

AGENDA



4:30 P.M.

CITY COUNCIL MEETING

TUESDAY, AUGUST 13, 2019

NOTES:

- Public Forum:
Comments are generally limited to **3 minutes**.
- Consent Items:
Items listed under Consent Items have been distributed to Council Members in advance for study and will be enacted by one motion. Any member of the Council, staff or the public may remove an item from the Consent Items for discussion. Items removed from the Consent Items may be acted upon before proceeding to the next agenda item.
- Meeting room is wheelchair accessible. American Disabilities Act (ADA) accommodations are available upon request. Please phone 928-282-3113 at least two (2) business days in advance.
- City Council Meeting Agenda Packets are available on the City's website at:

www.SedonaAZ.gov

GUIDELINES FOR PUBLIC COMMENT

PURPOSE:

- To allow the public to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question/answer session.

PROCEDURES:

- Fill out a "Comment Card" and deliver it to the City Clerk.
- When recognized, use the podium/microphone.
- State your:
 1. Name and
 2. City of Residence
- Limit comments to **3 MINUTES**.
- Submit written comments to the City Clerk.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE/ROLL CALL

2. CITY'S VISION/MOMENT OF ART

3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT =

- a. Minutes - July 23, 2019 City Council Special Meeting - Executive Session.
- b. Minutes - July 23, 2019 City Council Regular Meeting.
- c. AB 2513 Approval of 1) a contract with Dave Bang Associates, Inc. in the approximate amount of \$186,575.75 for the Sunset Park improvements; and 2) an increase in the project budget by \$18,500.
- d. AB 2517 Approval of a Resolution appointing the City of Sedona Finance Director as Chief Financial Officer of the City for the purpose of submitting the annual expenditure limitation report to the Arizona Auditor General's Office.

4. APPOINTMENTS - None.

5. SUMMARY OF CURRENT EVENTS BY MAYOR/COUNCILORS/CITY MANAGER

6. PUBLIC FORUM

(This is the time for the public to comment on matters not listed on the agenda. The City Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.)

7. PROCLAMATIONS, RECOGNITIONS & AWARDS - None.

8. REGULAR BUSINESS

- a. AB 2485 **Public hearing/discussion/possible action** regarding a Resolution and Ordinance updating the current fee schedule for the City of Sedona Community Development Department applications.
- b. AB 2464 **Discussion/possible action** to approve the publication of a Notice of Intention to Increase Wastewater Rates in accordance with A.R.S. § 9-511.01 and to set a public hearing date at which time Council will consider adoption of a final ordinance changing the City's wastewater rates and rate structure.
- c. AB 2515 **Public hearing/presentation** regarding the City of Sedona Development Impact Fee Audit Report for Fiscal Years 2016-17 and 2017-18.
- d. AB 2514 **Discussion/possible direction** regarding items for consideration by the League Resolutions Committee for possible inclusion in the 2020 League legislative program.
- e. **Reports/discussion** regarding Council assignments.
- f. **Discussion/possible action** regarding future meeting/agenda items.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.



Page 2, City Council Meeting Agenda Continued

9. EXECUTIVE SESSION

If an Executive Session is necessary, it will be held in the Vultee Conference Room at 106 Roadrunner Drive. Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action on executive session items.

10. ADJOURNMENT

Posted: _____

By: _____

Susan L. Irvine, CMC
City Clerk

Note: Pursuant to A.R.S. § 38-431.02 notice is hereby given to the members of the City Council and to the general public that the Council will hold the above open meeting. Members of the City Council will attend either in person or by telephone, video, or internet communications. The Council may vote to go into executive session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion and consultation for legal advice with the City Attorney. Because various other commissions, committees and/or boards may speak at Council meetings, notice is also given that four or more members of these other City commissions, boards, or committees may be in attendance.

A copy of the packet with material relating to the agenda items is typically available for review by the public in the Clerk's office after 1:00 p.m. the Thursday prior to the Council meeting and on the City's website at www.SedonaAZ.gov. The Council Chambers is accessible to people with disabilities, in compliance with the Federal 504 and ADA laws. Those with needs for special typeface print, may request these at the Clerk's Office. All requests should be made **forty-eight hours** prior to the meeting.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.

Action Minutes
Special City Council Meeting - Executive Session
Vultee Conference Room, Sedona City Hall,
106 Roadrunner Drive, Sedona, Arizona
Tuesday, July 23, 2019, 2:30 p.m.

1. Call to Order

Mayor Moriarty called the meeting to order at 2:31 p.m.

2. Roll Call

Council Present: Mayor Sandy Moriarty, Vice Mayor John Martinez, Councilor Bill Chisholm, Councilor John Currivan, Councilor Janice Hudson, Councilor Scott Jablow, Councilor Jessica Williamson.

Staff in attendance: City Manager Justin Clifton, City Clerk Susan Irvine.

3. Executive Session

Motion: Councilor Williamson moved to enter into Executive Session at 2:32 p.m. Seconded by Vice Mayor Martinez. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Martinez, Chisholm, Currivan, Hudson, Jablow, and Williamson) and zero (0) opposed.

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. **Discussion and consultation regarding personnel matters, specifically to discuss City Manager Justin Clifton's annual evaluation. This matter is brought in executive session pursuant to A.R.S. 38-431.03(A)(1).**
- b. **Return to open session. Discussion/possible action on executive session items.**

Reconvened in open session at 3:25 p.m.

Motion: Councilor Williamson moved to increase the salary of City Manager Justin Clifton by 3% in addition to increasing the education fund benefit by 2% effective July 1, 2019. Seconded by Vice Mayor Martinez. Further discussion by Council. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Martinez, Chisholm, Currivan, Hudson, Jablow, and Williamson) and zero (0) opposed.

4. Adjournment

Mayor Moriarty adjourned the meeting at 3:27 p.m.

I certify that the above are the true and correct actions of the Special City Council Meeting held on July 23, 2019.

Susan L. Irvine, CMC, City Clerk

Date

Action Minutes
Regular City Council Meeting
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Tuesday, July 23, 2019, 4:30 p.m.

1. Call to Order/Pledge of Allegiance/Moment of Silence/Roll Call

Mayor Moriarty called the meeting to order at 4:30 p.m.

Council Present: Mayor Sandy Moriarty, Vice Mayor John Martinez, Councilor Bill Chisholm, Councilor John Currivan, Councilor Janice Hudson, Councilor Scott Jablow, Councilor Jessica Williamson.

Staff Present: City Manager Justin Clifton, Assistant City Manager/Director of Community Development Karen Osburn, City Attorney Robert Pickels, Jr., Assistant City Attorney Shelley Cutts, Public Works Director/City Engineer Andy Dickey, Engineering Supervisor Stephen Craver, Associate Engineer David Peck, Chief of Police Charles Husted, Communications Specialist Diana Bencomo, Wastewater Manager Roxanne Holland, Sustainability Coordinator McKenzie Jones, AmeriCorps Sustainability Intern Kaileigh Walker, Finance Department Administrative Assistant Brenda Righi, Custodial Maintenance Worker Mike Casey, Human Resources Manager Brenda Tammarine, Citizen Engagement Coordinator Lauren Browne, City Clerk Susan Irvine.

2. City's Vision

A video of the City's Vision was played.

3. Consent Items

- a. **Minutes - July 9, 2019 City Council Regular Meeting.**
- b. **AB 2504 Approval of recommendation regarding a new Series 11 Hotel/Motel Liquor License for Best Western Plus Inn of Sedona located at 1200 AZ-89A, Sedona, AZ 86336 (File #67898).**
- c. **AB 2508 Approval of a resolution authorizing the execution of an Intergovernmental Agreement (IGA) between the City of Sedona and the Yavapai County Flood Control District (YCFCD) contributing \$375,000 in drainage funds to be used for the following three projects: 1. Sunset Drive Drainage Improvements Design, 2. Stormwater Master Plan Update, 3. Thunder Mountain Road Drainage Improvements.**
- d. **AB 2509 Approval of a Construction Manager at Risk Design Phase Services Contract with Kinney Construction, LLC for the Wastewater Collection System Improvements – SR179 Sewer Main Replacement Project in an amount not to exceed \$92,780.89.**
- e. **AB 2512 Approval of an APS Level 2 Electric Vehicle Charging Pilot Agreement and granting of an easement to APS for installation of charging stations.**

Motion: Councilor Jablow moved to approve consent items 3a, 3b, 3c, 3d, and 3e. Seconded by Vice Mayor Martinez. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Martinez, Chisholm, Currivan, Hudson, Jablow, and Williamson) and zero (0) opposed.

4. Appointments – None.

5. Summary of Current Events by Mayor/Councilors/City Manager

Justin Clifton introduced the following new employees and welcomed them to the City team: Assistant City Attorney Shelley Cutts, Finance Department Administrative Assistant Brenda Righi, Communications Specialist Diana Bencomo, Custodial Maintenance Worker Mike Casey, and Custodial Maintenance Worker Jason Mudge. Councilor Chisholm advised that Hope House is finalizing their 501C-3 paperwork. They are working on organization and paperwork for property acquisition and construction. Vice Mayor Martinez advised that there is a local's night out tomorrow night with a BOGO special at Oaxaca Restaurant. On July 31st, Sound Bites Grill will be having a BOGO special, and on August 2nd, Salt Rock Craft Kitchen will have a BOGO special. Councilor Williamson advised that Representative Bob Thorpe will have a listening session tomorrow regarding short-term rentals at 3:00 p.m. in the City Council Chambers.

