.10 per Billing Unit	
<ul style="list-style-type: none"> • Offices, Medical Building, Manufacturing, Contractors¹ • Billing Unit = 100 sq. ft. 	FY 2017-2018, \$0.90 per Billing Unit	
<ul style="list-style-type: none"> • Repair Shops, Service Stations¹ • Billing Unit = Connection 	FY 2017-2018, \$50.16 per Billing Unit	

²Fixed rate is for Rooms only. Restaurants on site have separate services charges.

**CITY OF SEDONA
CONSOLIDATED FEE SCHEDULE**

Finance	Current Base Fee	Additions and Limits
<ul style="list-style-type: none"> • Restaurant Indoor Seats¹ • Billing Unit = 100 sq. ft. 	FY 2017-2018, \$31.45 per Billing Unit	
<ul style="list-style-type: none"> • Restaurant Seasonal Patio Seats¹ • Billing Unit = 100 sq. ft. 	FY 2017-2018, \$15.73 per Billing Unit	
<ul style="list-style-type: none"> • School, College with Gym Showers¹ • Billing Unit = Student 	FY 2017-2018, \$11.71 per Billing Unit	
<ul style="list-style-type: none"> • School, College with Café¹ • Billing Unit = Student 	FY 2017-2018, \$18.92 per Billing Unit	
<ul style="list-style-type: none"> • School, College without Gym or Café¹ • Billing Unit = Student 	FY 2017-2018, \$4.24 per Billing Unit	
<ul style="list-style-type: none"> • Public Restroom • Billing Unit = Fixture 	FY 2017-2018, \$67.85 per Billing Unit	
<ul style="list-style-type: none"> • Laundromat (efficiency) • Billing Unit = Machine 	FY 2017-2018, \$40.04 per Billing Unit	
<ul style="list-style-type: none"> • Laundromat (12-18 lb.) • Billing Unit = Machine 	FY 2017-2018, \$51.58 per Billing Unit	
<ul style="list-style-type: none"> • Laundromat (25-35 lb.) • Billing Unit = Machine 	FY 2017-2018, \$65.40 per Billing Unit	
<ul style="list-style-type: none"> • Minimum Commercial Service Charge • Billing Unit = Connection 	FY 2017-2018, \$38.29 per Billing Unit	
<ul style="list-style-type: none"> • Sewer Availability Charge • Billing Unit = Parcel 	FY 2017-2018, \$30.55 per Billing Unit	
Septage Disposal Fees:		

**CITY OF SEDONA
CONSOLIDATED FEE SCHEDULE**

Finance	Current Base Fee	Additions and Limits
Fee Description <ul style="list-style-type: none"> • Septage Haulers Originating Inside City Limits • Billing Unit = per gallon 	\$0.186	
<ul style="list-style-type: none"> • Septage Haulers Originating Outside City Limits • Billing Unit – per gallon 	\$0.198	
Water Usage-Based Rates for Restaurant/Hotel Accounts with Dedicated (unshared) Water Service: ³ <ul style="list-style-type: none"> • Fixed Charge Per Account • Billing Unit = per Account per Month 	FY 2017-2018, \$38.29 per Billing Unit	
Variable Charge: <ul style="list-style-type: none"> • Restaurant Dischargers with Water Meters • Billing Unit = Metered Water (Hgal) 	FY 2017-2018, \$1.19 per Billing Unit	
<ul style="list-style-type: none"> • Hotels & Resorts with Water Meters⁴ • Billing Unit = Metered Water (Hgal) 	FY 2017-2018, \$0.79 per Billing Unit	

³ Wastewater accounts must have dedicated water accounts for water-based billing eligibility. This rate structure is structured with water charges on prior year water use for administrative convenience.

⁴ The water use of Hotels & Resorts includes all metered use on facilities campus including irrigation use.

**CITY OF SEDONA
CONSOLIDATED FEE SCHEDULE**

<u>Finance</u>	Current Base Fee	Additions and Limits
Septic Tank Pumping and Repair under Cluster System Septic Pumping and Replacement Agreement	Septic Tank Reimbursement \$375 maximum up to 1,250-gallon tank and \$0.30 per gallon for larger tanks. Reimburse for septic tank replacement or repair up to \$2,500	Reimburse for pump of septic tank pumping based on billing by septage hauler up to a maximum of \$375 for up to a 1,250-gallon tank. Larger tank maximum reimbursement shall be increased by \$0.30 per gallon capacity. Reimbursement for pumping shall not include costs related to locating or repair. Reimbursement for repair/replacement shall be limited to \$2,500. Location costs for the septic tank are not reimbursable. Excessive repair costs will be denied.
Late Wastewater Monthly Service Charge Penalty	\$3.50 per overdue payment, plus 1% per month on unpaid balance	Per City Code 13.20.050.

Wastewater			
Fee Description	Current Base Fee	Additions and Limits	
Wastewater Capacity Fees:			
• Residential	\$10,304.91		
• Capacity Units = Connection			
• Multi Family/Apartments	\$7,962.25		
• Capacity Units = Dwelling Unit			
• ADU – Accessory Dwelling Unit	\$5,152.47		
• Capacity Units = Dwelling Unit			
• Resort – Cottages, Villas	\$12,660.38		
• Capacity Units = Connection			
• Car Wash with Recycle	\$16,711.69		
• Capacity Units = Bay			
• Car Wash without Recycle	\$25,067.54		
• Capacity Units = Bay			
• Fitness Center/Beauty Salon	\$1,012.83		
• Billing Unit = 100 sq. ft.			
• Private Tour Jeep & Rental OHV/Jeep Washing	\$674.11		
• Billing Unit = Vehicle			
• Mortuaries	\$24,940.93		
• Billing Unit = Connection			
• Offices, Medical Building, Manufacturing, Contractors	\$253.21		
• Billing Unit = 100 sq. ft.			
• Laundromat (efficiency)	\$7,469.62		
• Billing Unit = Machine			
• Laundromat (12-18 lb.)	\$9,621.88		
• Billing Unit = Machine			

**CITY OF SEDONA
CONSOLIDATED FEE SCHEDULE**

<u>Wastewater</u>	Current Base Fee	Additions and Limits
<ul style="list-style-type: none"> • Laundromat (25-35 lb.) • Billing Unit = Machine 	\$13,419.99	
<ul style="list-style-type: none"> • Laundromat (50 lb.) • Billing Unit = Machine 	\$19,623.58	
<ul style="list-style-type: none"> • Restaurant • Billing Unit = 100 sq. ft. 	\$3,744.64	
<ul style="list-style-type: none"> • Restaurant with Patio Seats (Seasonal) • Billing Unit = 100 sq. ft. 	\$1,872.31	
<ul style="list-style-type: none"> • Restaurant Take-out (Food Prep Area) • Billing Unit = 100 sq. ft. 	\$1,136.69	
<ul style="list-style-type: none"> • Bar without Dining Facility • Capacity Units = 100 sq. ft. 	\$1,380.81	
<ul style="list-style-type: none"> • Bar/coffee/tea/tasting room without Dining Facility • Capacity Units = 100 sq. ft. 	\$1,380.81	
<ul style="list-style-type: none"> • Bar/coffee/Tea/Tasting Room without Dining with patio seats (Seasonal) • Capacity Units = 100 sq. ft. 	\$690.41	
<ul style="list-style-type: none"> • Department, Retail Stores • Capacity Units = 100 sq. ft. 	\$221.24	
<ul style="list-style-type: none"> • Market • Capacity Units = 100 sq. ft. 	\$1,033.45	
<ul style="list-style-type: none"> • Repair Shops, Service Stations • Capacity Units = 100 sq. ft. 	\$245.22	

**CITY OF SEDONA
CONSOLIDATED FEE SCHEDULE**

<u>Wastewater</u>	Current Base Fee	Additions and Limits
Fee Description <ul style="list-style-type: none"> • Hotel, Motel, RV Park, Bed and Breakfast • Capacity Units = Room 	\$6,329.71	
<ul style="list-style-type: none"> • Theaters, Libraries, Churches, Assembly • Capacity Units = Building Occupant Capacity 	\$126.42	
<ul style="list-style-type: none"> • School, College with Gym Showers • Billing Units = 100 sq ft 	\$316.51	
<ul style="list-style-type: none"> • School, College with Café • Billing Units = 100 sq ft 	\$253.21	
<ul style="list-style-type: none"> • School, College without Gym or Café • Billing Units = 100 sq ft 	\$189.91	
<ul style="list-style-type: none"> • Public Restroom • Billing Unit = per Toilet/Urinal (each) 	\$12,660.49	
<ul style="list-style-type: none"> • Swimming Pool • Billing Unit = 1 cubic foot 	\$1.06	

C. ANALYSIS OF WASTEWATER FUND PERFORMED IN 2017



City Manager's Office Memorandum

Date: April 20, 2017
To: Mayor Sandy Moriarty and City Council
Thru: Justin Clifton, City Manager
Karen Osburn, Assistant City Manager
From: Cherie R. Wright, Director of Financial Services
CC: Fiscal Sustainability Work Group members
RE: Wastewater Enterprise Fund Analysis

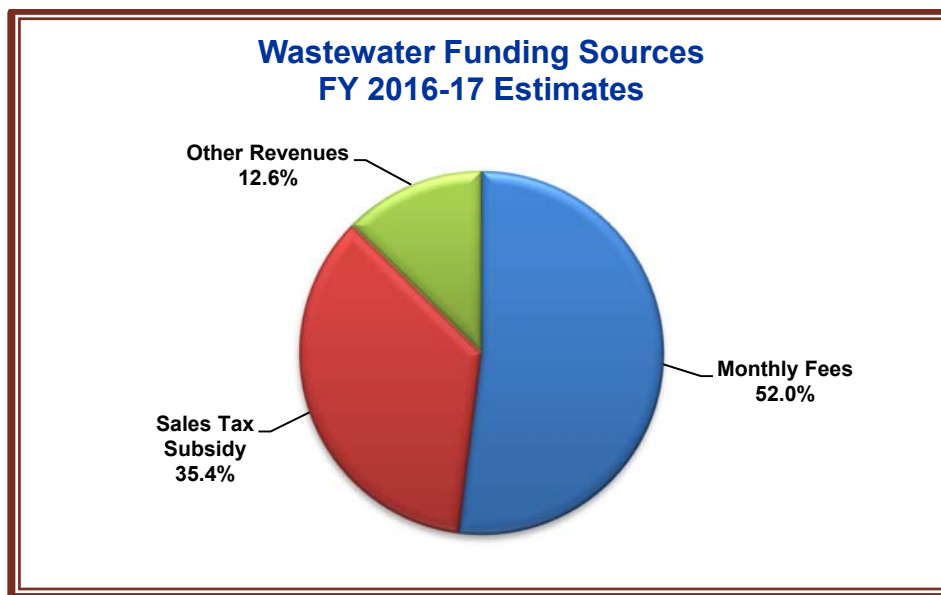
As requested by the City Council, we have prepared an analysis of the funding status of the Wastewater Enterprise Fund to review the need for ongoing rate increases and subsidies. This memo covers the following:

Section	Page
Background	2
Analysis Approach	2
Historical Review	3
Long-Range Forecasts	3
Current User Fee Structure	4
Comparison of Current Accounts to the Fee Study Projections	6
Comparison of Overall Funding Sources and Expenditures to the 2014 Fee Study	7
Considerations	8
Proposed Action Plan	10
Staff Recommendations	11
Fiscal Sustainability Work Group Recommendations	11
Appendices:	
I – Excerpts/Recap from Historical Minutes	12
II – Explanation of Historical Assumptions and Allocations	20
III – Assumptions Used in Revenue Projections	27
Exhibits:	
A – Schedule of Historical Financial Data by Fiscal Year	
B – Schedule of Historical Financial Data in Grouped Fiscal Years	
C – Long-Range Forecast Scenario 1 (Rate Increases Based on the 2014 Fee Study Recommendations)	
D – Long-Range Forecast Scenario 2 (No Increase in FY 2017-18)	
E – Long-Range Forecast Scenario 3 (Rate Increases for FYs 2017-18 through 2019-20 Reduced to 3%)	
F – Schedule of Current Accounts Compared to the 2014 Fee Study Projections	
G – Schedule of Revenue Surpluses and Expenditure Savings Compared to the 2014 Fee Study Projections	

Background

Since the inception of the Wastewater Enterprise Fund, the City has been subsidizing the fund with a portion of sales tax revenues. The City's goal for many years has been to eventually eliminate the subsidy and to base user rates on the full cost of the wastewater utility system.¹

Currently, the General Fund subsidizes the Wastewater Fund with 25% of the City's sales tax revenues. This means 35% of the total funding for the Wastewater Fund comes from the General Fund. In addition, since fiscal year (FY) 1988-89, the General Fund has subsidized the Wastewater Fund with over \$113 million of city sales taxes. However, according to Arizona Revised Statutes (ARS) §9-530, municipal utility systems must pay for all costs, including debt service and capital costs, with service charges. The City's plan to eliminate the subsidy is important to achieve compliance with this state law.



Analysis Approach

To gain an understanding of the funding status of the Wastewater Enterprise Fund, it was necessary to identify and review the components that make up the fund. The Wastewater Fund encompasses an operations component, a capital improvements component, and a debt service component. For purposes of this analysis, these three components have been defined as follows:

- The *operations component* includes the day-to-day operations of the wastewater treatment plant, the wastewater collection system, billing, and overall administration of the utility. This component also includes routine purchase and replacement of operating capital needs, such as vehicles and other equipment.
- The *capital improvements component* accounts for significant infrastructure construction and improvements, as well as the costs associated with management of those projects.
- The *debt service component* accounts for the repayment of long-term debt including bonds, certificates of participation (COPs), and loans. This component also includes the associated administrative costs such as trustee fees and arbitrage compliance services.

¹ An enterprise fund type is used for activities operated similar to a business. Utility funds provide service to their ratepayers, and like a business, the customers should pay for all costs associated with the service provided.

Analysis Approach (cont'd)

Currently, the City's accounting system does not separately identify the balances of these components. We reviewed all of the City's audited financial statements back to FY 1988-89, when the Wastewater Enterprise Fund began, and reconstructed the financial data for allocation to the three identified components. Significant assumptions were made in this reconstruction and will be discussed in detail in this memorandum.

To ensure the Council's intent was incorporated in the reconstruction of the historical financial data, searches were made of Council minutes relating to the financial plans for the Wastewater Fund. While an extensive search and review was conducted of the Council minutes back to the incorporation of the City and the first Council meeting on January 11, 1998, this does not guarantee that a Council direction or intent was not missed during this review.

Historical Review

Schedules of the historical financial data allocated to the three components have been presented as Exhibits A and B.

- Exhibit A presents each of the three components and totals for each of the 29 fiscal years since the inception of the Wastewater Enterprise Fund in FY 1988-89.
- Exhibit B presents several of the fiscal years grouped based on certain key changes in the fund activity and assumptions as discussed in more detail in Appendix II. The groupings were as follows:
 - FYs 1988-89 through 1989-90 (From Inception prior to Issuance of Debt)
 - FYs 1990-91 through 1992-93 (From First Debt Issuance prior to Start of Operational Activity)
 - FYs 1993-94 through 1994-95 (From Start of Operational Activity – Fee Schedule Adopted November 13, 1990)
 - FYs 1995-96 through 1996-97 (Fee Schedules Adopted August 25, 1995 and July 9, 1996)
 - FY 1997-98 (Fee schedule adopted May 27, 1997)
 - FYs 1998-99 through 2009-10 (Start of Limited Detail General Ledger Data Available)
 - FYs 2010-11 through 2013-14 (Fee Schedule Adopted April 13, 2010)
 - FYs 2014-15 through 2016-17 (Fee Schedule Adopted May 27, 2014)

Long-Range Forecasts

The long-range forecasts were updated to incorporate the following:

- Allocation to the three components – **operations, capital, and debt**
- FY 2017-18 proposed operating and Capital Improvement Plan (CIP) costs
- Refined revenue projections discussed in Appendix III

Three scenarios have been compiled as follows:

- Exhibit C presents Scenario 1, which is based on the rate increases recommend in the 2014 Fee Study as follows:

Long-Range Forecasts (cont'd)

2014 Fee Study Recommended Rate Increases

Fiscal Year	% Increase
2017-18	4%
2018-19	4%
2019-20	4%
2020-21	3%
2021-22	3%
2022-23	3%
2023-24	0%
2024-25	0%
2025-26	0%
2026-27	0%

- Exhibit D presents Scenario 2, which is based on no increase in FY 2017-18.
- Exhibit E presents Scenario 3, which is based on a reduction in the rate increases for FYs 2017-18 through 2019-20 to 3%.
- The scenarios do not include any additional operational costs once Wells 3, 4, and 5 are complete. The current budget levels may be adequate to cover those costs, but no actual data is currently available.

Current User Fee Structure

The following table presents the estimated user fee revenues for the current fiscal year.

FY 2016-17 Estimated User Fee Revenues

User Fee	Estimate	% of Total
Residential:		
Standard	\$1,706,000	28.7%
Low Flow	1,476,500	24.9%
Low Income Subsidized	19,600	0.3%
Multi-Family	87,800	1.5%
Additional Dwelling Unit (ADU) ²	4,200	0.1%
Deferred Connection Fees ³	18,700	0.3%
Environmental Penalties ⁴	29,600	0.5%
Commercial Fees	2,193,700	37.0%
Stand-By Fees ⁵	395,700	6.7%
Total	\$5,931,800	100.0%

² The ADU rate was suspended as of January 13, 2017 when the ADU classification was eliminated.

³ The deferred connection rate is charged for those homeowners who signed agreements with the City for deferral of connection to the wastewater system for a period of five years, with an option to renew those agreements for another 5 years. Almost all of the customers in this classification are in their second five-year term.

⁴ The environmental penalty rate is charged to those homeowners who have not connected to the wastewater system when required and did not enter into a deferred connection agreement with the City.

⁵ See the Consideration section regarding SB1430 for a discussion of the possible elimination of the stand-by fees.

Current User Fee Structure (cont'd)

The following table is an estimation of the funding sources by component attributed to residents compared to visitors. The amounts presented as other sources represent miscellaneous revenues not attributed to residents or visitors.

FY 2016-17 Estimated Comparison of Resident/Visitor Funding⁶

Component/Funding Source	Resident	Visitor	Other	Totals
Operations:				
User Fees	\$2,753,789	\$ 913,149	\$ -	\$ 3,666,938
Other Revenues	73,370	14,130	6,300	93,800
Subtotal Operations	\$2,827,159	\$ 929,279	\$ 6,300	\$ 3,760,738
% of Operations	75.2%	24.6%	0.2%	
Capital:				
User Fees	\$1,239,403	\$ 410,983	\$ -	\$ 1,650,386
Capacity Fees	289,362	34,438	-	323,800
Other Revenues	3,200	-	77,100	80,300
Subtotal Capital	\$1,531,965	\$ 445,421	\$77,100	\$ 2,054,186
% of Capital	74.6%	21.7%	3.7%	
Debt:				
User Fees	\$ 439,229	\$ 145,647	\$ -	\$ 584,876
Sales Tax Subsidies	1,329,108	2,698,492	-	4,027,600
Other Revenues	-	-	37,900	37,900
Subtotal Debt	\$1,768,337	\$2,844,139	\$37,900	\$ 4,650,376
% of Debt	38.0%	61.2%	0.8%	
Total	\$6,127,461	\$4,216,839	\$121,300	\$10,465,600
% of Total	58.5%	40.3%	1.2%	

Based on data provided by the Chamber of Commerce, we have estimated the total visitor days and an annualization of that amount was determined for an estimated of visitor population compared to resident population. In addition, we included an estimated of the annualized number of seasonal residents.

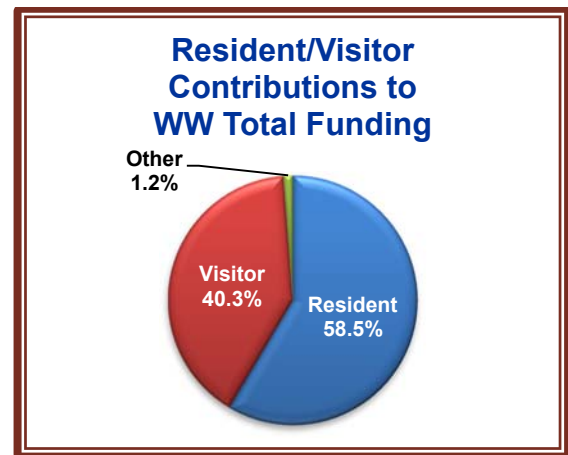
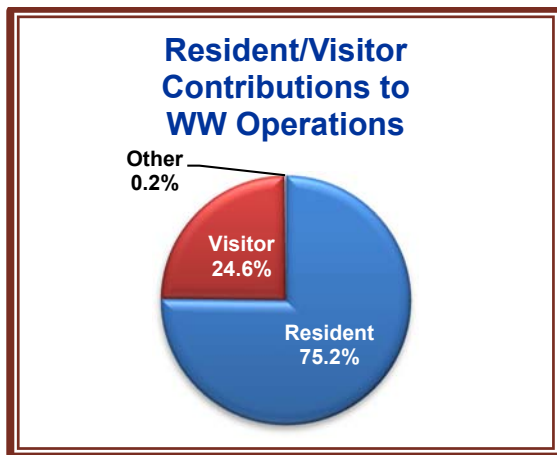
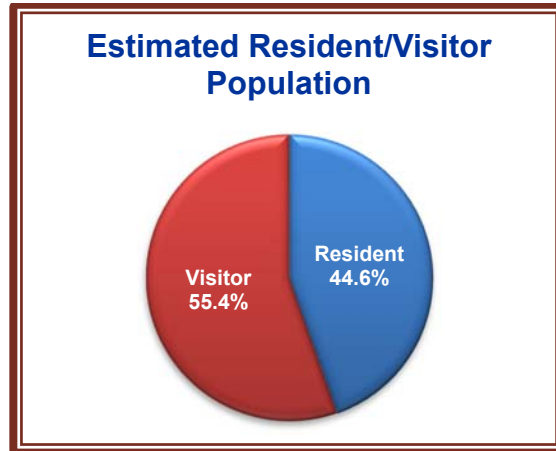
Comparison of Estimated Resident/Visitor Population

Customer Type	Annualized Population	% of Total
Visitors	13,613	55.4%
Residents:		
Permanent	10,488	
Seasonal	474	
Subtotal	10,962	44.6%
Annualized Total	24,575	

⁶ Analysis only includes ongoing revenues. Those revenues defined as one-time have been excluded.