6. Public Forum – None.

7. Proclamations, Recognitions, and Awards – None.

8. Regular Business

a. AB 2510 Presentation/discussion with Yavapai College President Dr. Lisa Rhine regarding a general update on activities and plans of the College.

Presentation by Yavapai College (YC) President Dr. Lisa Rhine and YC Executive Dean of the Verde Valley Campus James Perey. YC Economic Development Director Richard Hernandez was also present.

Questions and comments from Council.

Presentation and discussion only. No action taken.

b. AB 2378 Discussion/possible direction regarding the Sedona in Motion transportation program including a focus on the final feasibility report of the SR 179 at Tlaquepaque Pedestrian Crossing project.

Presentation by Stephen Craver, Andy Dickey, and Justin Clifton.

Questions from Council.

By majority consensus, Council directed staff to proceed with Alternative 3 consisting of an underpass at Oak Creek for the SIM-4C Pedestrian Crossing at Tlaquepaque.

c. Reports/discussion regarding Council assignments – None.

d. Discussion/possible action on future meeting/agenda items

Mayor Moriarty advised that Representative Bob Thorpe will be hosting a listening session regarding short-term vacation rentals tomorrow at 3:00 p.m. in Council Chambers.

9. Executive Session

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action on executive session items.

No Executive Session was held.

10. Adjournment

Mayor Moriarty adjourned the meeting at 5:59 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on July 23, 2019.

Susan L. Irvine, CMC, City Clerk

Date



**CITY COUNCIL
AGENDA BILL**

**AB 2513
August 13, 2019
Consent Items**

Agenda Item: 3c

Proposed Action & Subject: Approval of 1) a contract with Dave Bang Associates, Inc. in the approximate amount of \$186,575.75 for the Sunset Park improvements; and 2) an increase in the project budget by \$18,500.

Department	Parks and Recreation
Time to Present	N/A
Total Time for Item	
Other Council Meetings	N/A
Exhibits	A. Contract with Dave Bang Associates Inc.

City Attorney Approval	Reviewed 8/6/2019 SDC	Expenditure Required
		\$ 203,500
City Manager's Recommendation	Approve a contract and increased budget for Sunset Park improvements.	Amount Budgeted
		\$ 185,000
		Account No. 25-5242-89-6884 (Description) (\$160,000 – Sunset Park Improvements – Fairfield CFD)
		22-5242-89-6884 (\$25,000 – Sunset Park Improvements – Capital Improvements Fund)
		Finance Approval <input checked="" type="checkbox"/>

SUMMARY STATEMENT

After going through the Request for Bids process, two bids were submitted to the Parks Department for the Sunset Park Improvements project. Staff's recommendation (and the lowest BID) is to work with Dave Bang Associates Inc. to provide six benches and new playground surfacing for both playgrounds at Sunset Park. Site prep and demo of the existing border will be done in-house for an \$18,300 cost savings to the City.

Background: This project was initially for the resurfacing of playgrounds at Sunset Park. During the budget process, Council expressed the desire to "get the park done" which included the addition of benches and trees. The project now exceeds the original project budgeted amount by nearly \$18,500.

Tree installation	\$ 7,750.00
In-House demo/prep* (Contractor's fee was \$27,100)	\$ 8,810.00
Contract amount	<u>\$186,575.75</u>
TOTAL	<u>\$203,135.75</u>
Budget	<u>\$185,000.00</u>
Shortfall (necessitates budget increase)	<u>-\$18,135.75</u>

*This is the cost of overtime for a City crew to work on the weekend to complete this portion of the project. The project reimburses payroll for the overtime expense. Savings from doing this in-house is \$18,290.

With the increase to the budget, the project will be completed in full. It includes:

- four new trees (already planted)
- removal of existing border and wood chips
- reinstalling an existing play feature
- new concrete curbing
- new rubberized surfacing
- six new benches installed.

If approved, this project is set to begin the end of September 2019. The request for an \$18,500 increase allows for a small contingency. It is anticipated that the total amount can be covered by the total FY 2020 budgeted Capital Improvement Plan (CIP) allocation, which assumes that no more than \$10 million of CIP projects managed by Public Works project managers will be completed next year. If approved, the amount exceeding the project budget will be reallocated from other projects that experience delays once it is determined which projects will not proceed as budgeted for FY 2020.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: approve a contract with Dave Bang Associates, Inc. in the approximate amount of \$186,575.75 for the Sunset Park improvements subject to review by the City Attorney's Office and to increase the project budget by \$18,500.

**DEPARTMENTAL CONTRACT FOR SERVICES
FOR THE CITY OF SEDONA**

This contract is made and entered into on this 22nd day of July, 2019, by and between the City of Sedona ("CITY") and Dave Bang Associates, Inc. ("CONTRACTOR").

Services. The CONTRACTOR promises and agrees to and with the CITY that it shall perform everything required to be performed and shall provide and furnish all the labor, materials, necessary tools, expendable equipment, and all utility and transportation services required to perform and complete in a workmanlike manner all of the work required in connection with Sunset Park Resurfacing and Benches project all in strict accordance with MAG Specifications, if applicable, and in strict compliance with the CONTRACTOR'S Proposal set forth in **Exhibit "A"** (attached), for a contract price not to exceed \$ 186,575.75 ("Project"). Contractor shall diligently and continuously prosecute and complete all work under this Contract within the time frame specified by the Proposal.

1. *Contract Documents.* The CONTRACTOR and the CITY agree that the terms, conditions, and covenants of his contract may be supplemented by specific conditions, drawings, and materials lists, if any, which are attached hereto as additional exhibits, and made a part hereof as if fully set forth herein.
2. *Confidential Information.* All correspondence, reports and other documentation of CONTRACTOR'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 CONTRACTOR'S task.
3. *Billing and Payment.* Payment will be made in full by the City upon completion of the work. A PO has been created.
4. *Conflicts.* 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.
5. *Certification.* CONTRACTOR hereby warrants that it is qualified by experience, necessary work force, and materials to assume the responsibilities and render the services described herein. CONTRACTOR shall execute the required affidavit of lawful presence as set forth in ARS 1-502/8 USC § 1621 [Exhibit B]
6. *Compliance with Local Rules and Regulations.* It is contemplated that the work and services to be performed by CONTRACTOR 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. It is unlawful for any business to operate if it is (1) physically located within the city limits, or (2) if it has an obligation to pay transaction privilege taxes (TPT) to the city of Sedona for the business it is conducting, without first having procured a current business license from the city and complying with any and all regulations of such business specified in the Sedona City Code, Sedona Land Development Code (LDC), and Arizona Revised Statutes except as exempted pursuant to SCC 5.05.025. Said compliance shall include but not be limited to compliance with any and all zoning ordinances and specified building uses. A business license is in addition to the privilege tax license required by Section 8-300 of the Sedona City Tax Code.

7. *Indemnification.* To the fullest extent permitted by law, CONTRACTOR 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 CONTRACTOR, its officers, employees, agents or any tier of subcontractor in connection with CONTRACTOR'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.
8. *Insurance.* The CONTRACTOR agrees to procure and maintain in force during the term of this contract, at its own cost, the following coverage, as may be requested by the CITY, either in the initial bid, or prior to commencement of particular tasks. The policies shall name the CITY and its agents and employees as **additional insured** and contain a **waiver of subrogation** endorsement.
 - a. Worker's Compensation Insurance as required by the Title 23, Chapter 6, of the Arizona Revised Statutes.
 - b. Commercial General or Business Liability Insurance (Occurrence Form) 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.
 - c. 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, *if* CONTRACTOR'S owned or hired vehicles will be assigned to or used in performance of the services.
 - d. 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* professional services are utilized by the CONTRACTOR for design and performance of the Project. If approved by CITY, evidence of qualified self-insured status may be substituted for one or more of the foregoing insurance coverages. In the event the policy is written on a "**claims made**" basis, the CONTRACTOR warrants that any **retroactive date** shall precede any work on the Project.
9. *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.
10. *Termination.* This contract shall terminate at such time as the work in the scope of work is completed or upon CITY providing CONTRACTOR 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 CONTRACTOR for all work previously authorized, performed and accepted prior to the date of termination. If, however, CONTRACTOR 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. CITY shall owe no other payments, including any payment for lost profit or

business opportunity, and no penalty, to CONTRACTOR in the event of termination upon notice.

11. *Venue.* The laws of the State of Arizona shall govern this contract, and any legal action concerning the provisions hereof shall be brought in the County of Coconino, State of Arizona.
12. *Independent Contractor.* CONTRACTOR is an independent contractor. Notwithstanding any provision appearing in this contract, and any exhibits and/or addenda, all personnel assigned by CONTRACTOR to perform work under the terms of this contract shall be, and remain at all times, employees or agents of CONTRACTOR for all purposes. CONTRACTOR shall make no representation that it is the employee of CITY for any purpose.
13. *Performance Standards.* CONTRACTOR shall perform the services in **Exhibit A** in a good and workmanlike manner and in conformity with the best standards of its industry. The CITY in its sole discretion may cancel this agreement if the CONTRACTOR fails to meet the specifications for the materials and timely complete assigned tasks.
14. *Entire Agreement.* This contract, together with the attached exhibits," is the entire agreement between CONTRACTOR 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.
15. *Non-Discrimination.* Contractor, its agents, employees, 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)).
16. *Compliance with State and Federal Laws:*

CONTRACTOR 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. SERVICE PROVIDER further affirms that it is not engaged in any boycott of Israel (Exhibit C). The following is only applicable to construction contracts: CONTRACTOR 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, CONTRACTOR hereby warrants to CITY that CONTRACTOR 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 CONTRACTOR 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. CONTRACTOR 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 CONTRACTOR and any subcontractors to ensure compliance with Contractor's Immigration Warranty. CONTRACTOR agrees to assist CITY in regard to any random verification performed.
 - e. Neither CONTRACTOR nor any subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if CONTRACTOR 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 CONTRACTOR 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.
17. *Dispute Resolution.* The parties shall follow the dispute resolution procedures of Chapter 3.10 of the Sedona City Code.
18. *Delays.* CONTRACTOR shall not be responsible for delays that are due to causes beyond CONTRACTOR'S reasonable control. In case of any such delay, any deadline established as part of the scope of work shall be extended accordingly as may be agreed by the CITY.
19. *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.
20. *Conflict of Interest.* From the date of this contract through the termination of its service to Sedona, CONTRACTOR 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.
21. *Notice.* Any notice or communication between CONTRACTOR 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

Attention: Parks and Recreation
102 Roadrunner Drive
Sedona AZ 86336

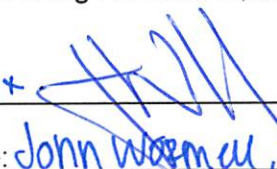
CONTRACTOR: _____

- 22. *Offsets.* During the performance of this Agreement, CONTRACTOR may also be under contract with the CITY for performance of work on other projects. A breach in the performance of any of CONTRACTOR'S obligations under this Agreement shall constitute a breach of CONTRACTOR'S obligations under any other agreement with the CITY and the breach by CONTRACTOR under other agreement with the CITY shall also constitute a breach of CONTRACTOR'S obligations under this Agreement. The CITY may offset any amounts owed by CONTRACTOR under any such other agreement from any amounts owed to CONTRACTOR under this Agreement, or any delinquent wastewater fees or transaction privilege taxes owed to the City.
- 23. *Notice to Proceed.* Unless otherwise noted by CITY, acceptance of this contract is official notice to proceed with the work.
- 24. *Licensing.* CONTRACTOR shall maintain a valid license through the Arizona Registrar of Contractors for all types of work or services for the project as set forth in ARS 32-1122 and related provisions and shall also obtain a business license for the City of Sedona.

CITY OF SEDONA, ARIZONA

Dave Bang Associates, Inc.

Rachel Murdoch
Parks and Recreation Manager

By:  _____
Title: John Wageman, President

ATTEST:

City Clerk

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

APPROVED AS TO LEGAL FORM:

City Attorney

EXHIBIT/S

Exhibit A

- Quote Response Form Including Project costs**

Exhibit B

- Affidavit of Lawful Presence if required (sole proprietor ONLY)**

Exhibit C

- Participation in Boycott of Israel Document**

To City of Sedona
 Attn: Rachel Murdoch
 525 Posse Ground Road
 Sedona, AZ 86336

Quotation Date 7/12/2019	Salesperson Stephen Ross
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Terms Net 30

Sunset Park : Resurfacing

Estimated Shipping Date 4-6 Weeks	Shipped Via Truck	F.O.B. Sedona
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Quantity	Description	Unit Price	Total Extended
3,600	"Northwest Area" American Rubber Surfacing # ARS-RBR-35, Poured-in-Place Rubber, 3.5" depth for Critical Fall Height Up to 8' Color: 50% Black / 50% Standard Color *Includes ADA Access Ramp	13.80	49,680.00 ✓
3,600	American Rubber Surfacing # ARS-4ABC / ARS-ABC+4, 8" ABC per sq ft	6.85	24,660.00 ✓
1	240 Inft 6x12 Concrete Curb	7,015.00	7,015.00 ✓
260	Temporary Fencing per Inft	2.95	767.00 ✓
1	Labor to provide bobcat access by removing and reinstalling a section of chain link fencing along northern edge	460.00	460.00 ✓
1,023	"Southeast Area" American Rubber Surfacing # ARS-RBR-35, Poured-in-Place Rubber, 3.5" depth for Critical Fall Height Up to 8' Color: 50% Black / 50% Standard Color *Swing Area (31' x 33')	13.80	14,117.40 ✓

<i>THIS QUOTATION IS SUBJECT TO THE ATTACHED TERMS & CONDITIONS</i>	Subtotal
THANK YOU FOR THIS CHANCE TO QUOTE	Tax (6.76%)
<small>DAVE BANG ASSOCIATES, INC. IS PLEASED TO SUBMIT THE ABOVE QUOTATION FOR YOUR CONSIDERATION. SHOULD YOU PLACE AN ORDER, BE ASSURED IT WILL RECEIVE OUR PROMPT ATTENTION. THIS QUOTATION IS SUBJECT TO THE ATTACHED TERMS & CONDITIONS, AND IS VALID FOR 30 DAYS. THEREAFTER IT IS SUBJECT TO CHANGE WITHOUT NOTICE.</small>	TOTAL

S... Stephen Ross Accepted *Rachel Murdoch* Date 7-15-19

PLEASE SIGN AND RETURN ONE COPY WHEN ORDERING.

Thank You!

To **City of Sedona**
Attn: Rachel Murdoch
525 Posse Ground Road
Sedona, AZ 86336

Quotation Date 7/12/2019	Salesperson Stephen Ross
------------------------------------	------------------------------------

Terms Net 30

Sunset Park : Resurfacing

Estimated Shipping Date	Shipped Via	F.O.B.	Quantity	Description	Unit Price	Total Extended
4-6 Weeks	Truck	Sedona				
			1,023	American Rubber Surfacing # ARS-4ABC / ARS-ABC+4, 8" ABC per sq ft	6.85	7,007.55
			2,577	American Rubber Surfacing # ARS-RBR-2, Poured-in-Place Rubber, 2" depth for Critical Fall Height Up to 4' Color: 50% Black / 50% Standard Color *Includes ADA Access Ramp	12.50	32,212.50
			2,577	American Rubber Surfacing # ARS-4ABC / ARS-ABC+6, 10" ABC per sq ft	8.55	22,033.35
			1	240 Inft 6x12 concrete curb	7,015.00	7,015.00
			260	Temporary Fencing per Inft	2.95	767.00
			1	"Add Alternate South Area" Labor to remove and reinstall small 2-5 structure to the correct elevation bringing it into compliance	5,635.00	5,635.00
			3	"Benches" Wabash # SG303D, 6' Bench with Back, Signature Series, Diamond Pattern, inground mount	398.00	1,194.00
			3	Wabash # SG304D, 6' Bench without Back, Signature Series, Diamond Pattern, inground mount	233.00	699.00

<i>THIS QUOTATION IS SUBJECT TO THE ATTACHED TERMS & CONDITIONS</i>	Subtotal
THANK YOU FOR THIS CHANCE TO QUOTE	Tax (6.76%)
<small>DAVE BANG ASSOCIATES, INC. IS PLEASED TO SUBMIT THE ABOVE QUOTATION FOR YOUR CONSIDERATION. SHOULD YOU PLACE AN ORDER, BE ASSURED IT WILL RECEIVE OUR PROMPT ATTENTION. THIS QUOTATION IS SUBJECT TO THE ATTACHED TERMS & CONDITIONS, AND IS VALID FOR 30 DAYS. THEREAFTER IT IS SUBJECT TO CHANGE WITHOUT NOTICE.</small>	TOTAL

S... **Stephen Ross** Accepted  Date **7-15-19**

PLEASE SIGN AND RETURN ONE COPY WHEN ORDERING.

Thank You!

To City of Sedona
 Attn: Rachel Murdoch
 525 Posse Ground Road
 Sedona, AZ 86336

Quotation Date 7/12/2019	Salesperson Stephen Ross
------------------------------------	------------------------------------

Terms Net 30

Sunset Park : Resurfacing

Estimated Shipping Date 4-6 Weeks	Shipped Via Truck	F.O.B. Sedona
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Quantity	Description	Unit Price	Total Extended
	Less Special Discount for benches	-283.95	-283.95
	Subtotal		172,978.85
	Shipping for benches	633.00	633.00
	Installation by a Licensed Contractor for benches	1,150.00	1,150.00

<p><i>THIS QUOTATION IS SUBJECT TO THE ATTACHED TERMS & CONDITIONS</i></p> <p>THANK YOU FOR THIS CHANCE TO QUOTE</p> <p><small>DAVE BANG ASSOCIATES, INC. IS PLEASED TO SUBMIT THE ABOVE QUOTATION FOR YOUR CONSIDERATION. SHOULD YOU PLACE AN ORDER, BE ASSURED IT WILL RECEIVE OUR PROMPT ATTENTION. THIS QUOTATION IS SUBJECT TO THE ATTACHED TERMS & CONDITIONS, AND IS VALID FOR 30 DAYS. THEREAFTER IT IS SUBJECT TO CHANGE WITHOUT NOTICE.</small></p>	Subtotal	\$174,761.85
	Tax (6.76%)	\$11,813.90
	TOTAL	\$186,575.75

S... Stephen Ross Accepted *Rachel Murdoch* Date 7-15-19

PLEASE SIGN AND RETURN ONE COPY WHEN ORDERING.

Thank You!

NA



CITY OF SEDONA, ARIZONA
AFFIDAVIT DEMONSTRATING LAWFUL
PRESENCE IN THE UNITED STATES

ARS Section 1-502 requires that any person who applies to the City for a local public benefit (defined as a grant, contract, loan, professional license, or commercial license) must demonstrate through the presentation of one of the following documents that he/she is lawfully present in the United States.