Current User Fee Structure (cont'd)

Based on this analysis⁷, while the annualized visitor population represents 55% of the total annualized population, the visitors contribute less than 25% of the funding for the operations of the wastewater system. Even considering all funding sources in total, the annualized visitor population only contributes 40%. As the debt service is paid off and the sales tax subsidies are reduced, the portion of funding attributed to the annualized visitor population will decrease under the current fee structure.



Comparison of Current Accounts to the 2014 Fee Study Projections

A schedule of the current accounts compared to the 2014 Fee Study projections has been presented as Exhibit F.

In the Fee Study, the various customer rates were based on ratios of an established equivalent residential unit (ERU). For FY 2016-17, the 1.00 ERU rate is equivalent to \$58.76, which is the standard residential rate charged. The residential low-flow rate is \$45.70, which is 78% of the ERU rate.

⁷ As a caution, the analysis does not take into consideration the level of impact visitors may have on the wastewater system, such as no overnight stay, spending the day hiking, etc.

Comparison of Current Accounts to the 2014 Fee Study Projections (cont'd)

The Fee Study used data from May 2013 to determine a total of 9,418 ERUs that were being billed at that time. The Fee Study estimated that by FY 2016-17, the total number of ERUs would grow to 9,480. However, based on February 2017 data, we are currently billing for 8,413 ERUs. That represents a net difference of 1,067 or annual revenues of approximately \$730,000 at the current ERU rate of \$58.76 per month.

Compared to the May 2013 data, the total number of ERUs billed has decreased by 1,005. Of this decrease, 514 ERUs are attributable to residential categories; however, the number of billing units (per dwelling or connection) increased by 19. This change in ERUs can be attributed to the following:

- We continue to see many residents take advantage of the City's low flow program and replace their toilets with qualifying low-flow versions. In May 2013, the low-flow rate was 91% of the ERU rate; however, with an intention to promote water conservation, the low-flow rate was reduced to 78% of the ERU rate. For each residential account changed to the low-flow rate, it is a reduction of 0.22 ERUs billed.
- We have seen some residents previously on higher rates apply and be approved for the low-income subsidy rate. The low-income subsidy rate is currently 53% of the ERU rate. A total of 28 accounts have been added to the low-income subsidy program since May 2013.
- A total of 65 accounts previously not connected to the wastewater system have now connected. Those accounts that were paying the stand-by rate were paying 50% of the ERU rate, but those accounts that were paying environmental penalties were paying 2 times the ERU rate.

Compared to the May 2013 data, the total number of commercial ERUs billed has decreased by 492. This biggest part of the change is attributable to the changes in the restaurant categories. In the 2010 Fee Study, the restaurants were billed based on number of seats. In the 2014 Fee Study, the billing unit for restaurants was changed to square footage, with an alternative option to select water-based billing instead of square footage. Several restaurants have opted for water-based billing, which generally results in substantially lower monthly payments. In rare cases has the water-based billing been the less affordable option. With the numbers of restaurants that have changed to water-based billing, the total number of ERUs billed for restaurants has decreased by 641⁸ or annual revenues of approximately \$450,000.

While the significant differences in ERUs may have some impact on the equitable sharing of the wastewater system costs, the overall financial viability has not been compromised due to other funding sources exceeding the Fee Study projections and expenditures less than the Fee Study projections.

Comparison of Overall Funding Sources and Expenditures to the 2014 Fee Study

A schedule of revenue surpluses and expenditure savings compared to the 2014 Fee Study projections has been presented as Exhibit G.

⁸ Water-based accounts are assessed a fixed charge plus a per unit charge. The fixed charge is the commercial minimum and the 89 units in Exhibit F include the count for water-based accounts. In the case of restaurants, there are 21 water-based accounts included that are included in the commercial minimum.

Comparison of Overall Funding Sources and Expenditures to the 2014 Fee Study (cont'd)

For FYs 2014-15 through 2016-17, the combined revenue surpluses and expenditure savings are estimated as approximately \$5.3 million. For FYs 2017-18 and 2018-19, the net revenues and expenditures are expected to be less than the 2014 Fee Study projections by approximately \$7.7 million as a result of unanticipated increases in capital outlay expenditures.

Considerations

Senate Bill (SB) 1430

SB 1430 proposes to take away the City's right to assess a fee on vacant land that does not have a wastewater connection or wastewater service. Currently, the City assesses a stand-by fee on vacant land with sewer availability. If there is no sewer availability, no fees are assessed. The stand-by fee is based on the City's costs for maintenance of the capacity that was required to be built and held available to serve parcels that have delayed development. If the City's right to assess the stand-by fee is removed, the other customers of the system will have to bear the costs associated with the maintenance of the capacity for those vacant properties. We estimate that a 7.3% increase in fees would be necessary just to maintain current revenue levels. A 7.3% rate increase would result in the following impacts to residential customers:

Impact of Possible Rate Increase Resulting from SB1430

	Current Monthly Rate	7.3% Increase	New Monthly Rate	Annualized Increase
Per residential unit (ERU)	\$58.76	\$4.29	\$63.05	\$51.48
Low flow rate	\$45.70	\$3.34	\$49.04	\$40.08
Low-income subsidized rate	\$30.93	\$2.26	\$33.19	\$27.12

Wastewater Master Plan in Progress

The Wastewater Master Plan is currently in progress and expected to be complete in June 2017. The proposed Capital Improvement Plan (CIP) includes several projects in the preliminary master plan. Currently, it is unknown if any additional significant projects will be identified for the 10-year horizon.

Update to Current Fee Study

As previously discussed, the current fee structure does not appear to equitably attribute the costs of the system to the visitor population. The visitor population currently contributes less than 25% of the funding for wastewater operations. If the goal is to make the distribution of costs between residents and visitors equitable, this may mean increasing the proportionate share of the system costs to commercial accounts and decreasing the proportionate share of the system costs to the residential accounts.

In addition, the impacts of last year's SB 1350 prohibiting the ban of short-term rentals is, as of yet, unknown. As a result of SB 1350, Council eliminated the ADU classification. While the revenues generated by the ADU wastewater fees were minimal, it is not yet known what the extent of any potential increase in the plant's capacity usage will be. We are hearing many stories about home being purchased and remodeled specifically for the purpose of short-term rentals. We are also hearing many stories about property owners using their guesthouses as short-term rentals.

Considerations (cont'd)

To date, we have issued 67 business licenses for short-term rentals. We have no actual data to compare the level of illegal short-term rental activity prior to SB 1350 to the level of activity now. In future fee studies, we may want to consider implementing a new wastewater rate for guesthouses. Currently, there are no wastewater fees assessed for guesthouses because prior to SB 1350, it was assumed that their use was minimal.

Adopted Rate Increase for FY 2017-18

The 4% rate increase for FY 2017-18 already adopted by the Council⁹ results in the following impacts to residential customers:

Impact of FY 2017-18 Rate Increases

	FY17 Monthly Rate	4% Increase	FY18 Monthly Rate	Annualized Increase
Per residential unit (ERU)	\$58.76	\$2.35	\$61.11	\$28.20
Low flow rate	\$45.70	\$1.82	\$47.52	\$21.84
Low-income subsidized rate	\$30.93	\$1.24	\$32.17	\$14.88

If the Council chose to reduce the rate increase to 3%, the impact to residential customers would be as follows:

Impact of a 3% Rate Increases

	FY17 Monthly Rate	3% Increase	FY18 Monthly Rate	Annualized Increase	Annual Savings over 4% Increase
Per residential unit (ERU)	\$58.76	\$1.76	\$60.52	\$21.12	\$7.08
Low flow rate	\$45.70	\$1.37	\$47.07	\$16.44	\$5.40
Low-income subsidized rate	\$30.93	\$0.93	\$31.86	\$11.16	\$3.72

A one-time reduction elimination of the rate increase for FY 2017-18 would result in approximately \$194,000 less in revenues for the Wastewater Fund for FY 2017-18 and compounds over the 10-year forecast resulting in a reduction in revenues of approximately \$2.7 million. If the adopted rate increases through FY 2019-20 are reduced to 3%, the result over the 10-year forecast is a reduction in revenues of approximately \$1.8 million.

Impacts to Low-Income Residents

In the past, concerns have been raised about the affordability of wastewater rates for low-income residents. If concerns persist, Council may wish to consider changing the low-income subsidized rate. Currently, the revenues generated by this category are approximately \$20,000. Any changes that Council would want to consider to make this particular rate affordable and reasonable would have a very minor impact on the overall funding of the wastewater system.

⁹ With the adoption of the 2014 Rate Study, the recommended 4% annual increases were adopted by Council through FY 2019-20.

Considerations (cont'd)

To participate in the low-income subsidy program, residents must complete an application annually. The criteria for qualification include the following:

- The service address must be the customer's primary residence, and the customer may not own any other real estate.
- The customer must be a legal resident of the U.S.
- Water usage must be less than 5,000 gallons per month per person.
- The customer's account cannot be delinquent.
- Income qualifications are as follows:

FY 2016-17 Income Qualifications for Low-Income Subsidy Program¹⁰

Household Size	Gross Income Maximum
1 person	\$35,400
2 person	\$40,450
3 person	\$45,500
4 person	\$50,550
5 person	\$54,600
6 person	\$58,650
7 person	\$62,700

Proposed Action Plan

Accounting of Each Component

As previously discussed, the Wastewater Enterprise Fund commingles each of the three components, **operations**, **capital**, and **debt**. If there are no issues with the assumptions made in the reconstruction of the historical financial data, staff will separate the three components in the City's accounting system based on the balances determined in Exhibits A and B.

Establish Major Repair and Maintenance Reserve

The original Facility Plan in 1989 recommended that a major repair and replacement reserve be funded at 0.75 percent of the constructed value per year.¹¹ The Wastewater Director is also recommending the establishment of a major maintenance reserve. Over the next year, staff will be developing a plan for the creation of a reserve for the significant repair and replacements that routinely are needed as the facility ages. We expect to bring forward a plan for this reserve in the FY 2018-19 budget process.

¹⁰ Annually, the City compares the Community Development Block Grant (CDBG) program income guidelines for both Coconino County and Yavapai County and sets the low-income subsidy program thresholds at the higher of the two counties.

¹¹ See Appendix I, April 17, 1989 excerpts.

Proposed Action Plan (cont'd)

Develop Annual Notice of Wastewater Financial Status

Resolution No. 90-38 requires that each wastewater customer be notified annually, in conjunction with a regular bill, of the financial status of the previous year's fund and allocation of expenditures between operations, capital, and fixed costs. Staff will develop a notice to be distributed annually to those wastewater customers who receive a paper bill and will look into other means of distribution.¹²

Continued Communication of the Low-Flow and Low-Income Programs

The City has information about the low-flow and low-income programs on the City's website, as well as the cable access channel. Information about these programs is regularly communicated to customers who visit or call the Financial Services Department.

These programs were also discussed in the June 2016 Community Connection newsletter. We were surprised at the number of calls received shortly after the release of the newsletter inquiring about these programs.

Staff will continue to communicate these programs to customers to help make sure those most in need of the lower cost programs are aware of their existence.

Staff Recommendations

We recommend taking no action on changing the adopted 4% fee increase at this time due to the uncertainties regarding SB 1430 and the Wastewater Master Plan currently in progress.

While no action needs to be taken at this time, the sales tax subsidy scheduled for FY 2025-26 would not be needed since the final debt service payment would be paid with the balance of the debt service reserves. Over time, the funding status should continue to be reviewed as actual financial activity may vary from the projections made.

A new fee study should be considered, possibly in FY 2018-19. We would expect that some data would be available at that time to address any potential impacts of short-term rentals on the wastewater system. At that time, the structural issues of current fees previously discussed could be addressed, including the significant changes in restaurant ERUs, comparability of visitor to resident allocations, and possible exploration of additional options for water-based billing.

Fiscal Sustainability Work Group Recommendations

This analysis of the Wastewater Fund was reviewed and discussed with the Fiscal Sustainability Work Group. The Work Group was in favor of the recommendations to maintain the already adopted fee increase at this time and to conduct a fee study to address concerns about the equitableness of cost sharing among ratepayers.

¹² Approximately 23% of wastewater customers opt for paperless billing. While these customers have the option of downloading their bill via Xpress Bill Pay, most generally do not. Those customers are generally set up for automatic payments and typically do not have a need to view their bill unless the payment changes.

Appendix I – Excerpts/Recap from Historical Minutes

July 6, 1998

Discussion/possible action on recommendation of Wastewater Advisory Commission to impose an additional sales tax on all items including food to raise \$900,000 dedicated to the Wastewater facility

- Included discussion of dedicating a 1% sales tax increase to the Wastewater Fund
- Included discussion of possible taxation of food
- Included discussion of need for additional revenues to balance the budget

July 13, 1988

Discussion/possible action for enacting an increase of the city sales tax by 1%, such tax to take effect December 1st, 1998

- Adopted Ordinance No. 88-18 to increase sales tax by 1% effective September 1, 1988¹³

August 2, 1988

Discussion/possible action on the recommendation of the Wastewater Advisory Commission with regard to adoption and/or approval of the Wastewater Facility Plan Requirement dated July 25, 1998

- Per agenda packet, "...the sales tax shall be used to pay for costs of bonds or loans for construction of the system. The user fees and surcharge on septage pumped shall be used to pay for the operating costs of the treatment system."¹⁴
- Approved the Wastewater Facility Plan developed by the Wastewater Advisory Commission

August 2, 1988

Discussion/possible action on establishing a Special Revenue Fund into which can be placed all the revenue generated by the additional 1% sales tax to be levied on September 1, 1998

- Referenced a memo dated July 25, 1998 to John Allen from Susan Williams regarding a special revenue fund for monies generated by the additional 1% sales tax
- Approved motion for the fund to be set up¹⁵
- "...it was not in anybody's mind to use the money for anything else."

¹³ This Ordinance did not impose a tax on food or formally dedicate the tax increase to the Wastewater Fund.

¹⁴ Except in FYs 1988-89 and 1989-90 when no other ongoing revenue source was available for capital outlay expenditures, the sales tax subsidy was allocated to the **debt** component. The user fees have been allocated to the three components as identified when the fee schedules were adopted. When detail general ledger data was available to identify the amount of septage fees, those revenues were allocated to the **operations** component.

¹⁵ The motion established a fund for the additional 1% sales tax; however, the motion did not specify the 1% to be dedicated to the Wastewater Fund, which is an enterprise fund (not a special revenue fund). In the audited financial statements, sales tax revenues were reported in the Wastewater Fund, which seems to satisfy the Council's intent.

Appendix I – Excerpts/Recap from Historical Minutes (cont'd)

February 17, 1989

Work session on Wastewater Facility Plant as prepared by Engineering Science

- Per presentation by Ken James, Engineering Science, “Bond #1 is repaid from sales tax revenue, Bond #2 is repaid from users fees and connection charges.”¹⁶

April 17, 1989

Work session on recommendations from Wastewater Advisory Commission on sewer plant location and related items

- Per minutes, “Entire collection system in phase I is estimated at 12½ million dollars. This would be financed through the 1% sales tax revenue...Waste Water Treatment Plan – the lift stations, and the effluent re-use disposal, including land acquisition is estimated at 10 million dollars. This would be financed through subsidiary bonds whereby the City would obligate the collection fees and the monthly user fees to retire these bonds...There will be an estimated month User Fee of \$22.47. This will help finance the year to year maintenance of the plant, pump stations, effluent re-use disposal area, etc.”¹⁷
- Adopted the Wastewater Advisory Commission’s recommendations dated February 16, 1989 and portions of Engineering Science Facility Plan dated March 1989.
- Per the Engineering Science Facility Plan, “Bond Issue #2...Repayment Source Connection Fees...”¹⁸
- Per the Engineering Science Facility Plan, “...it is advisable for the City to create a fund to cover the cost of future major repair and replacement. It is recommended that a major repair and replacement reserve be funded at 0.75 percent of the constructed value per year.”¹⁹
- Per the Engineering Science Facility Plan, “...Monthly User Charge...Monthly Cost/ERU \$17.97...R&R Reserves \$4.50...Suggested Monthly Charge \$22.47...”²⁰

¹⁶ Since inadequate detail is available to identify the costs specific to each bond issue, and since it appears from later minutes that the intention changed, no user fees were allocated to the **debt** component until specified in the adoption of the revised fee schedule on May 27, 1997.

¹⁷ Again, since inadequate detail is available to identify the costs specific to each bond issue, and since it appears from later minutes that the intention changed, no user fees were allocated to the **debt** component until specified in the adoption of the revised fee schedule on May 27, 1997.

¹⁸ The Engineering Science Facility Plan also planned for the “Bond #2” to be paid from connection fees. Again, since inadequate detail is available to identify the costs specific to each bond issue, and since it appears from later minutes that the intention changed, no user fees were allocated to the **debt** component until specified in the adoption of the revised fee schedule on May 27, 1997.

¹⁹ The City has an account in the Local Government Investment Pool titled Sedona WW Replacement with a balance of \$100,508, which may be this intended account. There have been no transactions in this account other than interest earnings for many years, and no documentation has been found to explain this account’s intended purpose. If the intent is to maintain the major repair and replacement reserve as described here, a reserve of fund balance should be created and estimated balance would be approximately \$925,000.

²⁰ Based on this fee structure, the portion of user fees to be allocated to the **operations** component would be 80% and the portion to be allocated to the **capital** component would be 20%. Since the user fees subsequently adopted were different than the fees proposed here, these percentage allocations were not used.

Appendix I – Excerpts/Recap from Historical Minutes (cont'd)

September 25, 1990

Discussion/possible action, presentation from Larry Given of Peacock, Hislop, Staley and Given, Inc. regarding proposed structure and marketing plan for sale of city sewer revenue bonds

- Per minutes, "...the first lien revenue bonds will have everything pushed through all revenue sources; sewer taps, user fees, and one percent sales tax. We are only betting that the one percent sales tax will be there to pay them off. The remainder of the revenues will flow down to pay the subordinate lien bonds..."²¹

November 13, 1990

Public Hearing-Discussion/Action on Resolution adopting user fee schedule and capacity utilization fee schedule

- Per minutes, "The user fee is really paying for operations, maintenance, repair and replacement...A very small portion of the user fee goes to paying for new capital cost or significant repair costs. Most of it goes to operations and maintenance and a very small amount to repair and replacement."
- Adopted Resolution No. 90-38 to establish monthly service fees and capacity fees
- Per Exhibit A, "The accounting system will segregate O&M+R [operation and maintenance plus replacement] revenues and expenditures from other wastewater revenues and expenditures to assure adequate revenues to properly operated and maintain the treatment works. The sewer utility fund will have at least two accounts, one for O&M and one for replacement costs. The service charge rates will be revised as needed to generate sufficient revenue to pay the total O&M+R."²²
- Per Exhibit A, "Each user will be notified annually, in conjunction with a regular bill, of the financial status of the previous years fund and allocation of expenditures between O&M, Replacement and fixed costs."²³
- Per Exhibit A, "The Facility Plan estimated Operation & Maintenance (O&M), Repair & Replacement (R&R), and Utility Administration costs for the collection, treatment and disposal facilities. For Phase 1 flows, these costs are \$714,500, \$100,000, and \$31,000 for O&M, R&R and Utility Administration, respectively."²⁴

²¹ Based on the reconstructed financial data (see Exhibits A and B), there was no need for the other revenues to pay for the debt service of either bond issuance.

²² While there is partial designation in the detail general ledger data of the revenues and expenditures for the **operations, capital** and **debt** components, there are improvements needed and there is no tracking of the fund balances for each component.

²³ It is uncertain if any such notice has ever been supplied with the wastewater bills.

²⁴ These amounts were used to determine the ratio of user fee allocations to the **operations** and **capital** components. There is no indication here that fees were intended to cover debt service costs.