LAWFUL PRESENCE IN THE UNITED STATES CAN BE DEMONSTRATED BY
PRESENTATION OF ONE (1) OF THE DOCUMENTS LISTED BELOW.

Please place a check mark next to the applicable document and present the document to the City employee. If mailing the document, attach a copy of the document to this Affidavit. (If the document says on its face that it may not be copied or you know for reasons of confidentiality that it cannot be copied, you will need to present the document in person to the City for review and signing of the Affidavit.)

- 1. Valid Driver License Issued after 1996 First 4 numbers/letters from License:

- 2. Valid Non-Operating Identification License First 4 numbers/letters from License:

- 3. Birth Certificate or Delayed Birth Certificate Issued in any state, territory or possession of the United States Year of Birth:
Place of Birth:

- 4. United States Certificate of Birth abroad Year of Birth:
Place of Birth:

- 5. United States Passport First 4 numbers/letters from Passport:

- 6. Foreign Passport with United States Visa First 4 numbers/letters from Passport:
First 4 numbers/letters from Visa:

- 7. I-94 Form with a photograph First 4 numbers from I-94 Form:

- 8. United States Citizenship and Immigration Services Employment Authorization Document (EAD) First 4 numbers/letters from EAD:

- 9. Refugee Travel Document Date of Issuance:
Refugee Country:

- 10. United States Certificate of Naturalization First 4 digits of CIS Reg. No.:

- 11. United States Certificate of Citizenship Date of Issuance:
Place of Issuance:

- 12. Tribal Certificate of Indian Blood Date of Issuance:
Name of Tribe:

- 13. Tribal or Bureau of Indian Affairs Affidavit of Birth Year of Birth:
Place of Birth:

In accordance with the requirements of State Law, I do swear or affirm under penalty of perjury that I am lawfully present in the United States, and that the document I presented to establish this presence is true.

Signature _____
Printed Name:
Date:

Business/Company:
Business Address:
City, State, Zip Code:

PARTICIPATION IN BOYCOTT OF ISRAEL

All materials submitted as part of a response to a solicitation are subject to Arizona public records law and will be disclosed if there is an appropriate public records request at the time of or after the award of the contract. Recently legislation has been enacted to prohibit the municipalities from contracting with companies currently engaged in a boycott of Israel. To ensure compliance with A.R.S. §35-393.01 This form must be completed and returned with the response to the solicitation and any supporting information to assist the City in making its determination of compliance.

As defined by A.R.S. §35-393.01:


- 1. "Boycott" means engaging in a refusal to deal, terminating business activities or performing other actions that are intended to limit commercial relations with Israel or with persons or entities doing business in Israel or in territories controlled by Israel, if those actions are taken either:
 - (a) In compliance with or adherence to calls for a boycott of Israel other than those boycotts to which 50 United States Code section 4607(c) applies.
 - (b) In a manner that discriminates on the basis of nationality, national origin or religion and that is not based on a valid business reason.
- 2. "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company or other entity or business association, and includes a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate.
- 3. "Direct holdings" means all publicly traded securities of a company that are held directly by the state treasurer or a retirement system in an actively managed account or fund in which the retirement system owns all shares or interests.
- 4. "Indirect holdings" means all securities of a company that are held in an account or fund, including a mutual fund, that is managed by one or more persons who are not employed by the state treasurer or a retirement system, if the state treasurer or retirement system owns shares or interests either:
 - (a) together with other investors that are not subject to this section.
 - (b) that are held in an index fund.
- 5. "Public entity" means this State, a political subdivision of this State or an agency, board, commission or department of this state or a political subdivision of this state.
- 6. "Public fund" means the state treasurer or a retirement system.
- 7. "Restricted companies" means companies that boycott Israel.
- 8. "Retirement system" means a retirement plan or system that is established by or pursuant to title 38.

All offerors must select one of the following:

- My company does not participate in, and agrees not to participate in during the term of the contract a boycott of Israel in accordance with A.R.S. §35-393.01. I understand that my entire response will become public record in accordance with A.R.S. § 39-101 et seq.
- My company does participate in a boycott of Israel as defined by A.R.S. §35-393.01. :

By submitting this response, proposer agrees to indemnify and hold the City, its agents and employees, harmless from any claims or causes of action relating to the City's action based upon reliance on the above representations, including the payment of all costs and attorney fees incurred by the City in defending such an action.

Dave Bang Associates Inc
 Company Name
 PO Box 8760
 Address
 Mesa AZ 85214
 City State Zip


 Signature of Person Authorized to Sign
 John Wormell
 Printed Name
 President
 Title



**CITY COUNCIL
AGENDA BILL**

**AB 2517
August 13, 2019
Consent Items**

Agenda Item: 3d

Proposed Action & Subject: Approval of a Resolution appointing the City of Sedona Finance Director as Chief Financial Officer of the City for the purpose of submitting the annual expenditure limitation report to the Arizona Auditor General's Office.

Department	City Attorney
Time to Present	N/A
Total Time for Item	
Other Council Meetings	None
Exhibits	A. Resolution

City Attorney Approval	Reviewed 8/6/2019 SDC	Expenditure Required	\$ 0
City Manager's Recommendation	Approve a resolution appointing the Finance Director as Chief Financial Officer for the purpose of submitting the annual expenditure limitation report.	Amount Budgeted	\$ 0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The Arizona Auditor General's Office requires that cities appoint a Chief Financial Officer for the purpose of submitting the annual expenditure limitation report. Approval of this Resolution will appoint the City of Sedona Finance Director as Chief Financial Officer of the City for this purpose. A form will be submitted annually with the name and contact information for the City's Finance Director.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: approve Resolution 2019-__ appointing the City of Sedona Finance Director as Chief Financial Officer of the City for the purpose of submitting the annual expenditure limitation report to the Arizona Auditor General's Office.

RESOLUTION NO. 2019-__

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPOINTING THE CITY OF SEDONA FINANCE DIRECTOR AS CHIEF FINANCIAL OFFICER OF THE CITY FOR THE PURPOSE OF SUBMITTING THE ANNUAL EXPENDITURE LIMITATION REPORT TO THE ARIZONA AUDITOR GENERAL'S OFFICE.

WHEREAS, the Arizona Auditor General's Office requires that cities appoint a Chief Financial Officer for the purpose of submitting the annual expenditure limitation report; and

WHEREAS, the Sedona City Council believes that appointment of the City of Sedona Finance Director is the most prudent choice for this appointment.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SEDONA, ARIZONA, THAT;

The City of Sedona, through its Mayor and City Council, hereby appoints the City of Sedona Finance Director as the Chief Financial Officer (CFO) for the purpose of submitting the annual expenditure limitation report. The name and contact information of the CFO will be updated annually with the Auditor General's Office.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 13th day of August, 2019.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Robert L. Pickels, Jr., City Attorney



**CITY COUNCIL
AGENDA BILL**

**AB 2485
August 13, 2019
Regular Business**

Agenda Item: 8a

Proposed Action & Subject: Public hearing/discussion/possible action regarding a Resolution and Ordinance updating the current fee schedule for the City of Sedona Community Development Department applications.

Department Community Development

Time to Present 10 minutes

Total Time for Item 30 minutes

Other Council Meetings May 14, 2019

Exhibits A. Proposed Resolution
B. Proposed Ordinance

City Attorney Approval	Reviewed 8/6/2019 SDC	Expenditure Required	
		\$ 0	
City Manager's Recommendation	Approve a resolution and ordinance amending Community Development Department application fees.	Amount Budgeted	
		\$ 0	
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The established fee schedule for the review processes associated with Community Development applications is intended to offset the costs and expenses associated with examining and processing applications, conducting field inspections, publishing legal notices, and meeting with developer and builder applicants. These fees were last updated in August 2003.

In 2018, the Assistant Director of Community Development embarked upon an effort to update these fees. The City's Finance Department provided support in conducting a cost of service study to quantify the staff hours and costs associated with each application/review. Average time spent on various applications/processes was identified and associated personnel costs were calculated based on a percentage (typically 80%) of the maximum hourly rate from the FY19 salary schedule plus the average fringe benefit rate for each position involved. Program-specific overhead costs were calculated based on the percentage of the FY19 program-specific supplies and services budget to the FY19 program-specific personnel budget and applied the percentage to the total personnel costs identified above.

Indirect costs related to the citywide central services departments were calculated based on the percentage of the FY19 program-specific internal charges budget to the FY19 program specific personnel budget and applied to the total personnel costs identified above.

A benchmark study was completed to assess what other communities are charging for the various types of applications/reviews and a matrix was created to compare application/review type, actual cost of service, current fee for service, percent of cost recovery based on current fees, what the fees would be if simply adjusted for inflation (2003 to 2019), percent of cost recovery based on that that fee, proposed fee for service, and percent of cost recovery based on the proposed fees. These materials were included in conjunction with the materials provided at the May 14th City Council meeting.

On May 14, 2019, Staff presented to City Council and sought policy guidance from Council regarding the appropriate levels of cost recovery and fee adjustments moving forward. Based upon the feedback received, no changes were made to the proposed fee schedule included in the City Council materials. As a result of the direction, in accordance with state statute, Staff publicly posted the proposed fee schedule on May 15th to allow for the required minimum of 60 days for comment. In addition to the public notice, Staff emailed the proposed fee schedule to a list of contractors that frequently do business with the City for their comment. Staff has received no public comment regarding the proposed fee schedule amendments.