Appendix I – Excerpts/Recap from Historical Minutes (cont'd)

January 27, 1993

Report on Wastewater Project and Financing Strategy

- Per minutes, “User fees should be considered as separate operating and maintenance money. Any surplus has to be adjusted by a decrease in the rate base, or if too low to cover expenses, raised.”²⁵
- Per minutes, “The refinancing of the bonds has put the City in a position of the Sales Tax revenues not fully covering the debt service. Some portion of capacity fee reserves will have to be set aside for debt service.”²⁶

April 3, 1995

Discussion on financial review of wastewater revenue and budget

- Per minutes, “In most cases rates include a capital sinking fund. With the refinancing, the debt service costs increased and the 1% sales tax will be used for the debt financing on bonds rather than capital needs.”

June 13, 1995

Discussion on financing plan for sewer system issues

- Per minutes, “COP’s (Certificate of Participation), which the City is considering borrowing to correct the winter effluent disposal problem and to pay for sewer compliances with ADEQ, will be financed by sales tax. COP’S will not be financed by present user fees for the sewer system.”

July 11, 1995

Public hearing – rate change for monthly sewer fees

- Per minutes, “We wanted to differentiate because some people believed we could use capacity fees for operating costs, and they can only be used for capital-related cost or debt service cost. The 1% sales tax is now used to finance large bonds we had. In the future, we’ll clearly make that distinction.”

August 29, 1995

Public hearing – discussion/possible action on approval of Resolution to change the monthly sewer rates

- Per minutes, “Wastewater fund is an enterprise fund technically supported by users of system, which should pay for cost of operation, administration, depreciation of equipment to replace equipment, etc. There are no cost allocations here in Sedona.”²⁷

²⁵ It seems the intent at this time has changed, and the intention was not to allocate user fees to the payment of debt service.

²⁶ Based on the reconstructed financial data (see Exhibits A and B), there was no need to use capacity fees to pay for debt service costs.

²⁷ From a review of the limited general ledger data available in older years, it appears that the cost allocations began in FY 2010-11.

Appendix I – Excerpts/Recap from Historical Minutes (cont'd)

- Per minutes, "...reducing sewer budget would reduce subsidy amount; capacity fees can only be used for capital; sales tax increase would not help the huge debt and operating increases in future; general fund is illegal according to EPA. The \$6.8 million cost for improvements proposed are totally financed by sales tax, none is coming from sewer users."
- Per minutes, "The \$6.9 million cost for improvements proposed are totally financed by sales tax, none is coming from sewer users."
- Per minutes, "Explained that e.g. City Manager is a general fund employee, yet 60% of time went to sewer fund, so that fund should be paying for that time instead of general fund. These expenses are being paid out of the surplus general fund, but unless we find another allocation, general funds will have to be used very soon, which we can't do."
- Per minutes, "There are no provisions in the regulations that authorize funding of the operations and maintenance of the wastewater facility from sources other than user fees and excess revenues generated by the system itself. General fund monies do not fall in to these categories."
- Adopted Resolution No. 95-26 to increase monthly service fees and capacity fees (increased user fees by 50%)
- Per Resolution No. 95-26, "The City Council has been obligated to subsidize the operation of the Wastewater System and shall be obligated to continue to subsidize the Wastewater System for Fiscal Year 1995-1996 even with a rate increase; and In order to develop a Wastewater System that is self-sufficient an increase in user fees is deemed necessary..."
- Per Resolution No. 95-26, "...to increase fees so as to insure that the Wastewater System is sufficiently funded so as to maintain a fully functional Wastewater System at the highest and best level of operations..."
- Per Council Agenda Communication, "The increased subsidy will make it more difficult for the City to eliminate a subsidy to the Wastewater Fund in the next fiscal year."²⁸

October 24, 1995

Discussion/action on Resolution confirming the City Policy established in Resolution No. 90-38, of a fixed capacity connection fee of \$2,100.00 for one equivalent residential unit for property located in Phase 1 and Phase 1 Deferred of the Sedona Wastewater System; providing connections shall only be permitted when there is sewer capacity available; and providing for prepayment

- Per minutes, "...city did not subsidize enterprise fund or sewer fund with general funds, as it is not legal. Sales tax goes into enterprise fund, but is backup for bonds that were issued."²⁹
- Per minutes, "The future infrastructure costs will be higher. In order to increase to 1 million gallons, we are not having that being affected by the capacity fees or general fund. It will be paid for by sales tax revenue. So, the \$2100 fee is only for Phase 1 and Phase 1 deferred."³⁰

²⁸ First instance found of discussion about eliminating the subsidy.

²⁹ The sales tax was not just a backup for the bonds, but also used to pay for the bonds. Based on the reconstructed financial data, it was assumed that the sales tax revenues did not subsidize operations. A deficit in the **operations** component is carried until FY 1998-99.

Appendix I – Excerpts/Recap from Historical Minutes (cont'd)

July 9, 1996

Public hearing – wastewater rate increase – discussion/action on Resolution providing for adoption of new base sewer user rates for the City of Sedona Wastewater System and providing that such rates shall become effective August 8, 1996

- Adopted Resolution No. 96-32 to increase monthly service fees (increased user fees by 20%)

July 9, 1996

Public hearing – tax rate increase – discussion/action on first reading of Ordinance amending the City Code, Chapter 8A, Sedona Tax Code, transaction privilege tax rate and use tax rate; and repealing all code provisions, ordinances and other provisions in conflict therewith

- Per minutes, “The City currently designates 1 cent, of our 2 cent sales tax, to the sewer. City needs to fund approximately 1.9 million in additional sewer debt service. 1.5 million of the 2.5 million generated will go towards debt services.”
- Per minutes, “Will not be collecting the full sales tax this year, only an estimated 1.8 million will be collected. \$800,000 of that will have to go into funding the anticipated debt. The other million will go for funding the Capital Improvement plan proposal before you.

April 22, 1997

Sewer rate increase – discussion/possible action on “Notice of Intent to raise Sewer Rates”

- Per minutes, “Implement the State Statute requiring a contribution to the Sewer debt from the current users. Make sure the Wastewater fund meets the Federal and State requirements of having users pay for the operation and administration of the system.”
- Per minutes, “The Sales Tax is now 3%. The ½ cent that the City Council increased brings in approximately \$2,500,000. \$1 million goes into a Capital fund and the rest into the sewer. Next year 4 million will go for debt service. Most of the 2 cents is related to the sewer, debt service, or payment of sewer capital. The other 1 cent goes to general fund, capital, and general City operations. Have had this looked over by our legal department and they say its legal. This is similar to charging the users, of the system, for debt service cost. Which the City has a right to recover. That portion of the rate increase would go towards payment of the debt.”³¹
- Per Council Agenda Communication, “The Notice of Intent to increase sewer rates effect July 1, 1997, provides a rate increase that will make the Wastewater Fund fully supported by the users, except for payment of debt service...The city has not complied with State and Federal law requiring that Wastewater Enterprise (sewer) Funds be fully supported by the users of the system. Since the inception of the sewer, rates in Sedona have not covered the cost of administration and operation for the wastewater treatment plant. Instead cash reserves (or the savings account) of the Wastewater Fund were depleted keeping the rates artificially low.”
- Per Council Agenda Communication, “Implement a State Statute required contribution to sewer debt service payment derived from the user rates for residential, commercial and time shares.”

³⁰ It is assumed that the expansion discussed was paid with debt financing, and therefore, repaid with sales tax subsidies.

³¹ First instance found of an allocation of user fees to payment of debt.

Appendix I – Excerpts/Recap from Historical Minutes (cont'd)

- Per Notice of Intent, “The city will continue **not to fully fund debt service** costs or **fully pay** for time and resources of other departments that support the Wastewater Fund...The City Manager is proposing that over time a certain percentage of the rate increase be devoted to payment of debt service.”

May 27, 1997

Public hearing/Resolution/increase of monthly sewer rates

- Per minutes, “In lieu of borrowing, the increase will contribute to our capitol [sic] construction fund that we use for extending Sewer lines. The \$1,307,523 is for the operation of the plant, chemicals, staffing, and for collections systems.”³²
- Per minutes, “The other ½% sales tax will pay the Sewer debt.”
- Per minutes, “State law requires that when bonds are used to finance a public utility, the municipality shall fix the rates charged for service to the public as nearly as practical as to pay the interest, and not less than 3% per year on the principle [sic] on the bond in excess of the operation and maintenance cost. The rate must pay for maintenance and operations costs and as nearly practical also pay higher interest of 3%.”
- Per Council Agenda Communication, “*With the proposed rate increase, this will be the first year since the inception of the sewer that users will pay for the operation and maintenance costs of the system...The proposed rate adjustment of 20 percent on commercial and residential users will allows the city to take a significant financial step in developing a true enterprise fund (self supporting fund) for the sewer. The city will still not collect the payment of sewer debt of the administrative overhead cost for legal, accounting, the City Manager’s Officer, etc., form the Wastewater Fund.*”
- Per Council Agenda Communication, “The proposed rate adjustment will include a contribution of approximately \$100,000 to the payment of long term debt for the sewer. The City Manager is proposing that over time a certain percentage of the rate increase be devoted to payment of debt service.”³³
- Adopted Resolution No. 97-12 to increase monthly service fees effective August 1, 1997 (increased user fees by 20%)

May 26, 1988

Public hearing – ½% tax rate reduction clause

- Per Council Agenda Communication, “The city currently has a three percent (3%) sales tax. One percent (1%) of the tax is devoted to City operations, non sewer capital improvements and debt service for land purchases. Half of a percent (.5%) is earmarked for non sewer capital improvements and the remaining one and half percent (1.5%) is used for sewer debt and current capital improvements for Wastewater.”

³² This amount was used to determine the ratio of user fee allocations to the **operations** component.

³³ This amount was used to determine the ratio of user fee allocations to the **debt** component. The remainder was plugged to the **capital** component.

Appendix I – Excerpts/Recap from Historical Minutes (cont'd)

- Per Council Agenda Communication, “The challenge looming for the city is the growing debt from wastewater improvements that will not be paid off until the year 2017. It is anticipated that over 60 percent of the city’s sales tax will go toward wastewater improvements in the future.”

January 27, 2010

Presentation/discussion on a wastewater rate study, 10-year financial plan and new sewer connection policy for the wastewater enterprise fund

- Per minutes, “...there are three basic objectives: 1. Update the current rates; 2. Identify methods to increase revenue to the wastewater utility; 3. To develop a 10-year financial plan to help the wastewater enterprise fund become more self supporting.”

April 13, 2010

Public hearing – discussion/possible action on a Resolution adopting proposed increases and additions to wastewater rates, rate components, fees and service charges

- Adopted Resolution No. 2010-07 to adopt new base sewer user rates

January 15, 2014

Presentation/discussion/possible direction on the findings and recommendations of the 2013 comprehensive wastewater financial plan, wastewater cost of service analysis, and wastewater rate study by Grant Hoag, Wastewater Rate Study Consultant

- Approved the rate increase and financial plan

Appendix II – Explanation of Historical Assumptions and Allocations

General Assumptions and Allocations

Throughout all of the 29 historical years reviewed, the following assumptions and allocations were made:

- Conversion to modified accrual fund balance
 - The financial activity in the audit reports comply with generally accepted accounting principles (GAAP) for enterprise fund types. GAAP required enterprise funds to be reported on the “full” accrual basis of accounting. However, the budgetary basis used for the Wastewater Fund is modified accrual, which is the same basis of accounting used for the General Fund and other governmental fund types. For purposes of this analysis and to evaluate fund balance, the financial activity was converted to the modified accrual basis of accounting. For example, the acquisition or construction of capital assets is reflected as capital outlay expenditures instead of capitalized, and principal payments on debt are reflected as expenditures instead of reductions of the liabilities.
- Operations
 - Capital lease activity was allocated to operations in the FY 1998-99 detail general ledger so the capital lease activity was also assumed to be allocated to operating in the prior years.
- Capital
 - Capacity fees and any related penalties and interest revenues associated with capacity fees were attributed to capital.
 - All grants were assumed to be capital and included Environmental Protection Agency (EPA) construction grant, Community Development Block Grant (CDBG), Water Infrastructure Financing Authority (WIFA) grant.
 - Arbitrage rebates were allocated to capital since the arbitrage earnings were assumed to be earned on capital debt proceeds.
 - Claims and judgments were assumed to be capital since they were allocated to capital in the detail general ledgers in FYs 1998-99 and later.
- Debt
 - All debt service payments, administrative fees, and arbitrage compliance services were allocated to debt.
 - Refunded bond defeasances were allocated to debt.
- Other Allocations
 - When detail general ledger data was not available, all capital outlay expenditures were assumed to be **capital**. When detail general ledger data was available, any operating capital expenditures were allocated to **operations**.

Appendix II – Explanation of Historical Assumptions and Allocations (cont'd)

- Bond, COPs, and loan proceeds were allocated to **capital** for new money issues and allocated to **debt** for refunding issues.
- Bond issuance costs were allocated based on where the proceeds were allocated (**capital** or **debt**) since costs are paid from the proceeds.
- Except in FYs 1988-89 through 1989-90, all sales tax subsidies were allocated to **debt**.
- When detail general ledger data was not available, interest earnings were allocated based on the average of beginning and ending balances (with no allocation to negative balances). When detail general ledger data was available, interest earnings were allocated based on the detail general ledger allocations to **operations**, **debt**, and **capital**.
- When detail general ledger data was available, miscellaneous revenues were allocated based on the detail general ledger allocations to **operations** and **capital** (includes permit fees and sale of assets allocated to **capital**).
- When detail general ledger data was available, cost of services were allocated based on the detail general ledger allocations (includes the non-capitalized portion of capital costs allocated to **capital** and debt administration costs to **debt**).
- When detail general ledger data was available, the audit reports did not always categorize the detail general ledger accounts the same way from year to year, but the detail general ledger accounts were consistently allocated to the three components.
- When the audit reports included prior period adjustments, they were included as adjustments to that year's activity instead of restating prior years.

FYs 1988-89 through 1989-90 (From Inception prior to Issuance of Debt)

The Wastewater Enterprise Fund began in FY 1988-89. On November 21, 1988, the board of the Sedona Sanitary District voted to dissolve and transfer all of the property of the District to the City.

The following assumptions and allocations were made for these fiscal years:

- Since there were no charges for services or cost of services accounts until FY 1993-94, assumed no **operations** activity.
- All other activity not previously discussed was assumed to be **capital**.
- The sales tax subsidy was assumed to pay for capital outlay expenditures and the remainder was assumed to be set aside for future debt service since there were no other ongoing revenue sources during that time.

FYs 1990-91 through 1992-93 (From First Debt Issuance prior to Start of Operational Activity)

The first bonds were sold in FY 1990-91.

Appendix II – Explanation of Historical Assumptions and Allocations (cont'd)

The following assumptions and allocations were made for these fiscal years:

- Since there were no charges for services or cost of services accounts until FY 1993-94, assumed no **operations** activity.
- All other activity not previously discussed was assumed to be **capital**.

FYs 1993-94 through 1994-95

(From Start of Operational Activity – Fee Schedule Adopted November 13, 1990)

The first fee schedule was adopted on November 13, 1990; however, the first recording of operational activity was in FY 1993-94.

The following assumptions and allocations were made for these fiscal years:

- Charges for services revenue was allocated based on the ratio of funding to be generated as cited in the November 13, 1990 minutes. According to the minutes, the fees were set to generate \$100,000 for **capital** and \$745,500 for **operations**. Allocations to components were as follows:

Allocation of Charges for Services

Component	% of Allocation
Operations	88%
Capital	12%
Debt	0%

- All other activity not previously discussed was assumed to be **operations**.

FYs 1995-96 through 1996-97

(Fee Schedules Adopted August 25, 1995 and July 9, 1996)

The fee schedule adopted on August 25, 1995 increased fees by 50%. The fee schedule adopted on July 9, 1996 increased fees by 20%.

The following assumptions and allocations were made for these fiscal years:

- No detail for the components of the fee increases were available so it was assumed that charges for services revenue would be allocated based on the same ratio of funding in the 1990 original fee adoption.
- The negative capacity fee revenue in FY 1995-96 is the result of a prior period adjustment for deferred capacity fees of \$292,722.
- All other activity not previously discussed was assumed to be **operations**.

FY 1997-98

(Fee schedule adopted May 27, 1997)

The fee schedule adopted on May 27, 1997 increased fees by 20%.

Appendix II – Explanation of Historical Assumptions and Allocations (cont'd)

The following assumptions and allocations were made for this fiscal year:

- Charges for services revenue was allocated based on the ratio of funding to be generated as cited in the May 27, 1997 minutes. According to the minutes, the fees were set to generate \$1,307,523 for **operations** and \$100,000 for **debt**. The balance of the revenues generated was allocated to **capital**. Allocations to components were as follows:

Allocation of Charges for Services

Component	% of Allocation
Operations	70%
Capital	25%
Debt	5%

- The negative grant revenue is a result of an adjustment for the unreimbursed portion of a grant.
- All other activity not previously discussed was assumed to be **operations**.

FYs 1998-99 through 2009-10 (Start of Limited Detail General Ledger Data Available)

Some detail general ledger data is available starting with FY 1998-99.

The following assumptions and allocations were made for these fiscal years:

- The monthly fees and late fees revenues (accounts categorized as charges for services in the audit reports) were allocated based on the same ratio of funding in the 1997 fee adoption.
- All other general ledger accounts included in charges for services were allocated based on allocations to the three components in the detail general ledger, included allocations of septage fees, grease fees, and environmental penalties to **operations**.
- When the detail general ledgers did not reconcile to the audit reports, differences in charges for services and interest revenues, as well as cost of services expenditures, were allocated to **operations**. Differences in capital outlay expenditures were allocated to **capital**.
- The negative claims and judgments in FY 2000-01 is the result of an adjustment to a prior estimate of a litigation claim payable.
- The negative arbitrage rebate in FY 2001-02 is a result of an adjustment to a prior estimate of arbitrage rebate payable.
- Negative interest revenue in FY 2003 is a result of losses in the State Treasurer's investment pool associated with the bankruptcy of National Century Financial Enterprises (NCFE).
- The FY 2004-05 transfer to the General Fund for destination marketing was assumed to be paid from sales tax subsidy in **debt**.
- The FY 2008-09 transfer to the General Fund for destination marketing and for the Series 2007 bonds was assumed to be paid from sales tax subsidy in **debt**.

Appendix II – Explanation of Historical Assumptions and Allocations (cont'd)

- The FY 2009-10 transfer to the General Fund for the Series 2007 bonds was assumed to be paid from sales tax subsidy in **debt**.

FYs 2010-11 through 2013-14 (Fee schedule adopted April 13, 2010)

The fee schedule adopted on April 13, 2010 increased fees and changed the fee structure. Details of the fee calculations are available in the Rate Study; however, some assumptions about the allocations to the three components had to be made. The various customer rates were based on ratios of an established equivalent residential unit (ERU), and the system costs and offsetting revenues were expressed in terms of ERUs.

In addition, detail general ledger data is available in the City's current accounting system starting with FY 2011-12.

The following assumptions and allocations were made for these fiscal years:

- The allocations of the ERU calculations to the three components were applied to the monthly fees, standby fees and late charges accounts (accounts categorized as charges for services in the audit reports).
- The ERU calculations allocated to **operations** included:
 - Operations & maintenance (O&M) costs
 - The other charges portion of the offsetting miscellaneous revenues since the majority would be allocated to operations
- The ERU calculations allocated to **debt** included:
 - Debt service costs
 - Offsetting sales tax subsidy
 - An assumed portion of the fees to replace the planned reductions in the sales tax subsidy
 - The net difference assumed as use of the fund balance reserves
- The ERU calculations allocated to **capital** included:
 - Pay-go project costs
 - The interest portion of the offsetting miscellaneous revenues since the majority would be allocated to capital
 - The capacity fees portion of the offsetting miscellaneous revenues
 - The balance of the Rate Study amount for use of the fund balance reserves after the portion allocated to debt
- Allocations to components were as follows:

Allocation of Charges for Services

Component	FY2011 Allocation	FY2012 Allocation	FY2013 Allocation	FY2014 Allocation
Operations	74%	67%	63%	59%
Capital	8%	17%	23%	19%
Debt	18%	16%	14%	22%

Appendix II – Explanation of Historical Assumptions and Allocations (cont'd)

- All other general ledger accounts included in charges for services were allocated based on allocations to the three components in the detail general ledger, included allocations of septage fees, grease fees, and environmental penalties to **operations**.
- When the detail general ledgers did not reconcile to the audit reports, differences in charges for services and interest revenues, as well as cost of services expenditures, were allocated to **operations**. Differences in capital outlay expenditures were allocated to **capital**.
- The FYs 2012-13 and 2013-14 transfers to the General Fund for CIP project management were assumed to be paid from **capital**.

FYs 2014-15 through 2016-17 (Fee Schedule Adopted May 27, 2014)

The fee schedule adopted on January 15, 2014 increased fees and changed the fee structure. Details of the fee calculations are available in the Rate Study; however, some assumptions about the allocations to the three components had to be made. The various customer rates were based on ratios of an established equivalent residential unit (ERU), and the system costs and offsetting revenues were expressed in terms of ERUs.

The following assumptions and allocations were made for these fiscal years:

- The allocations of the ERU calculations to the three components were applied to the monthly fees, standby fees and late charges accounts (accounts categorized as charges for services in the audit reports).
- The ERU calculations allocated to **operations** included:
 - Operations & maintenance (O&M) costs
 - Bad debt costs
 - The other charges portion of the offsetting miscellaneous revenues since the majority would be allocated to operations
 - The balance of the Rate Study amount for use of the fund balance reserves after the portions allocated to debt and capital
- The ERU calculations allocated to **debt** included:
 - Debt service costs³⁴
 - Offsetting sales tax subsidy
 - An assumed portion of the fees to replace the planned reductions in the sales tax subsidy³⁵
 - An assumption that the use of the fund balance reserves was to continue at approximately the same rate as under the prior Rate Study with an assumed annual escalator of 3%³⁶

³⁴ Since the Rate Study was adopted prior to the issuance of the Series 2015 refunding bonds, which resulted in a \$1.3 million savings on the refunded Series 2005 bonds, an adjustment was made to lower the calculated debt service ERU to avoid the unnecessary over-allocation of charges for services to the debt component. The difference in the portion of fees resulting from the savings was assumed to benefit the capital component.

³⁵ Since the replacement of the planned reductions in the sales tax subsidy exceeded the necessary funding levels to cover the debt service costs, the amount of the excess was assumed to benefit the capital component.

Appendix II – Explanation of Historical Assumptions and Allocations (cont'd)

- The ERU calculations allocated to **capital** included:
 - Pay-go project costs
 - The interest portion of the offsetting miscellaneous revenues since the majority would be allocated to capital
 - The capacity fees portion of the offsetting miscellaneous revenues
 - The balance of the Rate Study amount for use of the fund balance reserves after the portion allocated to debt limited to the net of the project costs and miscellaneous revenues
 - Benefitting portion of the savings in the debt component related to the refunding of bonds and allocations of fees exceeding the necessary funding levels to cover debt service costs
- Allocations to components were as follows:

Allocation of Charges for Services

Component	FY2015 Allocation	FY2016 Allocation	FY2017 Allocation
Operations	64%	61%	62%
Capital	21%	12%	28%
Debt	15%	17%	10%

- All other general ledger accounts included in charges for services were allocated based on allocations to the three components in the detail general ledger, included allocations of septage fees, grease fees, and environmental penalties to **operations**.
- When the detail general ledgers did not reconcile to the audit reports, differences in charges for services and interest revenues, as well as cost of services expenditures, were allocated to **operations**. Differences in capital outlay expenditures were allocated to **capital**.
- The FY 2014-15 transfer to the General Fund for CIP project management was assumed to be paid from **capital**.

³⁶ Even with the assumed annual escalator to the use of fund balance reserves of 3% a substantial fund balance remains in the debt component when the debt service is fully paid in FY 2025-26.

Appendix III – Assumptions Used in Revenue Projections

Capacity Fees

- One-Time
 - Non-routine significant capacity fees received in the current fiscal year were considered one-time revenues.
 - One-time capacity fees were projected for FY 2019-20 based on the assumption that two new hotels may be permitted. The capacity fees for two large permitted projects in FY 2016-17 were used as the basis for estimating the fees in FY 2019-20.
- Ongoing
 - Current year estimated residential and commercial capacity fees were based on the current year trends to date.
 - Forecasted capacity fees were assumed to remain at the same level as the current year with increases based on a forecasted construction index, with the exception of FY 2021-22, which included an assumption that the accounts currently on deferred connection agreements would connect at the termination of those agreements.
 - If the current level of residential capacity fees remains the same at approximately 27 connections per year, with a total of 1,190 accounts on stand-by or environmental penalty, it will be over 40 years before all of those accounts are connected.

Charges for Services

- Ongoing
 - Current year estimated charges for services were based on the current year trends to date.
 - A factor was included based on an assumption of the annual average of residential accounts converting from standard rates to low-flow rates and stand-by accounts converting to low-flow rates.
 - A factor was included based on an assumption of the annual increases in population and the estimated number of new homes added at low-flow rates.
 - An assumption was made that in FY 2021-22 the accounts currently on deferred connection agreements would connect at the termination of those agreements at the low-flow rates.

Appendix III – Assumptions Used in Revenue Projections (cont'd)

- Rate increases were based on the recommendations in the 2014 Fee Study as follows:

2014 Fee Study Recommended Rate Increases

Fiscal Year	% Increase
2017-18	4%
2018-19	4%
2019-20	4%
2020-21	3%
2021-22	3%
2022-23	3%
2023-24	0%
2024-25	0%
2025-26	0%
2026-27	0%

Fines and Forfeitures

- Ongoing
 - Current year estimated fines and forfeitures were based on the current year trends to date.
 - Forecasted late fees and NSF fees were based on the average of the last 3 years and projected as flat through the 10-year forecast.
 - Forecasted environmental penalties were increased based on the rate increases recommended in the 2014 Fee Study.

Other Revenues

- One-Time
 - Non-routine other revenues received in the current fiscal year were considered one-time revenues and not included in the forecasted years.
- Ongoing
 - Current year estimated other revenues were based on the current year trends to date and projected as flat through the 10-year forecast.

Sales Tax Subsidies

- Ongoing
 - The current year sales tax subsidy was based on 25% of the current year sales tax revenue estimate.

Appendix III – Assumptions Used in Revenue Projections (cont'd)

- Forecasted sales tax subsidies were based on the recommended subsidies rates in the 2014 Rate Study as follows:

2014 Fee Study Recommended Rate Increases

Fiscal Year	% Increase
2017-18	25%
2018-19	25%
2019-20	20%
2020-21	20%
2021-22	20%
2022-23	15%
2023-24	15%
2024-25	15%
2025-26	15%
2026-27	0%

Exhibit A
City of Sedona
Historical Financial Data by Fiscal Year
FYs 1988-89 through 2016-17 YTD

	FY89				FY90				FY91				FY92			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,057	\$ 635,761	\$ 752,818	\$ -	\$ 123,331	\$ 1,151,569	\$ 1,274,900	\$ -	\$ 15,660,638	\$ 4,063,091	\$ 19,723,729
Revenues																
Charges for Services				-				-				-				-
Capacity Fees				-				-				-				-
Contribution from Sanitary District		126,044		126,044		-		-		-		-		-		-
Sanitary District Assessments		4,940		4,940		889		889		-		-		-		-
Grants				-				-		284,540		284,540		2,320,198		2,320,198
Interest Income	-	20,384	110,709	131,093	-	10,463	77,796	88,259	-	680,688	224,884	905,572	-	810,449	325,014	1,135,463
Miscellaneous				-				-		200		200		-		-
Total Revenues	-	151,368	110,709	262,077	-	11,352	77,796	89,148	-	965,428	224,884	1,190,312	-	3,130,647	325,014	3,455,661
Expenditures																
Cost of Services				-				-				-				-
Capital Outlay		213,584		213,584		943,660		943,660		5,186,760		5,186,760		13,668,181		13,668,181
Capital Lease Payments				-				-			1,134,050	1,134,050			1,798,113	1,798,113
Debt Principal and Interest				-				-				-				-
Bond Issuance Costs				-				-		201,531		201,531				-
Arbitrage Rebate				-				-				-				-
Claims and Judgments				-				-				-				-
Legal		29,766		29,766		2,874		2,874		-		-		-		-
Miscellaneous		4,545		4,545		2,204		2,204		250		250		-		-
Total Expenditures	-	247,895	-	247,895	-	948,738	-	948,738	-	5,388,541	1,134,050	6,522,591	-	13,668,181	1,798,113	15,466,294
Other Financing Sources/Uses																
Sales Tax Subsidy		213,584	525,052	738,636		943,660	438,012	1,381,672		-	1,548,119	1,548,119		-	1,682,317	1,682,317
Revenue Bonds Issued				-				-		19,960,420	2,272,569	22,232,989		-	-	-
Certificates of Participation Issued				-				-				-				-
Refunding Bonds Issued				-				-				-				-
Bond Defeasance				-				-				-				-
Capital Lease Proceeds				-				-				-				-
Loan Proceeds				-				-				-				-
Sale of Capital Assets				-				-				-				-
Transfer Out				-				-				-				-
Residual Equity Transfer				-				-				-		1,226		1,226
Total Other Financing Sources/Uses	-	213,584	525,052	738,636	-	943,660	438,012	1,381,672	-	19,960,420	3,820,688	23,781,108	-	1,226	1,682,317	1,683,543
Net Revenue/Expenditures/Other Financing	-	117,057	635,761	752,818	-	6,274	515,808	522,082	-	15,537,307	2,911,522	18,448,829	-	(10,536,308)	209,218	(10,327,090)
Ending Fund Balance (including reserves)	\$ -	\$ 117,057	\$ 635,761	\$ 752,818	\$ -	\$ 123,331	\$ 1,151,569	\$ 1,274,900	\$ -	\$ 15,660,638	\$ 4,063,091	\$ 19,723,729	\$ -	\$ 5,124,330	\$ 4,272,309	\$ 9,396,639

Exhibit A
City of Sedona
Historical Financial Data by Fiscal Year
FYs 1988-89 through 2016-17 YTD

	FY93				FY94				FY95				FY96			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ -	\$ 5,124,330	\$ 4,272,309	\$ 9,396,639	\$ -	\$ (3,103,629)	\$ 5,681,769	\$ 2,578,140	\$(263,734)	\$ 624,519	\$ 6,205,578	\$ 6,566,363	\$(803,105)	\$ 603,703	\$ 4,440,761	\$ 4,241,359
Revenues																
Charges for Services				-	219,014	29,378	-	248,392	552,099	74,058	-	626,157	858,627	115,175	-	973,802
Capacity Fees		347,496		347,496		6,561,722		6,561,722		558,181		558,181		(218,271)		(218,271)
Contribution from Sanitary District		-		-		-		-		-		-		-		-
Sanitary District Assessments		-		-		-		-		-		-		-		-
Grants		3,625,307		3,625,307												
Interest Income	-	52,555	258,890	311,445	-	-	194,781	194,781	-	23,603	204,595	228,198	-	457	210,320	210,777
Miscellaneous		2,535		2,535	15,732	-		15,732	2,846	-		2,846	109,599	-		109,599
Total Revenues	-	4,027,893	258,890	4,286,783	234,746	6,591,100	194,781	7,020,627	554,945	655,842	204,595	1,415,382	968,226	(102,639)	210,320	1,075,907
Expenditures																
Cost of Services				-	498,480			498,480	1,094,316			1,094,316	716,353			716,353
Capital Outlay		15,255,852		15,255,852		2,862,952		2,862,952		676,658		676,658		4,328,724		4,328,724
Capital Lease Payments													9,859	-		9,859
Debt Principal and Interest			350,938	350,938			1,774,829	1,774,829			4,182,469	4,182,469			2,795,111	2,795,111
Bond Issuance Costs		60,000	500,744	560,744			130,785	130,785			-	-			-	-
Arbitrage Rebate																-
Claims and Judgments														563,246	-	563,246
Legal		-		-		-		-		-		-		-		-
Miscellaneous		-		-		-		-		-		-		-		-
Total Expenditures	-	15,315,852	851,682	16,167,534	498,480	2,862,952	1,905,614	5,267,046	1,094,316	676,658	4,182,469	5,953,443	726,212	4,891,970	2,795,111	8,413,293
Other Financing Sources/Uses																
Sales Tax Subsidy		-	1,819,685	1,819,685		-	1,985,794	1,985,794		-	2,213,057	2,213,057		-	2,351,286	2,351,286
Revenue Bonds Issued		-	-	-				-				-	3,806,000			3,806,000
Certificates of Participation Issued		3,060,000		3,060,000				-				-				-
Refunding Bonds Issued			25,100,000	25,100,000			2,985,000	2,985,000			-	-			-	-
Bond Defeasance			(24,917,433)	(24,917,433)			(2,736,152)	(2,736,152)			-	-			-	-
Capital Lease Proceeds													31,886	-		31,886
Loan Proceeds																-
Sale of Capital Assets				-				-				-				-
Transfer Out				-				-				-				-
Residual Equity Transfer		-		-				-				-				-
Total Other Financing Sources/Uses	-	3,060,000	2,002,252	5,062,252	-	-	2,234,642	2,234,642	-	-	2,213,057	2,213,057	31,886	3,806,000	2,351,286	6,189,172
Net Revenue/Expenditures/Other Financing	-	(8,227,959)	1,409,460	(6,818,499)	(263,734)	3,728,148	523,809	3,988,223	(539,371)	(20,816)	(1,764,817)	(2,325,004)	273,900	(1,188,609)	(233,505)	(1,148,214)
Ending Fund Balance (including reserves)	\$ -	\$ (3,103,629)	\$ 5,681,769	\$ 2,578,140	\$(263,734)	\$ 624,519	\$ 6,205,578	\$ 6,566,363	\$(803,105)	\$ 603,703	\$ 4,440,761	\$ 4,241,359	\$(529,204)	\$ (584,906)	\$ 4,207,255	\$ 3,093,145

Exhibit A
City of Sedona
Historical Financial Data by Fiscal Year
FYs 1988-89 through 2016-17 YTD

	FY97				FY98				FY99				FY00			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ (529,204)	\$ (584,906)	\$ 4,207,255	\$ 3,093,145	\$ (639,920)	\$ (734,815)	\$ 5,062,950	\$ 3,688,215	\$ (513,267)	\$ 367,828	\$ 5,484,230	\$ 5,338,791	\$ 78,603	\$ 24,821,862	\$ 5,626,023	\$ 30,526,488
Revenues																
Charges for Services	1,197,788	160,669	-	1,358,457	1,307,523	457,071	100,000	1,864,594	1,390,701	484,209	102,365	1,977,275	1,508,621	529,071	111,054	2,148,746
Capacity Fees		727,605		727,605		651,392		651,392		778,728		778,728		653,757		653,757
Contribution from Sanitary District		-		-		-		-		-		-		-		-
Sanitary District Assessments		-		-		-		-		-		-		-		-
Grants						(69,968)		(69,968)								
Interest Income	-	-	174,535	174,535	-	-	331,505	331,505	180,236	1,086,247	72,762	1,339,245	111,954	1,676,447	32,591	1,820,992
Miscellaneous	5,152	-		5,152	12,559	-		12,559	(70)	7,690		7,620	2,541	12,120		14,661
Total Revenues	1,202,940	888,274	174,535	2,265,749	1,320,082	1,038,495	431,505	2,790,082	1,570,867	2,356,874	175,127	4,102,868	1,623,116	2,871,395	143,645	4,638,156
Expenditures																
Cost of Services	1,301,204			1,301,204	1,182,733			1,182,733	972,551			972,551	1,240,296			1,240,296
Capital Outlay		4,097,113		4,097,113		4,805,151		4,805,151	5,547	5,760,886		5,766,433	7,837	13,466,559		13,474,396
Capital Lease Payments	12,452	-		12,452	10,696	-		10,696	899	-		899		-		-
Debt Principal and Interest			2,714,400	2,714,400			3,907,466	3,907,466			4,975,890	4,975,890			4,543,089	4,543,089
Bond Issuance Costs		35,070	-	35,070		-		-		707,246	261,269	968,515		-		-
Arbitrage Rebate				-				-				-				-
Claims and Judgments			-	-			-	-		1,400,000	-	1,400,000		511,613		511,613
Legal		-		-		-		-		-		-		-		-
Miscellaneous		-		-		-		-		-		-		-		-
Total Expenditures	1,313,656	4,132,183	2,714,400	8,160,239	1,193,429	4,805,151	3,907,466	9,906,046	978,997	7,868,132	5,237,159	14,084,288	1,248,133	13,978,172	4,543,089	19,769,394
Other Financing Sources/Uses																
Sales Tax Subsidy		-	3,395,560	3,395,560		-	3,897,241	3,897,241		-	3,873,416	3,873,416		-	4,440,187	4,440,187
Revenue Bonds Issued		3,094,000		3,094,000		2,869,299		2,869,299		29,965,292		29,965,292		-		-
Certificates of Participation Issued		-		-		-		-		-		-		-		-
Refunding Bonds Issued			-	-			-	-			11,069,708	11,069,708				-
Bond Defeasance			-	-			-	-			(9,739,299)	(9,739,299)				-
Capital Lease Proceeds		-		-				-				-				-
Loan Proceeds				-		2,000,000		2,000,000				-				-
Sale of Capital Assets				-				-				-				-
Transfer Out				-				-				-				-
Residual Equity Transfer				-				-				-				-
Total Other Financing Sources/Uses	-	3,094,000	3,395,560	6,489,560	-	4,869,299	3,897,241	8,766,540	-	29,965,292	5,203,825	35,169,117	-	-	4,440,187	4,440,187
Net Revenue/Expenditures/Other Financing	(110,716)	(149,909)	855,695	595,070	126,653	1,102,643	421,280	1,650,576	591,870	24,454,034	141,793	25,187,697	374,983	(11,106,777)	40,743	(10,691,051)
Ending Fund Balance (including reserves)	\$ (639,920)	\$ (734,815)	\$ 5,062,950	\$ 3,688,215	\$ (513,267)	\$ 367,828	\$ 5,484,230	\$ 5,338,791	\$ 78,603	\$ 24,821,862	\$ 5,626,023	\$ 30,526,488	\$ 453,586	\$ 13,715,085	\$ 5,666,766	\$ 19,835,437

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	FY01				FY02				FY03			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ 453,586	\$ 13,715,085	\$ 5,666,766	\$ 19,835,437	\$ 843,217	\$ 13,632,920	\$ 5,695,467	\$ 20,171,605	\$ 1,402,780	\$ 12,397,909	\$ 6,022,417	\$ 19,823,106
Revenues												
Charges for Services	1,496,161	544,770	110,442	2,151,373	1,783,999	647,445	132,566	2,564,011	1,960,244	720,487	145,402	2,826,133
Capacity Fees		1,235,756		1,235,756		3,057,633		3,057,633		958,426		958,426
Contribution from Sanitary District		-		-		-		-		-		-
Sanitary District Assessments		-		-		-		-		-		-
Grants		-		-		3,274,214		3,274,214		-		-
Interest Income	173,016	1,515,450	-	1,688,466	324	703,192	3,722	707,238	(313,374)	99,811	19,658	(193,905)
Miscellaneous	6,927	298,480		305,407	5,991	24,843		30,834	482	7,064		7,546
Total Revenues	1,676,104	3,594,456	110,442	5,381,002	1,790,314	7,707,327	136,288	9,633,930	1,647,352	1,785,788	165,060	3,598,200
Expenditures												
Cost of Services	1,263,811			1,263,811	1,202,618			1,202,618	1,055,515			1,055,515
Capital Outlay	22,662	4,345,974		4,368,636	28,134	9,130,441		9,158,575		2,764,226		2,764,226
Capital Lease Payments		-		-		-		-		-		-
Debt Principal and Interest			4,532,006	4,532,006			4,506,815	4,506,815			4,695,927	4,695,927
Bond Issuance Costs		-	-	-		-	71,511	71,511		-	-	-
Arbitrage Rebate		242,259		242,259		(188,103)		(188,103)		-		-
Claims and Judgments		(911,613)		(911,613)				-				-
Legal		-		-		-		-		-		-
Miscellaneous		-		-		-		-		-		-
Total Expenditures	1,286,473	3,676,620	4,532,006	9,495,099	1,230,752	8,942,338	4,578,326	14,751,416	1,055,515	2,764,226	4,695,927	8,515,668
Other Financing Sources/Uses												
Sales Tax Subsidy		-	4,450,265	4,450,265		-	4,689,137	4,689,137		-	5,169,948	5,169,948
Revenue Bonds Issued		-		-		-		-		-		-
Certificates of Participation Issued		-		-		-		-		-		-
Refunding Bonds Issued							2,319,850	2,319,850				
Bond Defeasance							(2,240,000)	(2,240,000)				
Capital Lease Proceeds		-		-		-		-		-		-
Loan Proceeds		-		-		-		-		-		-
Sale of Capital Assets										3,443,281		3,443,281
Transfer Out												
Residual Equity Transfer												
Total Other Financing Sources/Uses	-	-	4,450,265	4,450,265	-	-	4,768,987	4,768,987	-	3,443,281	5,169,948	8,613,229
Net Revenue/Expenditures/Other Financing	389,631	(82,164)	28,701	336,168	559,562	(1,235,011)	326,949	(348,499)	591,837	2,464,843	639,081	3,695,761
Ending Fund Balance (including reserves)	\$ 843,217	\$ 13,632,920	\$ 5,695,467	\$ 20,171,605	\$ 1,402,780	\$ 12,397,909	\$ 6,022,417	\$ 19,823,106	\$ 1,994,617	\$ 14,862,753	\$ 6,661,498	\$ 23,518,867