In accordance with state statute, the public comment period has passed, and Staff is bringing the proposed fee schedule back to City Council for final adoption. If adopted, the proposed fee schedule will take effect on October 1, 2019.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): The Council can decline to adopt the proposed changes to the Community Development Department Fee Schedule and the fee schedule would remain unchanged.

MOTION

I move to: approve Resolution No. 2019-___, creating a public record entitled “2019 Amendments to the Sedona Community Development Department Fee Schedule.”

After First Reading:

I move to: approve Ordinance No. 2019-___, adopting proposed changes to the Sedona Community Development Department Fee Schedule.

RESOLUTION NO. 2019-__

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA,
ESTABLISHING AS A PUBLIC RECORD PROPOSED AMENDMENTS TO THE SEDONA
COMMUNITY DEVELOPMENT FEE SCHEDULE.**

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA that the terms set forth in that document attached hereto as Exhibit A and entitled "2019 Amendments to the Sedona Community Development Fee Schedule" constitutes a public record to be incorporated by reference into Ordinance No. 2019-__.

At least one (1) paper copy and one (1) electronic copy of this public record shall be kept in the office of the City Clerk for public use and inspection.

PASSED AND ADOPTED this 13th day of August, 2019, by the Mayor and Council of the City of Sedona, Arizona.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Robert L. Pickels, Jr., City Attorney

Exhibit A

2019 Amendments to the Sedona Community Development Fee Schedule

Summary of Ordinance 2019-__ of the City of Sedona, Arizona, amending ordinance no. 03-11, by revising the fee schedule for Community Development applications. Adopted by the Sedona City Council on August 13, 2019. Effective date October 1, 2019.

Purpose and Intent

There is an established fee schedule for the review process associated with Community Development applications in order to cover the costs and expenses associated with examining, processing, conducting field inspections, publishing legal notices and meeting with developer and builder applicants, which fees shall be paid to the Community Development Department at the time of filing an application.

A. Annexation	
Base Fee	\$500.00
Additional Charges	
1. Projects over five (5) acres	\$100.00 per additional acre or portion thereof
2. Maximum Total Fee	\$3,000.00
B. Community Plan Amendment	
Base Fee, Major Amendment	\$5,000.00, plus the proportionate share of legal notice costs
Base Fee, Minor Amendment	\$3,500.00
C. Zone Change	
Includes one work session and one public hearing with the Planning and Zoning Commission and one public hearing with the City Council.	
Base Fee, Commercial/Mixed Use/Community Facility	\$5,000.00
Base Fee, Residential/Open Space	\$2,500.00
Additional Charges	
1. Projects over two (2) acres	\$200.00 per additional acre or portion thereof
D. Subdivision	
Includes two public hearings with the Planning and Zoning Commission (conceptual and preliminary plat), one public hearing with the City Council (preliminary plat), and an administrative approval by the City Council (final plat).	
1. New Subdivision/Major Amendment to Existing Subdivision Base Fee	\$4,000.00
Additional Charges	
a. Subdivisions over ten (10) lots	\$250.00 per additional lot
2. Minor Plat Amendments	
a. Three (3) or fewer lots	\$500.00
b. Four (4) or more lots	\$1,500.00
3. Land Division / Lot Line Adjustment	\$300.00
4. Land Combination	\$200.00

E. Development Review	
Includes one work session and one public hearing with the Planning and Zoning Commission. If a project has elements that are captured by multiple categories below, the additional charges from each category are added to the base fee. For example, a mixed-use project with 15,000 square feet of commercial, 20,000 square feet of lodging and 20 multi-family units would pay a fee of \$18,300 (\$2,500 base fee +\$15,000 for square footage exceeding base + \$800 for the 8 units above the base)	
Base Fee	\$2,500.00
Additional Charges	
1. Commercial / Lodging projects over 5,000 square feet	\$500.00 per additional 1,000 square feet or portion thereof
2. Group dwellings and/or multi-family projects over 12 units	\$100.00 per additional unit
F. Conditional Use Permit	
Includes one public hearing with the Planning and Zoning Commission.	
Base Fee	\$2,000.00
G. Minor Conditional Use Permit (Time Extension or Renewal)	
Base Fee	\$1,000.00
H. Development Agreement	
Includes one public hearing with the Planning and Zoning Commission and one public hearing with the City Council.	
1. New Development Agreement	\$3,000.00
2. Amendment to Existing Development Agreement	\$1,500.00
I. Conceptual Review	
Includes one public hearing with the Planning and Zoning Commission	
Base Fee	\$1,500.00
1. \$500.00 of fee will be applied to fee total of application(s) submitted for formal review should an application(s) be submitted within six (6) months of the completion of the Conceptual Review public hearing.	
J. Time Extension or Amendment of Previous Approval	
Includes one public hearing with the Planning and Zoning Commission, and, if previous application required City Council approval, one public hearing with the City Council.	
Base Fee	50% of current base fee for application type
K. Additional Public Hearings	
Fee may be waived by Community Development Director if the hearing is continued at the request of the Commission, due to a lack of quorum, or for new information requested beyond that which is typically required with each application.	
1. If a new legal notice is required	\$500.00
2. If a new legal notice is not required	\$400.00
L. Variance	
Includes one public hearing with the Board of Adjustment.	
1. Commercial/Mixed-use/Multi-family/Community Facility	\$2,500.00
2. Single Family Residential	\$850.00
M. Minor Modification	
Base Fee	\$400.00

N. Temporary Use Permit	
Fee doubled if permit submitted less than 30 calendar days in advance of event	
1. General	\$100.00
2. Organized Outdoor Community Event	\$400.00
O. Sign Permit	
1. Temporary Sign Permit	\$30.00
2. Permanent Sign	\$150.00 per sign
3. Directory Sign Panel Replacement	\$50.00
4. Master Sign Plan	
a. Administrative Review	\$100.00
b. Planning and Zoning Commission Review (one meeting)	\$450.00
c. Sign permit for property with a Master Sign Plan adopted after October 2017	\$75.00 per sign
P. Appeal	
1. Appeal of Director's determination to BOA	\$150.00
2. Appeal of Planning and Zoning Commission's action to City Council	\$750.00
Q. Historic Preservation	
1. Historic District Designation	No fee
2. Landmark Designation	No fee
3. Certificate of Appropriateness/No Effect	No fee
R. Art in Private Development	
Fee for July 2018 through June 2019	\$0.5236 per gross square foot of development
1. This fee is adjusted annually on July 1 based on the Western Region CPI	
S. Road Abandonment	
Base Fee	\$1,000.00
Additional Charges	\$25.00 for each abutting property
T. City Consultant Fees	
Base Fee (Staff will provide applicants with an estimate of any fees to be charged by an outside consultant prior to engaging their services)	100% of the City's cost associated with outside consultant review
1. Expert Review Fees for Wireless Communications Facilities	
a. Stealth Wireless Communications Facility	not to exceed \$3,000.00
b. Attached Wireless Communications Facility	not to exceed \$3,500.00
c. Collocation on Existing Antenna Support Structure	not to exceed \$4,000.00
d. Replacement of Existing Antenna Supporting Structure	not to exceed \$4,500.00
e. New Antenna Support Structure	not to exceed \$7,500.00
f. AM/FM/TV/DTV Antenna Support Structure	not to exceed \$10,000.00
U. Non-commercial Amateur Wireless Facility	
Base Fee	\$100.00
V. Written Interpretation of the Land Development Code	
Base Fee	\$350.00
W. Zoning Verification Letter	
Base Fee	\$250.00 per parcel

X. Urban Agriculture (Bee/Chicken) Permits	
Base Fee	\$50.00
1. If both bees and chickens are proposed, the \$50.00 fee shall apply to each (total of \$100)	
Y. Multiple Applications	
In instances where more than one review process involving a public hearing are required and applications are filed at the same time and processed concurrently (for example, a zone change and development review or subdivision approval and a zone change), there shall be a full charge for the highest priced application and a 85% charge for the lower priced application(s).	
Z. Other Considerations	
All fees doubled for review of application(s) for work performed or use/occupancy without permits.	
Application fees may be reduced pursuant to the Developer Incentives and Guidelines for Affordable Housing for those projects meeting the adopted affordable housing policies of the City of Sedona.	
Upon the approval of the Community Development Director, fees for any of the following applications may be reduced or waived for organizations possessing tax exemption under Section 501(c)(3) of the Internal Revenue Code and are proposing a project/development that provides a direct community benefit as identified in the Community Plan and/or City Council's adopted priorities.	
State licensed day care facilities and pre-schools, and public schools with classes from kindergarten to 12th grade (including charter schools) pay 50% of the calculated fees of each application type requested.	

ORDINANCE NO. 2019-__

**AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA,
ARIZONA, ADOPTING PROPOSED AMENDMENTS TO THE SEDONA COMMUNITY
DEVELOPMENT DEPARTMENT FEE SCHEDULE.**

BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SEDONA,
ARIZONA, THAT:

Section 1: Adoption of Consolidated Fee Schedule

That document made a public record by Resolution 2019-__ and entitled "2019 Amendments to the Sedona Community Development Department Fee Schedule" is hereby approved and all amendments to the Community Development Fee Schedule set forth therein will become effective on October 1, 2019, or when as so indicated in the schedule.