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	FY04				FY05				FY06			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ 1,994,617	\$ 14,862,753	\$ 6,661,498	\$ 23,518,867	\$ 2,847,175	\$ 15,046,206	\$ 7,527,871	\$ 25,421,251	\$ 3,808,576	\$ 12,426,588	\$ 10,887,110	\$ 27,122,275
Revenues												
Charges for Services	2,028,012	718,750	151,460	2,898,222	2,107,395	690,545	158,498	2,956,438	2,106,535	738,961	158,532	3,004,028
Capacity Fees		1,222,587		1,222,587		164,075		164,075		1,491,112		1,491,112
Contribution from Sanitary District		-		-		-		-		-		-
Sanitary District Assessments		-		-		-		-		-		-
Grants		-		-		-		-		-		-
Interest Income	7,973	204,749	44,748	257,470	99,020	374,915	165,058	638,993	211,686	687,609	149,378	1,048,673
Miscellaneous	3,726	2,460		6,186	-	72,880		72,880	500	3,330		3,830
Total Revenues	2,039,711	2,148,546	196,208	4,384,465	2,206,415	1,302,415	323,556	3,832,386	2,318,721	2,921,012	307,910	5,547,643
Expenditures												
Cost of Services	1,187,153			1,187,153	1,245,013			1,245,013	1,669,045	1,574,408		3,243,453
Capital Outlay		1,965,093		1,965,093		3,922,033		3,922,033		4,357,528		4,357,528
Capital Lease Payments		-		-		-		-		-		-
Debt Principal and Interest			4,545,714	4,545,714			1,780,646	1,780,646			3,607,630	3,607,630
Bond Issuance Costs		-	-	-		-	933,354	933,354		-	-	-
Arbitrage Rebate		-		-		-		-		-		-
Claims and Judgments		-	-	-		-	-	-		-	-	-
Legal		-		-		-		-		-		-
Miscellaneous		-		-		-		-		-		-
Total Expenditures	1,187,153	1,965,093	4,545,714	7,697,960	1,245,013	3,922,033	2,714,000	7,881,046	1,669,045	5,931,936	3,607,630	11,208,611
Other Financing Sources/Uses												
Sales Tax Subsidy		-	5,215,879	5,215,879		-	5,120,991	5,120,991		-	5,541,642	5,541,642
Revenue Bonds Issued		-		-		-		-		-		-
Certificates of Participation Issued		-		-		-		-		-		-
Refunding Bonds Issued		-		-			42,339,080	42,339,080				-
Bond Defeasance		-		-			(41,580,387)	(41,580,387)				-
Capital Lease Proceeds		-		-		-		-		-		-
Loan Proceeds		-		-		-		-		-		-
Sale of Capital Assets		-		-		-		-		3,436,970		3,436,970
Transfer Out		-		-		-	(130,000)	(130,000)		-		-
Residual Equity Transfer				-				-				-
Total Other Financing Sources/Uses	-	-	5,215,879	5,215,879	-	-	5,749,684	5,749,684	-	3,436,970	5,541,642	8,978,612
Net Revenue/Expenditures/Other Financing	852,558	183,453	866,373	1,902,384	961,402	(2,619,618)	3,359,240	1,701,024	649,676	426,046	2,241,922	3,317,644
Ending Fund Balance (including reserves)	\$ 2,847,175	\$ 15,046,206	\$ 7,527,871	\$ 25,421,251	\$ 3,808,576	\$ 12,426,588	\$ 10,887,110	\$ 27,122,275	\$ 4,458,252	\$ 12,852,634	\$ 13,129,033	\$ 30,439,919

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	FY07				FY08				FY09			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ 4,458,252	\$ 12,852,634	\$ 13,129,033	\$ 30,439,919	\$ 4,838,312	\$ 8,052,411	\$ 14,623,022	\$ 27,513,744	\$ 4,768,887	\$ 14,250,388	\$ 15,142,120	\$ 34,161,395
Revenues												
Charges for Services	2,227,948	777,397	167,426	3,172,772	2,305,656	793,964	172,243	3,271,863	2,345,198	806,458	174,723	3,326,378
Capacity Fees		917,733		917,733		417,542		417,542		455,085		455,085
Contribution from Sanitary District		-		-		-		-		-		-
Sanitary District Assessments		-		-		-		-		-		-
Grants		-		-		-		-		-		-
Interest Income	201,086	740,223	552,142	1,493,451	47,299	680,218	695,622	1,423,139	77,681	452,658	204,444	734,783
Miscellaneous	3,232	4,910		8,142	90	6,936		7,026	260	7,690		7,950
Total Revenues	2,432,266	2,440,263	719,568	5,592,098	2,353,045	1,898,660	867,865	5,119,570	2,423,139	1,721,891	379,167	4,524,196
Expenditures												
Cost of Services	1,992,362			1,992,362	2,422,470			2,422,470	2,869,386			2,869,386
Capital Outlay	59,845	7,240,487		7,300,332		4,865,682		4,865,682		8,959,813		8,959,813
Capital Lease Payments		-		-		-		-		-		-
Debt Principal and Interest			4,958,403	4,958,403			6,032,085	6,032,085			5,917,842	5,917,842
Bond Issuance Costs		-		-		215,558		215,558		-		-
Arbitrage Rebate		-		-		-		-		-		-
Claims and Judgments				-				-				-
Legal		-		-		-		-		-		-
Miscellaneous		-		-		-		-		-		-
Total Expenditures	2,052,207	7,240,487	4,958,403	14,251,097	2,422,470	5,081,240	6,032,085	13,535,795	2,869,386	8,959,813	5,917,842	17,747,041
Other Financing Sources/Uses												
Sales Tax Subsidy		-	5,732,824	5,732,824		-	5,683,318	5,683,318		-	5,435,186	5,435,186
Revenue Bonds Issued		-		-		9,380,558		9,380,558		-		-
Certificates of Participation Issued		-		-		-		-		-		-
Refunding Bonds Issued				-				-				-
Bond Defeasance				-				-				-
Capital Lease Proceeds		-		-		-		-		-		-
Loan Proceeds		-		-		-		-		-		-
Sale of Capital Assets		-		-		-		-		-		-
Transfer Out		-		-		-		-		-	(479,856)	(479,856)
Residual Equity Transfer				-				-				-
Total Other Financing Sources/Uses	-	-	5,732,824	5,732,824	-	9,380,558	5,683,318	15,063,876	-	-	4,955,330	4,955,330
Net Revenue/Expenditures/Other Financing	380,059	(4,800,224)	1,493,989	(2,926,175)	(69,425)	6,197,978	519,098	6,647,651	(446,247)	(7,237,922)	(583,345)	(8,267,515)
Ending Fund Balance (including reserves)	\$ 4,838,312	\$ 8,052,411	\$ 14,623,022	\$ 27,513,744	\$ 4,768,887	\$ 14,250,388	\$ 15,142,120	\$ 34,161,395	\$ 4,322,639	\$ 7,012,466	\$ 14,558,775	\$ 25,893,880

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	FY10				FY11				FY12			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ 4,322,639	\$ 7,012,466	\$ 14,558,775	\$ 25,893,880	\$ 4,424,743	\$ 3,143,750	\$ 13,262,553	\$ 20,831,046	\$ 4,875,445	\$ 682,579	\$ 11,766,656	\$ 17,324,680
Revenues												
Charges for Services	2,351,131	810,839	175,967	3,337,937	2,904,797	308,571	694,285	3,907,653	3,327,451	850,722	765,650	4,943,823
Capacity Fees		986,957		986,957		213,250		213,250		201,042		201,042
Contribution from Sanitary District		-		-		-		-		-		-
Sanitary District Assessments		-		-		-		-		-		-
Grants		-		-		-		-		-		-
Interest Income	170,374	121,291	117,847	409,512	103	85,609	48,748	134,460	16,279	165,008	26,997	208,284
Miscellaneous	93	10,790		10,883	3,069	13,928		16,997	3,625	10,952		14,577
Total Revenues	2,521,598	1,929,877	293,814	4,745,289	2,907,969	621,358	743,033	4,272,360	3,347,355	1,227,724	792,647	5,367,726
Expenditures												
Cost of Services	2,354,941			2,354,941	2,426,875			2,426,875	2,522,588			2,522,588
Capital Outlay	64,553	5,798,593		5,863,146	30,392	3,082,529		3,112,921	4,691	3,375,106		3,379,797
Capital Lease Payments		-		-		-		-		-		-
Debt Principal and Interest			6,110,981	6,110,981			7,652,003	7,652,003			5,673,717	5,673,717
Bond Issuance Costs		-		-		-		-		-	278,650	278,650
Arbitrage Rebate		-		-		-		-		-		-
Claims and Judgments				-				-				-
Legal		-		-		-		-		-		-
Miscellaneous		-		-		-		-		-		-
Total Expenditures	2,419,494	5,798,593	6,110,981	14,329,068	2,457,267	3,082,529	7,652,003	13,191,799	2,527,279	3,375,106	5,952,367	11,854,752
Other Financing Sources/Uses												
Sales Tax Subsidy		-	4,925,801	4,925,801		-	5,413,073	5,413,073		-	5,002,648	5,002,648
Revenue Bonds Issued		-		-		-		-		-		-
Certificates of Participation Issued		-		-		-		-		-		-
Refunding Bonds Issued				-				-			9,600,164	9,600,164
Bond Defeasance				-				-			(9,235,000)	(9,235,000)
Capital Lease Proceeds		-		-		-		-		-		-
Loan Proceeds		-		-		-		-		-		-
Sale of Capital Assets		-		-		-		-		-		-
Transfer Out			(404,856)	(404,856)				-				-
Residual Equity Transfer				-				-				-
Total Other Financing Sources/Uses	-	-	4,520,945	4,520,945	-	-	5,413,073	5,413,073	-	-	5,367,812	5,367,812
Net Revenue/Expenditures/Other Financing	102,104	(3,868,716)	(1,296,222)	(5,062,834)	450,702	(2,461,171)	(1,495,897)	(3,506,366)	820,076	(2,147,382)	208,092	(1,119,214)
Ending Fund Balance (including reserves)	\$ 4,424,743	\$ 3,143,750	\$ 13,262,553	\$ 20,831,046	\$ 4,875,445	\$ 682,579	\$ 11,766,656	\$ 17,324,680	\$ 5,695,521	\$ (1,464,803)	\$ 11,974,748	\$ 16,205,466

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	FY13				FY14				FY15			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ 5,695,521	\$ (1,464,803)	\$ 11,974,748	\$ 16,205,466	\$ 6,227,500	\$ (613,039)	\$ 11,733,108	\$ 17,347,569	\$ 6,389,216	\$ (135,416)	\$ 11,721,119	\$ 17,974,919
Revenues												
Charges for Services	3,447,525	1,237,344	770,961	5,455,830	3,206,048	1,036,397	1,164,876	5,407,322	3,561,086	1,190,145	805,710	5,556,941
Capacity Fees		392,365		392,365		484,100		484,100		533,054		533,054
Contribution from Sanitary District		-		-		-		-		-		-
Sanitary District Assessments		-		-		-		-		-		-
Grants		-		-		-		-		-		-
Interest Income	6,967	104,963	-	111,930	304	120,619	5,625	126,548	114	73,079	-	73,193
Miscellaneous	2,952	33,538		36,490	7,564	9,102		16,666	3,390	-		3,390
Total Revenues	3,457,444	1,768,210	770,961	5,996,615	3,213,916	1,650,218	1,170,501	6,034,636	3,564,590	1,796,278	805,710	6,166,578
Expenditures												
Cost of Services	2,824,065	307,192		3,131,257	3,000,930	115,278	8,935	3,125,143	3,297,147	131,782	29,753	3,458,682
Capital Outlay	101,400	545,413		646,813	51,270	973,691		1,024,961	141,589	2,190,533		2,332,122
Capital Lease Payments		-		-		-		-		-		-
Debt Principal and Interest			5,651,264	5,651,264			5,729,107	5,729,107			5,220,340	5,220,340
Bond Issuance Costs		-	-	-		-	67,823	67,823		-	90,679	90,679
Arbitrage Rebate		-		-		-		-		-		-
Claims and Judgments			-	-			-	-			-	-
Legal		-		-		-		-		-		-
Miscellaneous		-		-		-		-		-		-
Total Expenditures	2,925,465	852,605	5,651,264	9,429,334	3,052,200	1,088,969	5,805,865	9,947,034	3,438,736	2,322,315	5,340,772	11,101,823
Other Financing Sources/Uses												
Sales Tax Subsidy		-	4,638,664	4,638,664		-	4,478,074	4,478,074		-	4,046,986	4,046,986
Revenue Bonds Issued		-		-		-		-		-		-
Certificates of Participation Issued		-		-		-		-		-		-
Refunding Bonds Issued			-	-			7,905,300	7,905,300			10,390,000	10,390,000
Bond Defeasance			-	-			(7,760,000)	(7,760,000)			(10,290,000)	(10,290,000)
Capital Lease Proceeds		-		-		-		-		-		-
Loan Proceeds		-		-		-		-		-		-
Sale of Capital Assets		-		-		-		-		-		-
Transfer Out		(63,842)	-	(63,842)		(83,626)	-	(83,626)		(88,235)	-	(88,235)
Residual Equity Transfer				-				-				-
Total Other Financing Sources/Uses	-	(63,842)	4,638,664	4,574,822	-	(83,626)	4,623,374	4,539,748	-	(88,235)	4,146,986	4,058,751
Net Revenue/Expenditures/Other Financing	531,979	851,763	(241,639)	1,142,103	161,716	477,623	(11,990)	627,350	125,854	(614,272)	(388,076)	(876,494)
Ending Fund Balance (including reserves)	\$ 6,227,500	\$ (613,039)	\$ 11,733,108	\$ 17,347,569	\$ 6,389,216	\$ (135,416)	\$ 11,721,119	\$ 17,974,919	\$ 6,515,071	\$ (749,688)	\$ 11,333,043	\$ 17,098,425

Exhibit A
City of Sedona
Historical Financial Data by Fiscal Year
FYs 1988-89 through 2016-17 YTD

	FY16				FY17 YTD				Total FYs 1989 through 2016			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ 6,515,071	\$ (749,688)	\$ 11,333,043	\$ 17,098,425	\$ 6,763,685	\$ (4,561,605)	\$ 11,395,821	\$ 13,597,902	\$ -	\$ -	\$ -	\$ -
Revenues												
Charges for Services	3,516,540	1,240,797	933,134	5,690,470	2,780,972	1,236,697	438,270	4,455,938	47,710,100	14,963,223	6,995,294	69,668,617
Capacity Fees		541,045		541,045		1,166,873		1,166,873	-	23,332,372	-	23,332,372
Contribution from Sanitary District		-		-		-		-	-	126,044	-	126,044
Sanitary District Assessments		-		-		-		-	-	5,829	-	5,829
Grants		-		-		-		-	-	9,434,291	-	9,434,291
Interest Income	6,788	128,604	44,342	179,734	2,111	21,178	-	23,289	997,830	10,619,292	4,296,712	15,913,834
Miscellaneous	108,017	-		108,017	2,050	-		2,050	298,277	529,448	-	827,725
Total Revenues	3,631,345	1,910,446	977,476	6,519,266	2,785,133	2,424,748	438,270	5,648,150	49,006,207	59,010,498	11,292,006	119,308,712
Expenditures												
Cost of Services	3,382,730	179,968		3,562,698	2,030,040	228,917		2,258,957	41,722,582	2,308,628	38,688	44,069,898
Capital Outlay		5,542,394		5,542,394	121,897	1,730,989		1,852,886	517,920	140,325,616	-	140,843,536
Capital Lease Payments		-		-		-		-	33,906	-	-	33,906
Debt Principal and Interest			5,412,247	5,412,247			1,719,613	1,719,613	-	-	110,203,082	110,203,082
Bond Issuance Costs		-		-		-		-	-	1,219,405	2,334,815	3,554,220
Arbitrage Rebate		-		-		-		-	-	54,156	-	54,156
Claims and Judgments				-				-	-	1,563,246	-	1,563,246
Legal		-		-		-		-	-	32,640	-	32,640
Miscellaneous		-		-		-		-	-	6,999	-	6,999
Total Expenditures	3,382,730	5,722,362	5,412,247	14,517,339	2,151,937	1,959,906	1,719,613	5,831,456	42,274,408	145,510,690	112,576,585	300,361,683
Other Financing Sources/Uses												
Sales Tax Subsidy		-	4,497,550	4,497,550		-	2,178,666	2,178,666	-	1,157,244	108,211,712	109,368,956
Revenue Bonds Issued		-		-		-		-	-	69,075,569	2,272,569	71,348,138
Certificates of Participation Issued		-		-		-		-	-	3,060,000	-	3,060,000
Refunding Bonds Issued				-				-	-	-	111,709,102	111,709,102
Bond Defeasance				-				-	-	-	(108,498,271)	(108,498,271)
Capital Lease Proceeds		-		-		-		-	31,886	-	-	31,886
Loan Proceeds		-		-		-		-	-	2,000,000	-	2,000,000
Sale of Capital Assets		-		-		-		-	-	6,880,251	-	6,880,251
Transfer Out				-				-	-	(235,703)	(1,014,712)	(1,250,415)
Residual Equity Transfer				-				-	-	1,226	-	1,226
Total Other Financing Sources/Uses	-	-	4,497,550	4,497,550	-	-	2,178,666	2,178,666	31,886	81,938,587	112,680,400	194,650,873
Net Revenue/Expenditures/Other Financing	248,615	(3,811,916)	62,779	(3,500,523)	633,196	464,842	897,323	1,995,360	6,763,685	(4,561,605)	11,395,821	13,597,902
Ending Fund Balance (including reserves)	\$ 6,763,685	\$ (4,561,605)	\$ 11,395,821	\$ 13,597,902	\$ 7,396,881	\$ (4,096,763)	\$ 12,293,144	\$ 15,593,262	\$ 6,763,685	\$ (4,561,605)	\$ 11,395,821	\$ 13,597,902

Exhibit B
City of Sedona
Historical Financial Data in Grouped Fiscal Years
FYs 1988-89 through 2016-17 YTD

	FYs 1988 through 1989				FYs 1989 through 1990				FYs 1990 through 1991				FYs 1991 through 1992				FYs 1992 through 1993				FYs 1993 through 1994				FYs 1994 through 1995						
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total			
Beginning Fund Balance	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	123,331	\$	1,151,569	\$	1,274,900	\$	-	\$	(3,103,629)	\$	5,681,769	\$	2,578,140					
Revenues																															
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-	771,113	103,436	-	874,549															
Capacity Fees	-	-	-	-	-	-	-	-	-	347,496	-	347,496	-	7,119,903	-	7,119,903															
Contribution from Sanitary District	-	126,044	-	126,044	-	-	-	-	-	-	-	-	-	-	-	-															
Sanitary District Assessments	-	5,829	-	5,829	-	-	-	-	-	-	-	-	-	-	-	-															
Grants	-	-	-	-	-	-	-	-	-	6,230,045	-	6,230,045	-	-	-	-															
Interest Income	-	30,847	188,505	219,352	-	1,543,692	808,788	2,352,480	-	23,603	399,376	422,979	-	-	-	-															
Miscellaneous	-	-	-	-	-	2,735	-	2,735	18,578	-	-	18,578	-	-	-	-															
Total Revenues	-	162,720	188,505	351,225	-	8,123,968	808,788	8,932,756	789,691	7,246,942	399,376	8,436,009																			
Expenditures																															
Cost of Services	-	-	-	-	-	-	-	-	1,592,796	-	-	1,592,796	-	-	-	-															
Capital Outlay	-	1,157,244	-	1,157,244	-	34,110,793	-	34,110,793	-	3,539,610	-	3,539,610	-	-	-	-															
Capital Lease Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Debt Principal and Interest	-	-	-	-	-	-	3,283,101	3,283,101	-	-	5,957,298	5,957,298	-	-	-	-															
Bond Issuance Costs	-	-	-	-	-	261,531	500,744	762,275	-	-	130,785	130,785	-	-	-	-															
Arbitrage Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Claims and Judgments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Legal	-	32,640	-	32,640	-	-	-	-	-	-	-	-	-	-	-	-															
Miscellaneous	-	6,749	-	6,749	-	250	-	250	-	-	-	-	-	-	-	-															
Total Expenditures	-	1,196,633	-	1,196,633	-	34,372,574	3,783,845	38,156,419	1,592,796	3,539,610	6,088,083	11,220,489																			
Other Financing Sources/Uses																															
Sales Tax Subsidy	-	1,157,244	963,064	2,120,308	-	-	5,050,121	5,050,121	-	-	4,198,851	4,198,851	-	-	-	-															
Revenue Bonds Issued	-	-	-	-	-	19,960,420	2,272,569	22,232,989	-	-	-	-	-	-	-	-															
Certificates of Participation Issued	-	-	-	-	-	3,060,000	-	3,060,000	-	-	-	-	-	-	-	-															
Refunding Bonds Issued	-	-	-	-	-	-	25,100,000	25,100,000	-	-	2,985,000	2,985,000	-	-	-	-															
Bond Defeasance	-	-	-	-	-	-	(24,917,433)	(24,917,433)	-	-	(2,736,152)	(2,736,152)	-	-	-	-															
Capital Lease Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-															
Residual Equity Transfer	-	-	-	-	-	1,226	-	1,226	-	-	-	-	-	-	-	-															
Total Other Financing Sources/Uses	-	1,157,244	963,064	2,120,308	-	23,021,646	7,505,257	30,526,903	-	-	4,447,699	4,447,699																			
Net Revenue/Expenditures/Other Financing	-	123,331	1,151,569	1,274,900	-	(3,226,960)	4,530,200	1,303,240	(803,105)	3,707,332	(1,241,008)	1,663,219																			
Ending Fund Balance (including reserves)	\$	-	\$	123,331	\$	1,151,569	\$	1,274,900	\$	-	\$	(3,103,629)	\$	5,681,769	\$	2,578,140	\$(803,105)	\$	603,703	\$	4,440,761	\$	4,241,359								

Exhibit B
City of Sedona
Historical Financial Data in Grouped Fiscal Years
FYs 1988-89 through 2016-17 YTD

	FYs 1996 through 1997				FY 1998				FYs 1999 through 2010			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ (803,105)	\$ 603,703	\$ 4,440,761	\$ 4,241,359	\$ (639,920)	\$ (734,815)	\$ 5,062,950	\$ 3,688,215	\$ (513,267)	\$ 367,828	\$ 5,484,230	\$ 5,338,791
Revenues												
Charges for Services	2,056,415	275,844	-	2,332,259	1,307,523	457,071	100,000	1,864,594	23,611,602	8,262,896	1,760,679	33,635,176
Capacity Fees	-	509,334	-	509,334	-	651,392	-	651,392	-	12,339,391	-	12,339,391
Contribution from Sanitary District	-	-	-	-	-	-	-	-	-	-	-	-
Sanitary District Assessments	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	(69,968)	-	(69,968)	-	3,274,214	-	3,274,214
Interest Income	-	457	384,855	385,312	-	-	331,505	331,505	967,275	8,342,810	2,057,972	11,368,057
Miscellaneous	114,751	-	-	114,751	12,559	-	-	12,559	23,772	459,193	-	482,965
Total Revenues	2,171,166	785,635	384,855	3,341,656	1,320,082	1,038,495	431,505	2,790,082	24,602,649	32,678,504	3,818,651	61,099,803
Expenditures												
Cost of Services	2,017,557	-	-	2,017,557	1,182,733	-	-	1,182,733	19,475,161	1,574,408	-	21,049,569
Capital Outlay	-	8,425,837	-	8,425,837	-	4,805,151	-	4,805,151	188,578	72,577,315	-	72,765,893
Capital Lease Payments	22,311	-	-	22,311	10,696	-	-	10,696	899	-	-	899
Debt Principal and Interest	-	-	5,509,511	5,509,511	-	-	3,907,466	3,907,466	-	-	56,207,028	56,207,028
Bond Issuance Costs	-	35,070	-	35,070	-	-	-	-	-	922,804	1,266,134	2,188,938
Arbitrage Rebate	-	-	-	-	-	-	-	-	-	54,156	-	54,156
Claims and Judgments	-	563,246	-	563,246	-	-	-	-	-	1,000,000	-	1,000,000
Legal	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	2,039,868	9,024,153	5,509,511	16,573,532	1,193,429	4,805,151	3,907,466	9,906,046	19,664,638	76,128,683	57,473,162	153,266,483
Other Financing Sources/Uses												
Sales Tax Subsidy	-	-	5,746,846	5,746,846	-	-	3,897,241	3,897,241	-	-	60,278,594	60,278,594
Revenue Bonds Issued	-	6,900,000	-	6,900,000	-	2,869,299	-	2,869,299	-	39,345,850	-	39,345,850
Certificates of Participation Issued	-	-	-	-	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-	-	55,728,638	55,728,638
Bond Defeasance	-	-	-	-	-	-	-	-	-	-	(53,559,686)	(53,559,686)
Capital Lease Proceeds	31,886	-	-	31,886	-	-	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	-	2,000,000	-	2,000,000	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	6,880,251	-	6,880,251
Transfer Out	-	-	-	-	-	-	-	-	-	-	(1,014,712)	(1,014,712)
Residual Equity Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/Uses	31,886	6,900,000	5,746,846	12,678,732	-	4,869,299	3,897,241	8,766,540	-	46,226,101	61,432,834	107,658,935
Net Revenue/Expenditures/Other Financing	163,184	(1,338,518)	622,190	(553,144)	126,653	1,102,643	421,280	1,650,576	4,938,011	2,775,922	7,778,322	15,492,255
Ending Fund Balance (including reserves)	\$ (639,920)	\$ (734,815)	\$ 5,062,950	\$ 3,688,215	\$ (513,267)	\$ 367,828	\$ 5,484,230	\$ 5,338,791	\$ 4,424,743	\$ 3,143,750	\$ 13,262,553	\$ 20,831,046

Exhibit B
City of Sedona
Historical Financial Data in Grouped Fiscal Years
FYs 1988-89 through 2016-17 YTD

	FYs 2011 through 2014				FYs 2015 through 2017 YTD				Total FYs 1989 through 2016			
	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total	Operations	Capital	Debt	Total
Beginning Fund Balance	\$ 4,424,743	\$ 3,143,750	\$ 13,262,553	\$ 20,831,046	\$ 6,389,216	\$ (135,416)	\$ 11,721,119	\$ 17,974,919	\$ -	\$ -	\$ -	\$ -
Revenues												
Charges for Services	12,885,821	3,433,035	3,395,772	19,714,628	9,858,597	3,667,638	2,177,114	15,703,349	50,491,072	16,199,919	7,433,564	74,124,555
Capacity Fees	-	1,290,757	-	1,290,757	-	2,240,972	-	2,240,972	-	24,499,245	-	24,499,245
Contribution from Sanitary District	-	-	-	-	-	-	-	-	-	126,044	-	126,044
Sanitary District Assessments	-	-	-	-	-	-	-	-	-	5,829	-	5,829
Grants	-	-	-	-	-	-	-	-	-	9,434,291	-	9,434,291
Interest Income	23,653	476,199	81,370	581,222	9,013	222,861	44,342	276,216	999,941	10,640,470	4,296,712	15,937,123
Miscellaneous	17,210	67,520	-	84,730	113,457	-	-	113,457	300,327	529,448	-	829,775
Total Revenues	12,926,684	5,267,511	3,477,142	21,671,337	9,981,067	6,131,471	2,221,456	18,333,994	51,791,340	61,435,246	11,730,276	124,956,862
Expenditures												
Cost of Services	10,774,458	422,470	8,935	11,205,863	8,709,917	540,667	29,753	9,280,337	43,752,622	2,537,545	38,688	46,328,855
Capital Outlay	187,753	7,976,739	-	8,164,492	263,486	9,463,916	-	9,727,402	639,817	142,056,605	-	142,696,422
Capital Lease Payments	-	-	-	-	-	-	-	-	33,906	-	-	33,906
Debt Principal and Interest	-	-	24,706,091	24,706,091	-	-	12,352,200	12,352,200	-	-	111,922,695	111,922,695
Bond Issuance Costs	-	-	346,473	346,473	-	-	90,679	90,679	-	1,219,405	2,334,815	3,554,220
Arbitrage Rebate	-	-	-	-	-	-	-	-	-	54,156	-	54,156
Claims and Judgments	-	-	-	-	-	-	-	-	-	1,563,246	-	1,563,246
Legal	-	-	-	-	-	-	-	-	-	32,640	-	32,640
Miscellaneous	-	-	-	-	-	-	-	-	-	6,999	-	6,999
Total Expenditures	10,962,211	8,399,209	25,061,499	44,422,919	8,973,403	10,004,583	12,472,632	31,450,618	44,426,345	147,470,596	114,296,198	306,193,139
Other Financing Sources/Uses												
Sales Tax Subsidy	-	-	19,532,459	19,532,459	-	-	10,723,202	10,723,202	-	1,157,244	110,390,378	111,547,622
Revenue Bonds Issued	-	-	-	-	-	-	-	-	-	69,075,569	2,272,569	71,348,138
Certificates of Participation Issued	-	-	-	-	-	-	-	-	-	3,060,000	-	3,060,000
Refunding Bonds Issued	-	-	17,505,464	17,505,464	-	-	10,390,000	10,390,000	-	-	111,709,102	111,709,102
Bond Defeasance	-	-	(16,995,000)	(16,995,000)	-	-	(10,290,000)	(10,290,000)	-	-	(108,498,271)	(108,498,271)
Capital Lease Proceeds	-	-	-	-	-	-	-	-	31,886	-	-	31,886
Loan Proceeds	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	6,880,251	-	6,880,251
Transfer Out	-	(147,468)	-	(147,468)	-	(88,235)	-	(88,235)	-	(235,703)	(1,014,712)	(1,250,415)
Residual Equity Transfer	-	-	-	-	-	-	-	-	-	1,226	-	1,226
Total Other Financing Sources/Uses	-	(147,468)	20,042,923	19,895,455	-	(88,235)	10,823,202	10,734,967	31,886	81,938,587	114,859,066	196,829,539
Net Revenue/Expenditures/Other Financing	1,964,473	(3,279,166)	(1,541,434)	(2,856,127)	1,007,664	(3,961,347)	572,026	(2,381,657)	7,396,881	(4,096,763)	12,293,144	15,593,262
Ending Fund Balance (including reserves)	\$ 6,389,216	\$ (135,416)	\$ 11,721,119	\$ 17,974,919	\$ 7,396,881	\$ (4,096,763)	\$ 12,293,144	\$ 15,593,262	\$ 7,396,881	\$ (4,096,763)	\$ 12,293,144	\$ 15,593,262

EXHIBIT C
City of Sedona
Long-Range Forecast - Scenario 1 (Rate Increases Based on the 2014 Fee Study Recommendations)
Wastewater Enterprise Fund Totals

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 5,611,150	\$ 5,922,200	\$ 6,164,200	\$ 6,398,601	\$ 6,641,499	\$ 6,858,900	\$ 7,093,901	\$ 7,325,900	\$ 7,345,600	\$ 7,365,599	\$ 7,385,300	\$ 7,405,000
Fines and Forfeitures	76,287	73,900	75,750	76,950	78,250	79,250	80,250	81,350	81,350	81,350	81,350	81,350
Capacity Fees	541,045	1,266,100	403,100	414,700	1,211,300	441,700	1,042,100	464,500	475,600	486,500	496,800	507,700
Other Revenues	300,759	97,000	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500
Total Revenues	\$ 6,529,241	\$ 7,359,200	\$ 6,723,550	\$ 6,970,751	\$ 8,011,549	\$ 7,460,350	\$ 8,296,751	\$ 7,952,250	\$ 7,983,050	\$ 8,013,949	\$ 8,043,950	\$ 8,074,550
Expenditures												
Salaries and Wages	1,109,974	1,062,895	939,990	963,500	987,600	1,027,100	1,068,200	1,110,900	1,155,300	1,201,500	1,249,500	1,299,500
Employee Benefits	471,153	446,473	405,940	436,400	469,100	504,200	542,000	582,700	626,400	673,400	723,900	778,200
Estimated Vacancy Savings	-	-	(25,000)	(25,600)	(26,200)	(27,200)	(28,300)	(29,400)	(30,600)	(31,800)	(33,100)	(34,400)
Operations	1,933,389	1,857,993	3,346,376	3,346,320	3,346,320	3,396,520	3,447,420	3,499,120	3,551,620	3,604,920	3,659,020	3,713,800
Estimated Under Budget	-	-	(334,638)	(334,632)	(334,632)	(339,652)	(344,742)	(349,912)	(355,162)	(360,492)	(365,902)	(371,380)
Debt Service	5,412,246	5,151,325	4,409,735	4,438,800	4,696,800	4,696,800	4,696,800	4,696,800	4,696,800	4,491,800	4,492,100	-
Capital Outlay	5,440,705	2,582,750	5,369,050	5,455,800	1,983,500	1,117,000	2,067,000	1,422,000	1,442,000	342,000	862,000	1,542,000
Contingency	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Expenditures	\$ 14,367,467	\$ 11,101,436	\$ 14,211,453	\$ 14,380,588	\$ 11,222,488	\$ 10,474,768	\$ 11,548,378	\$ 11,032,208	\$ 11,186,358	\$ 10,021,328	\$ 10,687,518	\$ 7,027,720
Other Financing Sources (Uses)												
City Sales Taxes	4,497,550	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	4,027,700	4,165,900	3,858,800	2,942,200	3,179,500	3,367,900	2,582,700	2,640,800	2,700,200	2,760,800	-
Total Other Financing Sources (Uses)	\$ 4,497,550	\$ 4,027,700	\$ 4,165,900	\$ 3,858,800	\$ 2,942,200	\$ 3,179,500	\$ 3,367,900	\$ 2,582,700	\$ 2,640,800	\$ 2,700,200	\$ 2,760,800	\$ -
Net Revenues/Expenditures/Other Financing	\$ (3,340,676)	\$ 285,464	\$ (3,322,003)	\$ (3,551,037)	\$ (268,739)	\$ 165,082	\$ 116,273	\$ (497,258)	\$ (562,508)	\$ 692,821	\$ 117,232	\$ 1,046,830
Fund Balances												
Beginning Fund Balance	16,938,579	13,597,903	13,883,367	10,561,364	7,010,327	6,741,588	6,906,670	7,022,943	6,525,685	5,963,177	6,655,998	6,773,230
Ending Fund Balance	13,597,903	13,883,367	10,561,364	7,010,327	6,741,588	6,906,670	7,022,943	6,525,685	5,963,177	6,655,998	6,773,230	7,820,060
Fund Balance Reserves												
Operating Reserve	4,015,316	1,294,062	1,477,556	1,495,329	1,514,063	1,553,656	1,594,859	1,637,803	1,682,519	1,729,176	1,777,806	1,828,573
Debt Service Reserve	4,637,253	4,581,690	4,604,309	4,629,243	4,619,488	4,605,830	4,585,344	4,551,200	4,482,913	4,483,050	-	-
Total Fund Balance Reserves	8,652,569	5,875,752	6,081,865	6,124,572	6,133,551	6,159,486	6,180,203	6,189,003	6,165,432	6,212,226	1,777,806	1,828,573
Remaining Available Fund Balance	\$ 4,945,334	\$ 8,007,615	\$ 4,479,498	\$ 885,754	\$ 608,037	\$ 747,184	\$ 842,739	\$ 336,682	\$ (202,256)	\$ 443,772	\$ 4,995,424	\$ 5,991,486

EXHIBIT C
City of Sedona
Long-Range Forecast - Scenario 1 (Rate Increases Based on the 2014 Fee Study Recommendations)
Wastewater Operations

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 3,441,183	\$ 3,684,817	\$ 3,787,201	\$ 3,883,971	\$ 3,979,664	\$ 4,104,438	\$ 4,240,060	\$ 4,383,231	\$ 4,515,217	\$ 4,661,440	\$ 4,802,801	\$ 4,949,085
Fines and Forfeitures	76,287	73,900	75,750	76,950	78,250	79,250	80,250	81,350	81,350	81,350	81,350	81,350
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	113,875	21,450	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Total Revenues	\$ 3,631,345	\$ 3,780,167	\$ 3,866,301	\$ 3,964,271	\$ 4,061,264	\$ 4,187,038	\$ 4,323,660	\$ 4,467,931	\$ 4,599,917	\$ 4,746,140	\$ 4,887,501	\$ 5,033,785
Expenditures												
Salaries and Wages	1,004,304	953,545	829,350	850,100	871,400	906,300	942,600	980,300	1,019,500	1,060,300	1,102,700	1,146,800
Employee Benefits	413,855	403,613	364,020	391,300	420,600	452,100	486,000	522,500	561,700	603,800	649,100	697,800
Estimated Vacancy Savings	-	-	(25,000)	(25,600)	(26,200)	(27,200)	(28,300)	(29,400)	(30,600)	(31,800)	(33,100)	(34,400)
Operations	1,964,571	1,857,993	3,311,016	3,311,000	3,311,000	3,360,700	3,411,100	3,462,300	3,514,200	3,566,900	3,620,400	3,674,700
Estimated Under Budget	-	-	(331,102)	(331,100)	(331,100)	(336,070)	(341,110)	(346,230)	(351,420)	(356,690)	(362,040)	(367,470)
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	108,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000
Contingency	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Expenditures	\$ 3,382,730	\$ 3,323,151	\$ 4,540,284	\$ 4,587,700	\$ 4,637,700	\$ 4,747,830	\$ 4,862,290	\$ 4,981,470	\$ 5,105,380	\$ 5,234,510	\$ 5,369,060	\$ 5,509,430
Other Financing Sources (Uses)												
City Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues/Expenditures/Other Financing	\$ 248,615	\$ 457,016	\$ (673,983)	\$ (623,429)	\$ (576,436)	\$ (560,792)	\$ (538,630)	\$ (513,539)	\$ (505,463)	\$ (488,370)	\$ (481,559)	\$ (475,645)
Fund Balances												
Beginning Fund Balance	6,515,071	6,763,686	7,220,702	6,546,719	5,923,290	5,346,854	4,786,062	4,247,432	3,733,893	3,228,430	2,740,060	2,258,501
Ending Fund Balance	6,763,686	7,220,702	6,546,719	5,923,290	5,346,854	4,786,062	4,247,432	3,733,893	3,228,430	2,740,060	2,258,501	1,782,856
Operating Reserve	4,015,316	1,306,190	1,576,028	1,593,800	1,612,533	1,652,143	1,693,363	1,736,323	1,781,060	1,827,737	1,876,387	1,927,210
Excess	2,748,370	5,914,512	4,970,690	4,329,490	3,734,320	3,133,918	2,554,068	1,997,569	1,447,370	912,323	382,114	(144,354)

EXHIBIT C
City of Sedona
Long-Range Forecast - Scenario 1 (Rate Increases Based on the 2014 Fee Study Recommendations)
Wastewater Capital

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 1,240,797	\$ 1,651,952	\$ 2,011,274	\$ 2,212,366	\$ 1,593,882	\$ 1,769,602	\$ 1,952,661	\$ 1,471,495	\$ 1,435,819	\$ 1,584,420	\$ 1,542,690	\$ 2,455,915
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Capacity Fees	541,045	1,266,100	403,100	414,700	1,211,300	441,700	1,042,100	464,500	475,600	486,500	496,800	507,700
Other Revenues	128,604	37,650	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450
Total Revenues	\$ 1,910,446	\$ 2,955,702	\$ 2,452,824	\$ 2,665,516	\$ 2,843,632	\$ 2,249,752	\$ 3,033,211	\$ 1,974,445	\$ 1,949,869	\$ 2,109,370	\$ 2,077,940	\$ 3,002,065
Expenditures												
Salaries and Wages	99,186	109,350	110,640	113,400	116,200	120,800	125,600	130,600	135,800	141,200	146,800	152,700
Employee Benefits	39,520	42,860	41,920	45,100	48,500	52,100	56,000	60,200	64,700	69,600	74,800	80,400
Estimated Vacancy Savings	-	-	-	-	-	-	-	-	-	-	-	-
Operations	41,262	-	35,240	35,200	35,200	35,700	36,200	36,700	37,300	37,900	38,500	39,100
Estimated Under Budget	-	-	(3,524)	(3,520)	(3,520)	(3,570)	(3,620)	(3,670)	(3,730)	(3,790)	(3,850)	(3,910)
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	5,542,394	2,474,750	5,077,050	5,163,800	1,691,500	825,000	1,775,000	1,130,000	1,150,000	50,000	570,000	1,250,000
Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,722,362	\$ 2,626,960	\$ 5,261,326	\$ 5,353,980	\$ 1,887,880	\$ 1,030,030	\$ 1,989,180	\$ 1,353,830	\$ 1,384,070	\$ 294,910	\$ 826,250	\$ 1,518,290
Other Financing Sources (Uses)												
City Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues/Expenditures/Other Financing	\$ (3,811,916)	\$ 328,742	\$ (2,808,502)	\$ (2,688,464)	\$ 955,752	\$ 1,219,722	\$ 1,044,031	\$ 620,615	\$ 565,799	\$ 1,814,460	\$ 1,251,690	\$ 1,483,775
Fund Balances												
Beginning Fund Balance	(749,688)	(4,561,604)	(4,232,862)	(7,041,364)	(9,729,828)	(8,774,076)	(7,554,354)	(6,510,323)	(5,889,708)	(5,323,909)	(3,509,449)	(2,257,759)
Ending Fund Balance	(4,561,604)	(4,232,862)	(7,041,364)	(9,729,828)	(8,774,076)	(7,554,354)	(6,510,323)	(5,889,708)	(5,323,909)	(3,509,449)	(2,257,759)	(773,984)

EXHIBIT C
City of Sedona
Long-Range Forecast - Scenario 1 (Rate Increases Based on the 2014 Fee Study Recommendations)
Wastewater Debt Service