Section 2: Repeal

All other code provisions, ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed to the extent of such conflict as of the effective date hereof.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona,
Arizona, this 13th day of August, 2019.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Robert L. Pickels, Jr., City Attorney



**CITY COUNCIL
AGENDA BILL**

**AB 2464
August 13, 2019
Regular Agenda**

Agenda Item: 8b

Proposed Action & Subject: Discussion/possible action to approve the publication of a Notice of Intention to Increase Wastewater Rates in accordance with A.R.S. § 9-511.01 and to set a public hearing date at which time Council will consider adoption of a final ordinance changing the City's wastewater rates and rate structure.

Department	Financial Services/Wastewater
Time to Present	15 minutes
Total Time for Item	90 minutes
Other Council Meetings	November 13, 2018 (approval of consultant contract) March 26, 2019 (discussion of policy direction)
Exhibits	A. 2019 Wastewater Rate Study Report B. Sampling of Individual Account Comparisons C. Consultant's PowerPoint Presentation

City Attorney Approval	Reviewed 8/6/2019 SDC	Expenditure Required	\$ 0
City Manager's Recommendation	Discuss and possibly take action to approve the publication of a Notice of Intent to Increase Water Rates.	Amount Budgeted	\$ 0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background:

On November 13, 2018, Council approved a contract award to Willdan Financial Services (consultants) for a wastewater rate study. On March 26, 2019, the consultants presented preliminary findings and recommendations of the wastewater financial plan, cost of service analysis, and rate study, as an opportunity for Council to provide direction regarding policy decisions related to the rate structure.

During this meeting, the Council will be asked to approve a Notice of Intention to Increase Wastewater Rates in accordance with the consultant recommendations and to set a future public hearing date for no later than October 22, 2019. The new rates would be effective December 1, 2019. See the Estimated Timeline and Remaining Action Items section for further details.

The final consultant report for the wastewater rate study is attached as Exhibit A. The consultants, Pat Walker and Kevin Burnett, will be available to present the report and answer questions. The consultants' presentation includes a comparison of the new rates to wastewater rates of other cities and is attached as Exhibit C.

Policy Direction Provided:

During the March 26, 2019 Council meeting, the Council provided the following direction regarding policy decisions related to the rate structure:

- **Rate structure – fixed monthly/variable water usage-based**
 - One of the areas the consultants were asked to provide recommendations was the best fit for the City regarding continuing with primarily a fixed monthly rate structure or a variable water usage-based rate structure. With the various concerns that were discussed with the consultants, the model they presented was based on their recommendation of a water usage-based rate structure. The concerns that this proposed rate structure addresses include:
 - Equity of rates for restaurants. As discussed in previous meetings, restaurant rates vary significantly depending on whether the rate is based on square footage or water usage. In addition, the current square footage rate does not consider hours of operation or types of restaurant (take out, sit down, fast food, etc.).
 - Commercial properties with shared restrooms. Some commercial buildings are segregated as separate parcels for each unit. Under the current rate structure, each parcel is assessed at least the commercial minimum rate.
 - Equity of rates for residential properties. Currently, residential properties fall into the following categories: standard, low-flow, low-income, and multi-family rate. This does not consider factors such as house size/number of occupants, part-time residents, or short-term rental activity.
 - Council concurred with the recommendation to transition to a water-based rate structure.
 - Arizona Water Company has agreed to provide monthly water usage data for a fee of \$125 per month. Oak Creek Water Company has also agreed to provide monthly water usage data and does not charge for providing the data.

- **General Fund subsidies to the Wastewater Fund**
 - The prior rate study recommended a gradual elimination of the General Fund subsidies as follows:

Fiscal Year	Percent of General Fund Sales Tax Revenues
FY 2019-20	20%
FY 2020-21	20%
FY 2021-22	20%
FY 2022-23	15%
FY 2023-24	15%
FY 2024-25	15%
FY 2025-26	15%
FY 2026-27	0%

- A.R.S. § 9-530 requires municipal utilities to set rates sufficient for the utility to be self-supported. The City Attorney has previously indicated that he feels comfortable with the previous rate study’s recommendation for the gradual elimination of the General Fund subsidies as a demonstrated plan for the Wastewater Fund to become self-supported.
- The current elimination of the subsidy was timed with the final bond payment. The remaining Wastewater bond payments for FYs 2019-20 through 2025-26 average \$4.6 million per year.
- The FY 2018-19 subsidy of 25% of General Fund sales tax revenues is currently estimated at \$4.5M. Using the 20% subsidy recommended in the prior rate study, the FY 2019-20 subsidy is estimated at \$3.6M.
- Due to the significant growth in sales tax revenues over the past several years, the estimated subsidies in the last rate study were significantly lower than the actual subsidies realized since the actual subsidies were calculated based on a percentage of actual sales tax revenues.
- Staff recommended and Council concurred with a continued gradual reduction of the General Fund subsidies based on a fixed dollar amount instead of a percentage of actual sales tax revenues calculation. The rate forecasting model prepared by the consultants includes the following General Fund subsidies:

Fiscal Year	Proposed General Fund Subsidies
FY 2019-20	\$3,447,000
FY 2020-21	\$3,400,000
FY 2021-22	\$3,300,000
FY 2022-23	\$3,200,000
FY 2023-24	\$3,100,000
FY 2024-25	\$3,000,000
FY 2025-26	\$2,900,000
FY 2026-27	\$0

- **Non-sewer related water usage.**

- Some customers have separate meters for landscaping or fire sprinklers which would facilitate excluding that water usage from wastewater billing calculations. Some wastewater utilities use a winter average water usage calculation to exclude an estimation of summer water usage for irrigation. However, this could have the effect of excluding the higher water usage related to short-term rental activity.
- Previously, Council has chosen to implement certain measures to promote water conservation. This has included a lower rate for customers using low-flow toilets, as well as a rebate program to pay for a portion of the replacement of older toilets with newer low-flow toilets.
- If there were no adjustment for estimated irrigation use other than separately metered landscaping, this could be considered a “penalty” for those customers who continue to irrigate and an incentive for customers to choose to irrigate less.
- Council directed an adjustment be made for summer water usage based on the average increase compared to winter water usage. Based on the water data provided by Arizona Water Company and Oak Creek Water Company, the average increase in summer water usage is 35% for residential and 25% for nonresidential. The rate structure prepared by the consultants reflects the assumption that 65% of residential water usage and 75% of nonresidential water usage will be billed for May through September.

- **Separate rates for low-flow customers.**

- Currently, customers using low-flow toilets are granted a lower monthly rate. This was an approach that Council had taken to encourage water conservation.
- Transitioning to a water usage-based rate structure would automatically generate a lower monthly bill when water usage is lower. If water usage in the home other than toilets is higher, this could offset any savings for lower water usage of low-flow toilets.
- The number of accounts on the standard rate compared to the low-flow rate have changed significantly since the last rate study as follows:

Classification	May 2013	June 2019
Standard Rate	2,791	2,090
Low-Flow Rate	2,233	2,758

- While some of the changes from standard to low-flow rates are a result of replacement of toilets to comply with the program, we estimate approximately 70% of the rate changes are the result of customers who were not previously aware of the program and already had the low-flow toilets.
- All new toilets since 1994 have been mandated to meet low-flow requirements, so all newly constructed homes are automatically set up with the low-flow rate.
- Staff recommended and Council concurred with using one standard rate for residential customers. A low-income subsidized rate would still be offered.

- **Rate determination for mixed use accounts.**
 - While some customers have separate meters for different uses such as landscaping, other customers may have one meter for multiple functions such as restaurants, hotel rooms, retail, etc.
 - Since it would be difficult to identify the water flows or impacts of each use on one meter, staff recommended, and Council concurred with, billing at the highest applicable rate.
 - However, as staff and the consultants worked through the data for these situations, it became more and more problematic and ultimately deemed too subjective to implement fairly. This is discussed further in the Proposed Rate Structure – Monthly Fees section.

- **Debt financing of capital improvements.**
 - Currently, the City is cash funding all capital improvements. There are significant capital costs in some years and much smaller capital costs in other years.
 - Structuring wastewater rates based on cash funding projects has the result of raising rates higher than a model that assumes debt financing would be utilized.
 - Debt financing has the effect of smoothing out costs and allocates the costs of the improvements to the system users who are actually using those improvements over a greater portion of the life of those improvements. Debt financing for this purpose is allowable under the Debt Management Policy adopted by the City Council in November 2017.
 - Staff recommended considering debt financing for larger projects to minimize the need for rate increases and to improve intergenerational equity with the distribution of costs over several years.
 - Since the significant capital costs were postponed to future years other than the FY 2019-20 projects, and since adequate fund balances are projected for at least the next five years without any increases in monthly rates, staff does not anticipate the need for debt financing of wastewater projects ***assuming no significant changes occur that impact the rate forecast model.*** See the Proposed Rate Structure – Capacity Fees section for proposed annual increases in capacity fees.

- **Fee waivers.**
 - Currently, the City Code does not grant staff the authority to waive wastewater fees. The only flexibility granted to staff is the ability to waive late fees. This is reasonable under a fixed monthly rate structure since when the effect of waiving fees results in other rate payers paying for the costs associated with those fees.
 - In a water usage-based rate structure, situations can arise that cause inequities, and it would be reasonable to allow limited ability to waive fees. For instance, if a customer can demonstrate that they had a water leak that had no sewer impact, their water usage would remain unchanged, but a credit to their account would be reasonable.
 - Staff recommended and Council concurred with changing the City Code to grant limited ability to waive fees in a reasonable proportion to demonstrated unusual water usage that had no wastewater impacts. This along with various other changes to the City Code, as a result of changing the rate structure, will be brought to Council for approval once the new rates are approved.