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 933,134	\$ 585,431	\$ 365,725	\$ 302,264	\$ 1,067,953	\$ 984,860	\$ 901,180	\$ 1,471,174	\$ 1,394,564	\$ 1,119,739	\$ 1,039,809	\$ -
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	44,342	37,900	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700
Total Revenues	\$ 977,476	\$ 623,331	\$ 404,425	\$ 340,964	\$ 1,106,653	\$ 1,023,560	\$ 939,880	\$ 1,509,874	\$ 1,433,264	\$ 1,158,439	\$ 1,078,509	\$ 38,700
Expenditures												
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Vacancy Savings	-	-	-	-	-	-	-	-	-	-	-	-
Operations	-	-	120	120	120	120	120	120	120	120	120	-
Estimated Under Budget	-	-	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	-
Debt Service	5,412,247	5,151,325	4,409,735	4,438,800	4,696,800	4,696,800	4,696,800	4,696,800	4,696,800	4,491,800	4,492,100	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,412,247	\$ 5,151,325	\$ 4,409,843	\$ 4,438,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,491,908	\$ 4,492,208	\$ -
Other Financing Sources (Uses)												
City Sales Taxes	4,497,550	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	4,027,700	4,165,900	3,858,800	2,942,200	3,179,500	3,367,900	2,582,700	2,640,800	2,700,200	2,760,800	-
Total Other Financing Sources (Uses)	\$ 4,497,550	\$ 4,027,700	\$ 4,165,900	\$ 3,858,800	\$ 2,942,200	\$ 3,179,500	\$ 3,367,900	\$ 2,582,700	\$ 2,640,800	\$ 2,700,200	\$ 2,760,800	\$ -
Net Revenues/Expenditures/Other Financing	\$ 62,779	\$ (500,294)	\$ 160,482	\$ (239,144)	\$ (648,055)	\$ (493,848)	\$ (389,128)	\$ (604,334)	\$ (622,844)	\$ (633,269)	\$ (652,899)	\$ 38,700
Fund Balances												
Beginning Fund Balance	11,333,043	11,395,822	10,895,528	11,056,010	10,816,866	10,168,811	9,674,963	9,285,835	8,681,501	8,058,657	7,425,388	6,772,489
Ending Fund Balance	11,395,822	10,895,528	11,056,010	10,816,866	10,168,811	9,674,963	9,285,835	8,681,501	8,058,657	7,425,388	6,772,489	6,811,189
Debt Service Reserve	4,637,253	4,581,690	4,604,309	4,629,243	4,619,488	4,605,830	4,585,344	4,551,200	4,482,913	4,483,050	-	-
Excess	6,758,569	6,313,838	6,451,701	6,187,623	5,549,323	5,069,133	4,700,491	4,130,301	3,575,744	2,942,338	6,772,489	6,811,189

EXHIBIT D
City of Sedona
Long-Range Forecast - Scenario 1 (No Increase in FY 2017-18)
Wastewater Enterprise Fund Totals

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 5,611,150	\$ 5,922,200	\$ 5,927,700	\$ 6,152,900	\$ 6,386,600	\$ 6,595,700	\$ 6,821,800	\$ 7,044,900	\$ 7,063,800	\$ 7,083,000	\$ 7,101,900	\$ 7,120,800
Fines and Forfeitures	76,287	73,900	75,750	76,950	78,250	79,250	80,250	81,350	81,350	81,350	81,350	81,350
Capacity Fees	541,045	1,266,100	403,100	414,700	1,211,300	441,700	1,042,100	464,500	475,600	486,500	496,800	507,700
Other Revenues	300,759	97,000	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500
Total Revenues	\$ 6,529,241	\$ 7,359,200	\$ 6,487,050	\$ 6,725,050	\$ 7,756,650	\$ 7,197,150	\$ 8,024,650	\$ 7,671,250	\$ 7,701,250	\$ 7,731,350	\$ 7,760,550	\$ 7,790,350
Expenditures												
Salaries and Wages	1,109,974	1,062,895	939,990	963,500	987,600	1,027,100	1,068,200	1,110,900	1,155,300	1,201,500	1,249,500	1,299,500
Employee Benefits	471,153	446,473	405,940	436,400	469,100	504,200	542,000	582,700	626,400	673,400	723,900	778,200
Estimated Vacancy Savings	-	-	(25,000)	(25,600)	(26,200)	(27,200)	(28,300)	(29,400)	(30,600)	(31,800)	(33,100)	(34,400)
Operations	1,933,389	1,857,993	3,346,376	3,346,320	3,346,320	3,396,520	3,447,420	3,499,120	3,551,620	3,604,920	3,659,020	3,713,800
Estimated Under Budget	-	-	(334,638)	(334,632)	(334,632)	(339,652)	(344,742)	(349,912)	(355,162)	(360,492)	(365,902)	(371,380)
Debt Service	5,412,246	5,151,325	4,409,735	4,438,800	4,696,800	4,696,800	4,696,800	4,696,800	4,696,800	4,491,800	4,492,100	-
Capital Outlay	5,440,705	2,582,750	5,369,050	5,455,800	1,983,500	1,117,000	2,067,000	1,422,000	1,442,000	342,000	862,000	1,542,000
Contingency	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Expenditures	\$ 14,367,467	\$ 11,101,436	\$ 14,211,453	\$ 14,380,588	\$ 11,222,488	\$ 10,474,768	\$ 11,548,378	\$ 11,032,208	\$ 11,186,358	\$ 10,021,328	\$ 10,687,518	\$ 7,027,720
Other Financing Sources (Uses)												
City Sales Taxes	4,497,550	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	4,027,700	4,165,900	3,858,800	2,942,200	3,179,500	3,367,900	2,582,700	2,640,800	2,700,200	2,760,800	-
Total Other Financing Sources (Uses)	\$ 4,497,550	\$ 4,027,700	\$ 4,165,900	\$ 3,858,800	\$ 2,942,200	\$ 3,179,500	\$ 3,367,900	\$ 2,582,700	\$ 2,640,800	\$ 2,700,200	\$ 2,760,800	\$ -
Net Revenues/Expenditures/Other Financing	\$ (3,340,676)	\$ 285,464	\$ (3,558,503)	\$ (3,796,738)	\$ (523,638)	\$ (98,118)	\$ (155,828)	\$ (778,258)	\$ (844,308)	\$ 410,222	\$ (166,168)	\$ 762,630
Fund Balances												
Beginning Fund Balance	16,938,579	13,597,903	13,883,367	10,324,864	6,528,126	6,004,488	5,906,370	5,750,542	4,972,284	4,127,976	4,538,198	4,372,030
Ending Fund Balance	13,597,903	13,883,367	10,324,864	6,528,126	6,004,488	5,906,370	5,750,542	4,972,284	4,127,976	4,538,198	4,372,030	5,134,660
Fund Balance Reserves												
Operating Reserve	4,015,316	1,294,062	1,477,556	1,495,329	1,514,063	1,553,656	1,594,859	1,637,803	1,682,519	1,729,176	1,777,806	1,828,573
Debt Service Reserve	4,637,253	4,581,690	4,604,309	4,629,243	4,619,488	4,605,830	4,585,344	4,551,200	4,482,913	4,483,050	-	-
Total Fund Balance Reserves	8,652,569	5,875,752	6,081,865	6,124,572	6,133,551	6,159,486	6,180,203	6,189,003	6,165,432	6,212,226	1,777,806	1,828,573
Remaining Available Fund Balance	\$ 4,945,334	\$ 8,007,615	\$ 4,242,998	\$ 403,553	\$ (129,063)	\$ (253,116)	\$ (429,662)	\$ (1,216,719)	\$ (2,037,457)	\$ (1,674,028)	\$ 2,594,224	\$ 3,306,086

EXHIBIT D
City of Sedona
Long-Range Forecast - Scenario 1 (No Increase in FY 2017-18)
Wastewater Operations

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 3,441,183	\$ 3,684,817	\$ 3,642,100	\$ 3,735,040	\$ 3,827,140	\$ 3,947,151	\$ 4,077,644	\$ 4,215,323	\$ 4,342,209	\$ 4,482,797	\$ 4,618,695	\$ 4,759,326
Fines and Forfeitures	76,287	73,900	75,750	76,950	78,250	79,250	80,250	81,350	81,350	81,350	81,350	81,350
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	113,875	21,450	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Total Revenues	\$ 3,631,345	\$ 3,780,167	\$ 3,721,200	\$ 3,815,340	\$ 3,908,740	\$ 4,029,751	\$ 4,161,244	\$ 4,300,023	\$ 4,426,909	\$ 4,567,497	\$ 4,703,395	\$ 4,844,026
Expenditures												
Salaries and Wages	1,004,304	953,545	829,350	850,100	871,400	906,300	942,600	980,300	1,019,500	1,060,300	1,102,700	1,146,800
Employee Benefits	413,855	403,613	364,020	391,300	420,600	452,100	486,000	522,500	561,700	603,800	649,100	697,800
Estimated Vacancy Savings	-	-	(25,000)	(25,600)	(26,200)	(27,200)	(28,300)	(29,400)	(30,600)	(31,800)	(33,100)	(34,400)
Operations	1,964,571	1,857,993	3,311,016	3,311,000	3,311,000	3,360,700	3,411,100	3,462,300	3,514,200	3,566,900	3,620,400	3,674,700
Estimated Under Budget	-	-	(331,102)	(331,100)	(331,100)	(336,070)	(341,110)	(346,230)	(351,420)	(356,690)	(362,040)	(367,470)
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	108,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000
Contingency	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Expenditures	\$ 3,382,730	\$ 3,323,151	\$ 4,540,284	\$ 4,587,700	\$ 4,637,700	\$ 4,747,830	\$ 4,862,290	\$ 4,981,470	\$ 5,105,380	\$ 5,234,510	\$ 5,369,060	\$ 5,509,430
Other Financing Sources (Uses)												
City Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues/Expenditures/Other Financing	\$ 248,615	\$ 457,016	\$ (819,084)	\$ (772,360)	\$ (728,960)	\$ (718,079)	\$ (701,046)	\$ (681,447)	\$ (678,471)	\$ (667,013)	\$ (665,665)	\$ (665,404)
Fund Balances												
Beginning Fund Balance	6,515,071	6,763,686	7,220,702	6,401,618	5,629,258	4,900,298	4,182,218	3,481,172	2,799,725	2,121,254	1,454,241	788,577
Ending Fund Balance	6,763,686	7,220,702	6,401,618	5,629,258	4,900,298	4,182,218	3,481,172	2,799,725	2,121,254	1,454,241	788,577	123,173
Operating Reserve	4,015,316	1,306,190	1,576,028	1,593,800	1,612,533	1,652,143	1,693,363	1,736,323	1,781,060	1,827,737	1,876,387	1,927,210
Excess	2,748,370	5,914,512	4,825,590	4,035,458	3,287,764	2,530,075	1,787,809	1,063,402	340,194	(373,495)	(1,087,810)	(1,804,037)

EXHIBIT D
City of Sedona
Long-Range Forecast - Scenario 1 (No Increase in FY 2017-18)
Wastewater Capital

Projected as Recessionary
 Period

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 1,240,797	\$ 1,651,952	\$ 1,933,937	\$ 2,127,228	\$ 1,532,581	\$ 1,701,558	\$ 1,877,612	\$ 1,414,943	\$ 1,380,630	\$ 1,523,510	\$ 1,483,375	\$ 2,361,474
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Capacity Fees	541,045	1,266,100	403,100	414,700	1,211,300	441,700	1,042,100	464,500	475,600	486,500	496,800	507,700
Other Revenues	128,604	37,650	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450
Total Revenues	\$ 1,910,446	\$ 2,955,702	\$ 2,375,487	\$ 2,580,378	\$ 2,782,331	\$ 2,181,708	\$ 2,958,162	\$ 1,917,893	\$ 1,894,680	\$ 2,048,460	\$ 2,018,625	\$ 2,907,624
Expenditures												
Salaries and Wages	99,186	109,350	110,640	113,400	116,200	120,800	125,600	130,600	135,800	141,200	146,800	152,700
Employee Benefits	39,520	42,860	41,920	45,100	48,500	52,100	56,000	60,200	64,700	69,600	74,800	80,400
Estimated Vacancy Savings	-	-	-	-	-	-	-	-	-	-	-	-
Operations	41,262	-	35,240	35,200	35,200	35,700	36,200	36,700	37,300	37,900	38,500	39,100
Estimated Under Budget	-	-	(3,524)	(3,520)	(3,520)	(3,570)	(3,620)	(3,670)	(3,730)	(3,790)	(3,850)	(3,910)
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	5,542,394	2,474,750	5,077,050	5,163,800	1,691,500	825,000	1,775,000	1,130,000	1,150,000	50,000	570,000	1,250,000
Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,722,362	\$ 2,626,960	\$ 5,261,326	\$ 5,353,980	\$ 1,887,880	\$ 1,030,030	\$ 1,989,180	\$ 1,353,830	\$ 1,384,070	\$ 294,910	\$ 826,250	\$ 1,518,290
Other Financing Sources (Uses)												
City Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues/Expenditures/Other Financing	\$ (3,811,916)	\$ 328,742	\$ (2,885,839)	\$ (2,773,602)	\$ 894,451	\$ 1,151,678	\$ 968,982	\$ 564,063	\$ 510,610	\$ 1,753,550	\$ 1,192,375	\$ 1,389,334
Fund Balances												
Beginning Fund Balance	(749,688)	(4,561,604)	(4,232,862)	(7,118,701)	(9,892,303)	(8,997,852)	(7,846,173)	(6,877,191)	(6,313,128)	(5,802,518)	(4,048,968)	(2,856,593)
Ending Fund Balance	(4,561,604)	(4,232,862)	(7,118,701)	(9,892,303)	(8,997,852)	(7,846,173)	(6,877,191)	(6,313,128)	(5,802,518)	(4,048,968)	(2,856,593)	(1,467,259)

EXHIBIT D
City of Sedona
Long-Range Forecast - Scenario 1 (No Increase in FY 2017-18)
Wastewater Debt Service

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 933,134	\$ 585,431	\$ 351,662	\$ 290,632	\$ 1,026,880	\$ 946,991	\$ 866,544	\$ 1,414,634	\$ 1,340,961	\$ 1,076,693	\$ 999,829	\$ -
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	44,342	37,900	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700
Total Revenues	\$ 977,476	\$ 623,331	\$ 390,362	\$ 329,332	\$ 1,065,580	\$ 985,691	\$ 905,244	\$ 1,453,334	\$ 1,379,661	\$ 1,115,393	\$ 1,038,529	\$ 38,700
Expenditures												
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Vacancy Savings	-	-	-	-	-	-	-	-	-	-	-	-
Operations	-	-	120	120	120	120	120	120	120	120	120	-
Estimated Under Budget	-	-	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	-
Debt Service	5,412,247	5,151,325	4,409,735	4,438,800	4,696,800	4,696,800	4,696,800	4,696,800	4,696,800	4,491,800	4,492,100	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,412,247	\$ 5,151,325	\$ 4,409,843	\$ 4,438,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,491,908	\$ 4,492,208	\$ -
Other Financing Sources (Uses)												
City Sales Taxes	4,497,550	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	4,027,700	4,165,900	3,858,800	2,942,200	3,179,500	3,367,900	2,582,700	2,640,800	2,700,200	2,760,800	-
Total Other Financing Sources (Uses)	\$ 4,497,550	\$ 4,027,700	\$ 4,165,900	\$ 3,858,800	\$ 2,942,200	\$ 3,179,500	\$ 3,367,900	\$ 2,582,700	\$ 2,640,800	\$ 2,700,200	\$ 2,760,800	\$ -
Net Revenues/Expenditures/Other Financing	\$ 62,779	\$ (500,294)	\$ 146,419	\$ (250,776)	\$ (689,128)	\$ (531,717)	\$ (423,764)	\$ (660,874)	\$ (676,447)	\$ (676,315)	\$ (692,879)	\$ 38,700
Fund Balances												
Beginning Fund Balance	11,333,043	11,395,822	10,895,528	11,041,947	10,791,171	10,102,043	9,570,326	9,146,561	8,485,687	7,809,240	7,132,925	6,440,047
Ending Fund Balance	11,395,822	10,895,528	11,041,947	10,791,171	10,102,043	9,570,326	9,146,561	8,485,687	7,809,240	7,132,925	6,440,047	6,478,747
Debt Service Reserve	4,637,253	4,581,690	4,604,309	4,629,243	4,619,488	4,605,830	4,585,344	4,551,200	4,482,913	4,483,050	-	-
Excess	6,758,569	6,313,838	6,437,638	6,161,928	5,482,555	4,964,496	4,561,217	3,934,487	3,326,327	2,649,875	6,440,047	6,478,747

EXHIBIT E
City of Sedona
Long-Range Forecast - Scenario 3 (Rate Increases for FYs 2017-18 through 2019-20 Reduced to 3%)
Wastewater Enterprise Fund Totals

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 5,611,150	\$ 5,922,200	\$ 6,105,000	\$ 6,276,300	\$ 6,452,000	\$ 6,663,100	\$ 6,891,500	\$ 7,117,100	\$ 7,136,200	\$ 7,155,600	\$ 7,174,700	\$ 7,193,800
Fines and Forfeitures	76,287	73,900	74,550	75,750	76,950	77,950	78,950	79,950	79,950	79,950	79,950	79,950
Capacity Fees	541,045	1,266,100	403,100	414,700	1,211,300	441,700	1,042,100	464,500	475,600	486,500	496,800	507,700
Other Revenues	300,759	97,000	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500	80,500
Total Revenues	\$ 6,529,241	\$ 7,359,200	\$ 6,663,150	\$ 6,847,250	\$ 7,820,750	\$ 7,263,250	\$ 8,093,050	\$ 7,742,050	\$ 7,772,250	\$ 7,802,550	\$ 7,831,950	\$ 7,861,950
Expenditures												
Salaries and Wages	1,109,974	1,062,895	939,990	963,500	987,600	1,027,100	1,068,200	1,110,900	1,155,300	1,201,500	1,249,500	1,299,500
Employee Benefits	471,153	446,473	405,940	436,400	469,100	504,200	542,000	582,700	626,400	673,400	723,900	778,200
Estimated Vacancy Savings	-	-	(25,000)	(25,600)	(26,200)	(27,200)	(28,300)	(29,400)	(30,600)	(31,800)	(33,100)	(34,400)
Operations	1,933,389	1,857,993	3,346,376	3,346,320	3,346,320	3,396,520	3,447,420	3,499,120	3,551,620	3,604,920	3,659,020	3,713,800
Estimated Under Budget	-	-	(334,638)	(334,632)	(334,632)	(339,652)	(344,742)	(349,912)	(355,162)	(360,492)	(365,902)	(371,380)
Debt Service	5,412,246	5,151,325	4,409,735	4,438,800	4,696,800	4,696,800	4,696,800	4,696,800	4,696,800	4,491,800	4,492,100	-
Capital Outlay	5,440,705	2,582,750	5,369,050	5,455,800	1,983,500	1,117,000	2,067,000	1,422,000	1,442,000	342,000	862,000	1,542,000
Contingency	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Expenditures	\$ 14,367,467	\$ 11,101,436	\$ 14,211,453	\$ 14,380,588	\$ 11,222,488	\$ 10,474,768	\$ 11,548,378	\$ 11,032,208	\$ 11,186,358	\$ 10,021,328	\$ 10,687,518	\$ 7,027,720
Other Financing Sources (Uses)												
City Sales Taxes	4,497,550	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	4,027,700	4,165,900	3,858,800	2,942,200	3,179,500	3,367,900	2,582,700	2,640,800	2,700,200	2,760,800	-
Total Other Financing Sources (Uses)	\$ 4,497,550	\$ 4,027,700	\$ 4,165,900	\$ 3,858,800	\$ 2,942,200	\$ 3,179,500	\$ 3,367,900	\$ 2,582,700	\$ 2,640,800	\$ 2,700,200	\$ 2,760,800	\$ -
Net Revenues/Expenditures/Other Financing	\$ (3,340,676)	\$ 285,464	\$ (3,382,403)	\$ (3,674,538)	\$ (459,538)	\$ (32,018)	\$ (87,428)	\$ (707,458)	\$ (773,308)	\$ 481,422	\$ (94,768)	\$ 834,230
Fund Balances												
Beginning Fund Balance	16,938,579	13,597,903	13,883,367	10,500,964	6,826,426	6,366,888	6,334,870	6,247,442	5,539,984	4,766,676	5,248,098	5,153,330
Ending Fund Balance	13,597,903	13,883,367	10,500,964	6,826,426	6,366,888	6,334,870	6,247,442	5,539,984	4,766,676	5,248,098	5,153,330	5,987,560
Fund Balance Reserves												
Operating Reserve	4,015,316	1,294,062	1,477,556	1,495,329	1,514,063	1,553,656	1,594,859	1,637,803	1,682,519	1,729,176	1,777,806	1,828,573
Debt Service Reserve	4,637,253	4,581,690	4,604,309	4,629,243	4,619,488	4,605,830	4,585,344	4,551,200	4,482,913	4,483,050	-	-
Total Fund Balance Reserves	8,652,569	5,875,752	6,081,865	6,124,572	6,133,551	6,159,486	6,180,203	6,189,003	6,165,432	6,212,226	1,777,806	1,828,573
Remaining Available Fund Balance	\$ 4,945,334	\$ 8,007,615	\$ 4,419,098	\$ 701,853	\$ 233,337	\$ 175,384	\$ 67,238	\$ (649,019)	\$ (1,398,757)	\$ (964,128)	\$ 3,375,524	\$ 4,158,986

EXHIBIT E
City of Sedona
Long-Range Forecast - Scenario 3 (Rate Increases for FYs 2017-18 through 2019-20 Reduced to 3%)
Wastewater Operations