- **Capacity fee structure.**

- Currently, the capacity fees vary by category and are based on a fee per connection, square foot, or other counts applicable to the type of business.
- The consultants did not agree that the prior methodology provided adequate nexus to the impacts on the wastewater system or adequate comparability between categories.
- Staff requested a methodology utilizing square footage similar to the approach used in the development impact fee study; however, the consultants did not agree that there would be adequate nexus to the impacts on the wastewater system under this type of methodology either.
- During the March 26, 2019 Council meeting, the consultants had presented a methodology basing capacity fees on meter size with options for assessing a ¾-inch meter or a 1-inch meter with the average residential capacity fee.
- Council had concurred with the methodology using meter size and directed that the average residential capacity fee be based on the assumption of a 1-inch meter.
- However, as staff and the consultants have worked through the data since that time, there were concerns about how broadly meter sizes would be applied. This is discussed further in the Proposed Rate Structure – Capacity Fees section.

Proposed Rate Structure – Monthly Fees:

The proposed rate structure for monthly fees was developed assuming a tiered base charge to cover fixed costs of the wastewater system and a variable flow rate based on water usage.

The proposed rate structure is based on the assumption that all sewered properties will be on a municipal water system. Currently, there are no sewered properties in Sedona on well water, and staff does not anticipate sewer services to be extended to areas without municipal water.

Monthly Base Charge. The base charge would be assessed according to meter size and would be charged to all metered accounts regardless of water usage, except meters dedicated to irrigation or fire sprinklers as these have no impact on the wastewater system. There are numerous instances of both residential and nonresidential developments with multiple homes/units/suites served by one water meter. For instance, there is a homeowners' association in Sedona with 104 homes on a 6-inch meter. The consultants recommended the best approach to address these types of situations was to determine base charges on meter size.

Water-Usage Flow Rate. The flow rate component of the monthly fee would be separately assessed for single-family residential, multi-family, and nonresidential based on water usage. During the March 26, 2019 Council meeting, the consultants had presented a methodology basing the nonresidential flow rate on waste strength factors; however, as staff and the consultants worked through the data, there were concerns about administrative issues with this type of approach. Nearly 50% of the existing nonresidential accounts are not separately metered. To develop an approach to equitably assess fees for this many mixed-use accounts would be administratively prohibitive and was ultimately deemed too subjective. As a result, one averaged flow rate for all nonresidential was determined to be the most equitable approach.

As previously discussed, water usage would be adjusted in summer months based on an assumption that additional water summer water usage is associated with irrigation and swimming pools which do not have an impact on the wastewater system. The rate structure prepared by the consultants reflects the assumption that 65% of residential water usage and 75% of nonresidential water usage will be billed for May through September. This is based on the average increases in summer water usage, and the adjustment would be applied uniformly to all accounts regardless of their actual water usage.

Monthly Stand-By Rate. With a water-based rate structure, the billing would be based on metered accounts, not parcels or suites. Therefore, the customers would be determined and billed based on the water meter. In the instance of the previously mentioned homeowners' association with 104 homes on one meter, there would be one monthly bill sent to the customer of record on the water meter, and it would be up to that customer to determine how to share the costs among the various lots. In this particular case, there are several lots undeveloped that under the current rate structure are assessed a stand-by fee. Under the new rate structure, the base charge assessed based on meter size would account for the fixed costs associated with maintaining the extra system capacity available for these lots upon connection.

Conversely, properties with sewer availability that are not preplanned to connect to an existing meter will continue to be assessed a fixed monthly stand-by fee under the new rate structure.

Future Increases. The analysis was based on water usage levels obtained from Arizona Water Company and Oak Creek Water Company. If customers change behaviors and reduce their average water usage, this could result in lower than anticipated revenues. Currently, the City has sufficient fund balances in the Wastewater Fund to cover costs for at least the next five years even with an estimated reduction in average water usage and, therefore, an estimated reduction in total revenues; however, this **assumes no significant changes occur that impact the rate forecast model**, such as accelerating significant capital projects.

Budget Billing Program. With the new rate structure and the built-in variability of monthly bills based on water usage, staff plans to consider implementation of a "budget billing" program and evaluate the impacts of such a system. Budget billing programs offer a consistent monthly payment based on historical water usage levels with a provision for making up any difference between the actual annual total and total amount paid either in the last month of a 12-month cycle or rolling over the difference into the next 12-months.

Proposed Rate Structure – Capacity Fees:

Capacity fees are charged to new development and expanded capacity remodels to cover the capital costs of the existing wastewater system that was intentionally built with extra capacity to accommodate future needs, as well as capital costs for projects that add to the system capacity.

The proposed rate structure for capacity fees is based on supply fixture units (SFUs). SFUs are a measure of the probable discharge into the drainage system by various types of plumbing fixtures and was based on the City's adopted plumbing code.

SFU-Based vs. Meter-Based. During the plan review process, the SFUs for new construction and significant remodels are calculated to ensure adequate sizing of water meters, service pipes, and distribution pipes, and based on maximum development length. A ¾-inch meter can service anywhere from 0-32 SFUs depending on the sizing of distribution pipes and changes in the maximum development length. Therefore, a meter-based capacity fee for a ¾-inch meter would be the same for a tiny home and a substantially larger home. A typical 2,000-3,500 square foot home in Sedona can be 22.7 SFUs (calculated assuming 3 full bathrooms, kitchen, wet bar, and laundry room with a sink) and would still be a ¾-inch meter.

Staff was concerned about how broadly the meter sizes would be applied and how it could potentially inhibit construction for affordable housing. An SFU-based capacity fee takes the analysis a step further in differentiating the potential impacts on the wastewater system capacity.

SFU Ranges. The rate study proposes assessing capacity fees based on ranges of SFUs up to 55.0 SFUs and a per SFU fee for amounts exceeding 55.0. These ranges are anticipated to accommodate up to very large single-family homes that are being built in Sedona.

Nonapplicable Fees. In addition, additional capacity fees would not be applicable for remodels adding 3.0 SFUs or fewer. Excluding 3.0 SFUs allows for remodels that only redistribute sewer flows from one fixture to another and likely do not increase sewer flows. Examples include adding a powder room for temporary guests, adding a bar sink, or adding a laundry sink. In each of these examples, the sewer flows are likely already occurring, and the additional fixture is simply a convenience for the property owner.

Annual Increases. As with the prior rate study, the consultants are recommending the capacity fees be escalated annually using the Engineering News Record construction cost index.

Other Wastewater Fees:

The following fees are policy decisions and not cost-based calculated fees.

Residential Low-Income Subsidized Rate. Currently, there are 55 accounts in the residential low-income subsidized rate program. Under the current rate structure, the residential low-income subsidized rate is \$32.17 per month, approximately 47% of the standard residential rate. At the time that the prior rate study was adopted, the residential low-income subsidized rate was approximately 42% of the standard residential rate. Over time, the application of percentage rate increases resulted in smaller increases in the residential low-income subsidized rate compared to the standard residential rate.

Currently, customers must meet the following requirements to qualify for the residential low-income subsidized rate:

- Must be a residential account – commercial accounts are ineligible
- Must not be delinquent
- Must use 5,000 gallons of water or less per month per person
- Must be primary residence and may not own any other real estate
- Must demonstrate legal lawful presence in the U.S.
- Income must be within CDBG program limits based on household size established by county

Even with these requirements, staff believes there are customers with approved low-income status that have accumulated wealth that does not put those customers in a category of need. Also, staff believes there are customers who would qualify for the low-income status, but they refuse to apply.

If the Council chooses to continue offering a low-income subsidized rate, staff will work to enhance the qualification requirements similar to low-income programs for veterans that require disclosure of significant assets (e.g., real property holdings, 401(k) accounts, etc.), not just monthly income, to help ensure those with the greatest need are receiving the benefits of the program.

Staff researched a few other utilities to find out about discount programs offered:

- The APS limited income program offers a 25% discount on electric bills.
- The Unisource limited income program for residential gas service offers a 26% discount on the base charge and a 44% discount on the per-therm fee.
- Other Verde Valley cities:
 - City of Cottonwood, Town of Camp Verde, Town of Clarkdale, and Town of Jerome do not offer low-income programs.
- Other Arizona cities:
 - The City of Tucson low income assistance program offers a 50% discount on water and trash services and up to a 75% discount on sewer services.
 - City of Tempe and City of Mesa have separate 501(c)(3) organizations that solicit donations to fund utility subsidies for low-income assistance. These organizations determine who receives the subsidies and how much. They pay the subsidized amounts to the cities to cover the lost revenues.
 - City of Scottsdale, City of Flagstaff, Town of Oro Valley, Town of Payson, and Town of Paradise Valley do not offer low-income programs.
- Other cities:
 - The Town of Telluride has an elderly very low-income program that offers a 50% discount.
 - The City of Steamboat Springs low-income seniors program offers a 50% discount.
 - The City of San Clemente low-income ratepayer assistance program offers an average discount of approximately 46%.
 - The City of San Francisco community assistance program offers a 35% discount on sewer charges.
 - The South Tahoe Public Utility District customer assistance program offers a 25% discount.

- Town of Breckenridge, City of Del Mar, City of Laguna Beach, and City of Monterey do not offer low-income programs.

If the Council chooses to continue offering a low-income subsidized rate, staff recommends setting a low-income subsidized rate as a fixed percentage discount.