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 3,441,183	\$ 3,684,817	\$ 3,750,880	\$ 3,809,839	\$ 3,866,273	\$ 3,987,429	\$ 4,119,248	\$ 4,258,465	\$ 4,386,658	\$ 4,528,691	\$ 4,665,989	\$ 4,808,068
Fines and Forfeitures	76,287	73,900	74,550	75,750	76,950	77,950	78,950	79,950	79,950	79,950	79,950	79,950
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	113,875	21,450	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Total Revenues	\$ 3,631,345	\$ 3,780,167	\$ 3,828,780	\$ 3,888,939	\$ 3,946,573	\$ 4,068,729	\$ 4,201,548	\$ 4,341,765	\$ 4,469,958	\$ 4,611,991	\$ 4,749,289	\$ 4,891,368
Expenditures												
Salaries and Wages	1,004,304	953,545	829,350	850,100	871,400	906,300	942,600	980,300	1,019,500	1,060,300	1,102,700	1,146,800
Employee Benefits	413,855	403,613	364,020	391,300	420,600	452,100	486,000	522,500	561,700	603,800	649,100	697,800
Estimated Vacancy Savings	-	-	(25,000)	(25,600)	(26,200)	(27,200)	(28,300)	(29,400)	(30,600)	(31,800)	(33,100)	(34,400)
Operations	1,964,571	1,857,993	3,311,016	3,311,000	3,311,000	3,360,700	3,411,100	3,462,300	3,514,200	3,566,900	3,620,400	3,674,700
Estimated Under Budget	-	-	(331,102)	(331,100)	(331,100)	(336,070)	(341,110)	(346,230)	(351,420)	(356,690)	(362,040)	(367,470)
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	108,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000
Contingency	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Expenditures	\$ 3,382,730	\$ 3,323,151	\$ 4,540,284	\$ 4,587,700	\$ 4,637,700	\$ 4,747,830	\$ 4,862,290	\$ 4,981,470	\$ 5,105,380	\$ 5,234,510	\$ 5,369,060	\$ 5,509,430
Other Financing Sources (Uses)												
City Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues/Expenditures/Other Financing	\$ 248,615	\$ 457,016	\$ (711,504)	\$ (698,761)	\$ (691,127)	\$ (679,101)	\$ (660,742)	\$ (639,705)	\$ (635,422)	\$ (622,519)	\$ (619,771)	\$ (618,062)
Fund Balances												
Beginning Fund Balance	6,515,071	6,763,686	7,220,702	6,509,198	5,810,436	5,119,309	4,440,208	3,779,466	3,139,761	2,504,339	1,881,819	1,262,048
Ending Fund Balance	6,763,686	7,220,702	6,509,198	5,810,436	5,119,309	4,440,208	3,779,466	3,139,761	2,504,339	1,881,819	1,262,048	643,986
Operating Reserve	4,015,316	1,306,190	1,576,028	1,593,800	1,612,533	1,652,143	1,693,363	1,736,323	1,781,060	1,827,737	1,876,387	1,927,210
Excess	2,748,370	5,914,512	4,933,169	4,216,636	3,506,776	2,788,065	2,086,102	1,403,437	723,279	54,083	(614,339)	(1,283,224)

EXHIBIT E
City of Sedona
Long-Range Forecast - Scenario 3 (Rate Increases for FYs 2017-18 through 2019-20 Reduced to 3%)
Wastewater Capital

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 1,240,797	\$ 1,651,952	\$ 1,991,915	\$ 2,169,987	\$ 1,548,309	\$ 1,718,983	\$ 1,896,837	\$ 1,429,474	\$ 1,394,809	\$ 1,539,158	\$ 1,498,612	\$ 2,385,732
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Capacity Fees	541,045	1,266,100	403,100	414,700	1,211,300	441,700	1,042,100	464,500	475,600	486,500	496,800	507,700
Other Revenues	128,604	37,650	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450	38,450
Total Revenues	\$ 1,910,446	\$ 2,955,702	\$ 2,433,465	\$ 2,623,137	\$ 2,798,059	\$ 2,199,133	\$ 2,977,387	\$ 1,932,424	\$ 1,908,859	\$ 2,064,108	\$ 2,033,862	\$ 2,931,882
Expenditures												
Salaries and Wages	99,186	109,350	110,640	113,400	116,200	120,800	125,600	130,600	135,800	141,200	146,800	152,700
Employee Benefits	39,520	42,860	41,920	45,100	48,500	52,100	56,000	60,200	64,700	69,600	74,800	80,400
Estimated Vacancy Savings	-	-	-	-	-	-	-	-	-	-	-	-
Operations	41,262	-	35,240	35,200	35,200	35,700	36,200	36,700	37,300	37,900	38,500	39,100
Estimated Under Budget	-	-	(3,524)	(3,520)	(3,520)	(3,570)	(3,620)	(3,670)	(3,730)	(3,790)	(3,850)	(3,910)
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	5,542,394	2,474,750	5,077,050	5,163,800	1,691,500	825,000	1,775,000	1,130,000	1,150,000	50,000	570,000	1,250,000
Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,722,362	\$ 2,626,960	\$ 5,261,326	\$ 5,353,980	\$ 1,887,880	\$ 1,030,030	\$ 1,989,180	\$ 1,353,830	\$ 1,384,070	\$ 294,910	\$ 826,250	\$ 1,518,290
Other Financing Sources (Uses)												
City Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues/Expenditures/Other Financing	\$ (3,811,916)	\$ 328,742	\$ (2,827,861)	\$ (2,730,843)	\$ 910,179	\$ 1,169,103	\$ 988,207	\$ 578,594	\$ 524,789	\$ 1,769,198	\$ 1,207,612	\$ 1,413,592
Fund Balances												
Beginning Fund Balance	(749,688)	(4,561,604)	(4,232,862)	(7,060,723)	(9,791,565)	(8,881,386)	(7,712,283)	(6,724,077)	(6,145,483)	(5,620,694)	(3,851,496)	(2,643,884)
Ending Fund Balance	(4,561,604)	(4,232,862)	(7,060,723)	(9,791,565)	(8,881,386)	(7,712,283)	(6,724,077)	(6,145,483)	(5,620,694)	(3,851,496)	(2,643,884)	(1,230,292)

EXHIBIT E
City of Sedona
Long-Range Forecast - Scenario 3 (Rate Increases for FYs 2017-18 through 2019-20 Reduced to 3%)
Wastewater Debt Service

	Projected as Recessionary Period											
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues												
Charges for Services	\$ 933,134	\$ 585,431	\$ 362,205	\$ 296,474	\$ 1,037,418	\$ 956,688	\$ 875,416	\$ 1,429,161	\$ 1,354,733	\$ 1,087,751	\$ 1,010,099	\$ -
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	44,342	37,900	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700	38,700
Total Revenues	\$ 977,476	\$ 623,331	\$ 400,905	\$ 335,174	\$ 1,076,118	\$ 995,388	\$ 914,116	\$ 1,467,861	\$ 1,393,433	\$ 1,126,451	\$ 1,048,799	\$ 38,700
Expenditures												
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Vacancy Savings	-	-	-	-	-	-	-	-	-	-	-	-
Operations	-	-	120	120	120	120	120	120	120	120	120	-
Estimated Under Budget	-	-	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	-
Debt Service	5,412,247	5,151,325	4,409,735	4,438,800	4,696,800	4,696,800	4,696,800	4,696,800	4,696,800	4,491,800	4,492,100	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,412,247	\$ 5,151,325	\$ 4,409,843	\$ 4,438,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,696,908	\$ 4,491,908	\$ 4,492,208	\$ -
Other Financing Sources (Uses)												
City Sales Taxes	4,497,550	-	-	-	-	-	-	-	-	-	-	-
Transfers from General Fund	-	4,027,700	4,165,900	3,858,800	2,942,200	3,179,500	3,367,900	2,582,700	2,640,800	2,700,200	2,760,800	-
Total Other Financing Sources (Uses)	\$ 4,497,550	\$ 4,027,700	\$ 4,165,900	\$ 3,858,800	\$ 2,942,200	\$ 3,179,500	\$ 3,367,900	\$ 2,582,700	\$ 2,640,800	\$ 2,700,200	\$ 2,760,800	\$ -
Net Revenues/Expenditures/Other Financing	\$ 62,779	\$ (500,294)	\$ 156,962	\$ (244,934)	\$ (678,590)	\$ (522,020)	\$ (414,892)	\$ (646,347)	\$ (662,675)	\$ (665,257)	\$ (682,609)	\$ 38,700
Fund Balances												
Beginning Fund Balance	11,333,043	11,395,822	10,895,528	11,052,490	10,807,556	10,128,966	9,606,946	9,192,054	8,545,707	7,883,032	7,217,775	6,535,167
Ending Fund Balance	11,395,822	10,895,528	11,052,490	10,807,556	10,128,966	9,606,946	9,192,054	8,545,707	7,883,032	7,217,775	6,535,167	6,573,867
Debt Service Reserve	4,637,253	4,581,690	4,604,309	4,629,243	4,619,488	4,605,830	4,585,344	4,551,200	4,482,913	4,483,050	-	-
Excess	6,758,569	6,313,838	6,448,181	6,178,313	5,509,478	5,001,116	4,606,710	3,994,507	3,400,119	2,734,725	6,535,167	6,573,867

Exhibit F
City of Sedona
Comparison of Current Accounts to the Fee Study Projections

Billing Classification	Billing Unit	February 2017				Estimated per Fee Study	May 2013				Increase (Decrease) in Units	Increase (Decrease) in ERUs
		Units	Billing Rate	ERU Rate	ERUs		Units	Billing Rate	ERU Rate	ERUs		
Residential	Dwelling	2,393	\$58.76	1.00	2,393	2,791	\$47.34	1.00	2,857	(398)	(464)	
Residential Low Flow	Dwelling	2,697	\$45.70	0.78	2,098	2,233	\$42.94	0.91	2,078	464	20	
Additional Dwelling Unit	Connection	0	\$0.00	0.00	0	8	\$23.67	0.50	4	(8)	(4)	
Multi-Family/Apartments	Dwelling	184	\$37.83	0.64	118	186	\$40.47	0.85	167	(2)	(49)	
Residential Subsidy	Connection	53	\$30.93	0.53	28	25	\$27.50	0.58	15	28	13	
Vacant - Sewer Availability	Parcel	1,169	\$29.38	0.50	585	1,222	\$23.67	0.50	590	(53)	(6)	
Environmental Penalty	Parcel	21	\$117.52	2.00	42	33	\$94.68	2.00	66	(12)	(24)	
Residential Subtotal		6,517			5,263	6,498			5,777	19	(514)	
Theatres, Libraries, Churches	Seat	4,418	\$0.87	0.01	65	4,310	\$0.63	0.01	57	108	8	
Bar without dining	Seat	0		0.00	0	309	\$4.19	0.09	27	(309)	(27)	
Car Wash with Recycle	Bay	5	\$130.21	2.22	11	5	\$94.47	2.00	10	0	1	
Dept/Retail Stores	Restroom	549	\$9.83	0.17	92	308	\$7.13	0.15	45	241	47	
Hotel, Motel, RV Park	Room	1,548	\$31.86	0.54	839	1,704	\$26.61	0.56	979	(156)	(140)	
Hotel - water based billing	water usage	13,718	\$0.76	0.01	177			0.00		13,718	177	
Resort-Cottages/Villas	Connection	599	\$63.72	1.08	650	629	\$53.21	1.12	637	(30)	13	
Fitness Center/Beauty Salon	100 sq feet	448	\$4.05	0.07	31	398	\$2.94	0.06	17	50	14	
Jeep and Rental/Jeep Washing	Vehicle	53	\$3.71	0.06	3	48	\$2.69	0.06	3	5	0	
Market	Connection	4	\$241.10	4.10	16	4	\$174.92	3.69	15	0	1	
Mortuary	Connection	1	\$380.86	6.48	6	1	\$276.32	5.84	6	0	0	
Office, Med Building, Mfg, Contractor	100 sq feet	10,169	\$0.87	0.01	151	6,498	\$0.63	0.01	82	3,671	69	
Repair shop, Service Station	Connection	14	\$48.23	0.82	11	16	\$34.99	0.74	12	(2)	(1)	
Restaurant	Seat			0.00	0	4,499	\$14.66	0.31	1,393	(4,499)	(1,393)	
Restaurant with Patio Seating	Seat			0.00	0	399	\$7.33	0.15	62	(399)	(62)	
Restaurant	100 sq feet	1,343	\$30.24	0.51	691			0.00		1,343	691	
Restaurant with Patio Seating	100 sq feet	384	\$15.12	0.26	99			0.00		384	99	
Restaurant - water based billing	water usage	182	\$1.15	0.02	4			0.00		182	4	
School with Gym/Shower	Student	618	\$11.26	0.19	118	390	\$8.18	0.17	67	228	51	
School with cafeteria	Student		\$18.19	0.31	0	338	\$13.19	0.28	94	(338)	(94)	
School with no gym/shower/cafeteria	Student	268	\$4.08	0.07	19	329	\$2.96	0.06	21	(61)	(2)	
Public Restroom	Fixture	73	\$65.24	1.11	81	88	\$47.34	1.00	88	(15)	(7)	
Laundromat (efficiency)	Machine	18	\$38.50	0.66	12	18	\$27.93	0.59	11	0	1	
Laundromat (12-18 lb)	Machine	9	\$49.59	0.84	8	9	\$35.98	0.76	2	0	6	
Laundromat (25-35 lb)	Machine	8	\$62.88	1.07	9	8	\$50.17	1.06	8	0	1	
Commercial Minimum	Connection	89	\$36.82	0.63	56	5	\$47.34	1.00	5	84	51	
Commercial Subtotal		34,518			3,149	20,313			3,641		(492)	
Total		41,035			8,413	9,480			9,418		(1,005)	

All Accounts	February 2017 Per Fee Study	
Estimated gross revenues based on total ERUs	\$5,931,890	\$6,684,538
Estimated bad debt	(\$177,957)	(\$200,536)
Estimated net revenues	<u>\$5,753,933</u>	<u>\$6,484,001</u>

Difference (\$730,068)

Residential		
Estimated gross revenues based on total ERUs	\$3,711,345	\$4,117,196
Estimated bad debt	(\$111,340)	(\$123,516)
Estimated net revenues	<u>\$3,600,004</u>	<u>\$3,993,680</u>

Difference (\$393,675)

Commercial		
Estimated gross revenues based on total ERUs	\$2,220,545	\$2,567,342
Estimated bad debt	(\$66,616)	(\$77,020)
Estimated net revenues	<u>\$2,153,929</u>	<u>\$2,490,322</u>

Difference (\$336,393)

Exhibit G
City of Sedona
Revenue Surpluses and Expenditures Savings Compared to 2014 Fee Study Projections
Wastewater Enterprise Fund Totals

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	Total
Overall Funding Sources														
<u>Per Fee Study</u>														
Monthly Fees	\$ 5,391,390	\$ 5,628,745	\$ 5,876,461	\$ 6,134,989	\$ 6,404,797	\$ 6,686,373	\$ 6,913,111	\$ 7,147,434	\$ 7,389,596	\$ 7,417,334	\$ 7,445,072	\$ 7,472,811	\$ 7,500,549	\$ 87,408,663
Sales Tax Subsidy	3,506,601	3,576,733	3,648,268	3,101,027	3,163,048	2,581,047	2,632,668	2,685,321	2,054,271	2,095,356	2,137,263	2,180,009	0	33,361,613
Other Revenues	671,745	654,168	617,617	593,433	602,048	636,358	650,081	665,934	683,871	695,071	705,332	717,249	718,847	8,611,753
Total	\$ 9,569,736	\$ 9,859,646	\$ 10,142,346	\$ 9,829,450	\$ 10,169,893	\$ 9,903,779	\$ 10,195,859	\$ 10,498,690	\$ 10,127,738	\$ 10,207,762	\$ 10,287,667	\$ 10,370,068	\$ 8,219,396	\$ 129,382,029

<u>Per Forecast</u>														
Monthly Fees	\$ 5,556,941	\$ 5,690,470	\$ 5,922,200	\$ 6,164,200	\$ 6,398,601	\$ 6,641,499	\$ 6,858,900	\$ 7,093,901	\$ 7,325,900	\$ 7,345,600	\$ 7,365,599	\$ 7,385,300	\$ 7,405,000	\$ 87,154,111
Sales Tax Subsidy	4,046,986	4,497,550	4,027,600	4,165,900	3,858,800	2,942,200	3,179,500	3,367,900	2,582,700	2,640,800	2,700,200	2,760,800	0	40,770,936
Other Revenues	609,637	828,796	1,437,000	559,350	572,150	1,370,050	601,450	1,202,850	626,350	637,450	648,350	658,650	669,550	10,421,633
Total	\$ 10,213,564	\$ 11,016,816	\$ 11,386,800	\$ 10,889,450	\$ 10,829,551	\$ 10,953,749	\$ 10,639,850	\$ 11,664,651	\$ 10,534,950	\$ 10,623,850	\$ 10,714,149	\$ 10,804,750	\$ 8,074,550	\$ 138,346,680

<u>Difference between Fee Study and Forecast</u>														
Monthly Fees	\$ 165,551	\$ 61,725	\$ 45,739	\$ 29,211	\$ (6,196)	\$ (44,874)	\$ (54,211)	\$ (53,533)	\$ (63,696)	\$ (71,734)	\$ (79,473)	\$ (87,511)	\$ (95,549)	\$ (254,552)
Sales Tax Subsidy	540,385	920,817	379,332	1,064,873	695,752	361,153	546,832	682,579	528,429	545,444	562,937	580,791	0	7,409,323
Other Revenues	(62,108)	174,628	819,383	(34,083)	(29,898)	733,692	(48,631)	536,916	(57,521)	(57,621)	(56,982)	(58,599)	(49,297)	1,809,880
Total	\$ 643,828	\$ 1,157,170	\$ 1,244,454	\$ 1,060,000	\$ 659,658	\$ 1,049,970	\$ 443,991	\$ 1,165,961	\$ 407,212	\$ 416,088	\$ 426,482	\$ 434,682	\$ (144,846)	\$ 8,964,651

Overall Expenditures														
<u>Per Fee Study</u>														
Operating Expenses	\$ 3,528,681	\$ 3,637,177	\$ 3,749,323	\$ 3,865,241	\$ 3,985,060	\$ 4,108,912	\$ 4,236,933	\$ 4,379,265	\$ 4,526,413	\$ 4,678,539	\$ 4,835,814	\$ 4,998,413	\$ 5,166,518	\$ 55,696,290
Debt Service	5,169,363	5,820,463	5,789,513	4,660,213	4,661,775	4,687,775	4,687,775	4,687,775	4,687,775	4,687,775	4,482,775	4,483,050	0	58,506,027
Capital Outlay	3,319,235	4,341,926	3,626,048	1,838,388	116,759	1,321,490	1,359,746	1,399,150	1,439,736	1,481,539	1,524,597	2,282,103	3,229,251	27,279,966
Total	\$ 12,017,279	\$ 13,799,566	\$ 13,164,884	\$ 10,363,842	\$ 8,763,594	\$ 10,118,177	\$ 10,284,454	\$ 10,466,190	\$ 10,653,923	\$ 10,847,853	\$ 10,843,186	\$ 11,763,566	\$ 8,395,769	\$ 141,482,283

<u>Per Forecast</u>														
Operating Expenses	\$ 3,438,736	\$ 3,382,730	\$ 3,323,151	\$ 4,540,284	\$ 4,587,700	\$ 4,637,700	\$ 4,747,830	\$ 4,862,290	\$ 4,981,470	\$ 5,105,380	\$ 5,234,510	\$ 5,369,060	\$ 5,509,430	\$ 59,720,271
Debt Service	5,340,772	5,412,247	5,151,325	4,409,843	4,438,908	4,696,908	4,696,908	4,696,908	4,696,908	4,696,908	4,491,908	4,492,208	0	57,221,751
Capital Outlay	2,322,315	5,722,362	2,626,960	5,261,326	5,353,980	1,887,880	1,030,030	1,989,180	1,353,830	1,384,070	294,910	826,250	1,518,290	31,571,383
Total	\$ 11,101,823	\$ 14,517,339	\$ 11,101,436	\$ 14,211,453	\$ 14,380,588	\$ 11,222,488	\$ 10,474,768	\$ 11,548,378	\$ 11,032,208	\$ 11,186,358	\$ 10,021,328	\$ 10,687,518	\$ 7,027,720	\$ 148,513,405

<u>Difference between Fee Study and Forecast</u>														
Operating Expenses	\$ 89,945	\$ 254,447	\$ 426,172	\$ (675,043)	\$ (602,640)	\$ (528,788)	\$ (510,897)	\$ (483,025)	\$ (455,057)	\$ (426,841)	\$ (398,696)	\$ (370,647)	\$ (342,912)	\$ (4,023,981)
Debt Service	(171,409)	408,216	638,188	250,370	222,867	(9,133)	(9,133)	(9,133)	(9,133)	(9,133)	(9,133)	(9,158)	0	1,284,276
Capital Outlay	996,920	(1,380,436)	999,088	(3,422,938)	(5,237,221)	(566,390)	329,716	(590,030)	85,906	97,469	1,229,687	1,455,853	1,710,961	(4,291,417)
Total	\$ 915,456	\$ (717,773)	\$ 2,063,448	\$ (3,847,611)	\$ (5,616,994)	\$ (1,104,311)	\$ (190,314)	\$ (1,082,188)	\$ (378,285)	\$ (338,505)	\$ 821,858	\$ 1,076,048	\$ 1,368,049	\$ (7,031,122)

Impact of Revenue Surpluses and Expenditure Savings														
	\$ 1,559,284	\$ 439,398	\$ 3,307,902	\$ (2,787,611)	\$ (4,957,336)	\$ (54,341)	\$ 253,677	\$ 83,773	\$ 28,927	\$ 77,583	\$ 1,248,339	\$ 1,510,730	\$ 1,223,203	\$ 1,933,529