Of the 55 customers currently receiving the low-income rate, prior to applying a low-income discount, the total annual billed amounts under the new rate structure with no discount applied would range from \$355.92 to \$791.90 based on water data provided, and the total for all those customers would be \$28,871 based on water data provided. Under the current rate structure, those customers all pay \$386.04 annually, and 2 customers would have lower annual totals under the new rate structure with no discount applied due to very low water usage. The following summarizes the impact of various discount percentages:

	0% Discount	25% Discount	35% Discount	50% Discount
Number of accounts with reduced annual totals compared to current annual amount (based on water data provided)	2	27	42	54
Range of reductions in annual totals less than current annual amount (based on water data provided)	\$8.36 to \$30.12	\$3.76 to \$119.10	\$4.28 to \$154.69	\$7.31 to \$208.08
Range of increases in annual totals exceeding current annual amount (based on water data provided)	\$2.77 to \$405.86	\$1.91 to \$207.89	\$9.46 to \$128.70	\$9.91
Total annual amounts under the new rate structure for all 55 accounts (based on water data provided)	\$28,871	\$21,653	\$18,766	\$14,435
Increase (decrease) in total annual amounts compared to current rate structure	\$7,639	\$421	\$(2,466)	\$(6,797)

Deferred Connection Fee. Currently, there are 46 accounts with deferred connection agreements. Those agreements set the monthly deferred connection fee at one-half the prevailing monthly residential sewer rate (currently \$30.55 per month). Currently, the stand-by fee (sewer availability charge) is also one-half the prevailing monthly residential sewer rate.

Offering a deferred connection fee is a policy decision and not a cost-based calculated fee; however, there is a reasonable relationship between undeveloped property and developed but unconnected property for which extra capacity in wastewater system is available upon connection. Since there will no longer be a fixed prevailing monthly residential sewer rate, staff recommends amending these agreements to set the monthly deferred connection fee equal to the prevailing stand-by fee (proposed as \$32.12 per month).

Environmental Penalty Fee. Currently, there are 19 accounts assessed a monthly environmental penalty fee. These are developed properties that either were not offered deferred connection agreements or chose not to enter into deferred connection agreements with the city. Currently, the monthly environmental penalty fee is twice the current standard monthly service charge (\$122.22 per month).

The assessment of an environmental penalty fee is a policy decision and not a cost-based calculated fee; however, it is intended to penalize those properties who have not come into compliance with City Code. Since there will no longer be a standard monthly service charge, staff recommends setting the environmental penalty fee at four times the prevailing stand-by fee, which would equal \$128.48 per month.

Comparison of Current Customer Bills to Estimated New Customer Bills:

The following is a comparison of the total annual current customer bills to the estimated new customer bills by category for accounts that have a one-to-one relationship between currently billed wastewater accounts and water meters:

Category	Number of Accounts	Current Annual Total	Estimated New Annual Total	Estimated Average Annual Increase (Decrease)	Estimated Range of Annual Increases (Decreases)	Accounts with Increases Greater Than 10% and 50%
Residential (only accounts with one-to-one relationship)						
Standard Rate	1,999	\$1,465,907	\$1,439,358	\$(13)	\$(377) to \$2,914	>10%: 543 or 27% >50%: 190 or 10%
Low-Flow Rate	2,486	1,425,763	1,696,220	105	\$(214) to \$7,436	>10%: 1,046 or 42% >50%: 433 or 17%
Multi-Family	22	106,308	62,541	(1,784)	\$(5,298) to \$(42)	None
Nonresidential (only accounts with one-to-one relationship)						
Theater/Library/Church	22	31,952	47,771	719	\$(1,159) to \$6,540	>10%: 10 or 83% >50%: 6 or 27%
Department/Retail Store	61	26,836	71,322	729	\$(69) to \$11,183	>10%: 47 or 77% >50%: 33 or 54%
Hotel/Motel/RV Parks	14	64,007	84,045	1,431	\$(2,635) to \$8,760	>10%: 9 or 64% >50%: 6 or 43%
Fitness Center/Beauty Salon	6	5,825	7,446	270	\$(1,542) to \$1,721	>10%: 5 or 83% >50%: 2 or 33%
Market	1	3,008	3,591	582	\$582	19% increase
Mortuary	1	4,753	949	(3,804)	\$(3,804)	None
Office/Medical Building/Manufacturing/Contractor	88	45,708	96,755	580	\$(478) to \$6,638	>10%: 55 or 63% >50%: 37 or 42%
Repair Shop/Service Station	6	3,612	7,765	692	\$(121) to \$3,795	>10%: 4 or 67% >50%: 1 or 17%
Restaurant	29	178,827	120,075	(2,026)	\$(9,023) to \$1,991	>10%: 5 or 17% >50%: None
School/College	3	6,856	5,964	\$(297)	\$(2,519) to \$1,055	>10%: 2 or 67% >50%: 2 or 67%
Other Commercial	10	4,595	5,402	81	\$(77) to \$438	>10%: 4 or 40% >50%: 2 or 20%
Other						
Stand-by Fees	1,058	387,863	407,796	19	\$19	5% for 100%

Staff believes the variation within categories is a demonstration of the inadequacies of the current rate structure. A fixed-rate structure does not account for the variation in flows from one business to another. In addition, under the current rate structure, the changes in service categories offered by a particular business are not always captured. Examples of comparisons for individual accounts have been included in Exhibit B and demonstrate the variability that occurs within the categories.

Comparison of accounts that do not have a one-to-one relationship will require a substantial amount of manual effort and will be part of the implementation process if Council chooses to proceed with the new rate structure.

Due to the potential variability of wastewater bills from month to month, staff is proposing to use the budget billing methodology previously discussed as a default for all accounts unless the customer chooses to opt out of the budget billing program.

Estimated Timeline and Remaining Action Items:

The estimated timeline and remaining action items are as follows:

Task	Date
Council Adoption of Notice of Intent to Increase Rates/Set Public Hearing Date (at least 60 days before Public Hearing)	August 13, 2019
Begin Implementation Process	Starting August 14, 2019
Outreach Meetings/Communications	To be Determined
Rates and Study Details Posted and Available for Review (at least 30 days before Public Hearing)	On or before September 22, 2019
Publish Notice of Intent (at least 20 days before Public Hearing)	On or before October 2, 2019
Public Hearing/Adoption of Rates	October 22, 2019 (possibly later)
Adopt Changes to City Code to Accommodate the New Rate Structure	October 22, 2019 (possibly later)
Effective Date of New Rates (at least 30 days after adoption)	To be Determined
Effective Date of City Code Changes (at least 30 days after adoption)	To be Determined

Notice of Intent. While the rate study was structured to maintain current revenue levels, a Notice of Intent to Increase Rates and a public hearing are required for proposed rate structure since some customers will have increases in their monthly bills and/or capacity fees. Other customers will experience decreases in their monthly bills and/or capacity fees. The combination of some customers with lower bills and others with higher bills are anticipated to offset each other and maintain no increases in total monthly rate revenues.

Outreach Meetings/Communications. Prior to the public hearing, staff plans to conduct a variety of outreach efforts to communicate the significant changes in the new rate structure. While some of the outreach efforts will be aimed at communicating the new structure in general, we also anticipate facilitating outreach meetings geared to customer categories that will see more of an impact on their monthly bills, as well as customers who will assume responsibility for water-based billing for one meter that was billed to multiple accounts under the current fixed-rate parcel/suite-based methodology. Methods of outreach may include the following:

- Group meetings
- One-on-one meetings
- City Talk article
- City and Xpress Bill Pay websites
- City social media posts
- Mailers
- Messages on wastewater bills
- Proactively discussing with customers who call for other reasons
- Explanation of new bill sent with first billing under new rate structure

Effective Date of New Rates. The earliest that the new rates could be effective would be December 1, 2019. Due to the extent of the changes in individual bills under the proposed rate structure, staff is proposing consideration of a later effective date. This not only would accommodate time for outreach efforts but allow customers time to make adjustments in their practices, such as the following:

- For accounts with one meter serving multiple customers under the current methodology, landlords/property owners may need time to amend leases or other agreements and will need to decide how to split the costs.
- Installing a separate meter for water usage that does not impact the wastewater system, such as irrigation, fire sprinklers, swimming pools, etc.
- Seeking and implementing methods to be more conservative with water usage.

Implementation Process. As discussed in previous meetings, implementation of a significantly different rate structure is a substantial undertaking, and staff anticipates workloads to be increased for the next several months. A very lengthy list of implementation tasks has been identified and is anticipated to take several months to complete. In addition, after implementation staff anticipates a higher volume of customer calls and walk-ins with questions about the new rate structure, water meter reads, bill calculations, etc. that will likely be higher initially and eventually lessen but would be still be ongoing as is typical for wastewater utilities using a water-based rate structure. Discussions are underway to shift certain duties such as the business licensing process to accommodate the additional workload anticipated.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Continue with rate structure as is or propose alternatives for the consultants' consideration.

(Option A – continue residential low-income subsidized rate program at discount proposed by Council)

I move to: approve a Notice of Intention to Increase Wastewater Rates:

- in accordance with the recommendations as outlined in the 2019 Wastewater Rate Study for both the monthly fees and capacity fees,
- based on a Council policy decision to continue the residential low-income subsidized rate program at a discount of ___% (or a discount of \$___ per month),
- based on a Council policy decision to set the monthly deferred connection fee equal to the prevailing stand-by fee, and
- based on a Council policy decision to set the environmental penalty fee at four times the prevailing stand-by fee;

and set a future public hearing date for no later than October 22, 2019.

(Option B – discontinue residential low-income subsidized rate program)

I move to: approve a Notice of Intention to Increase Wastewater Rates:

- in accordance with the recommendations as outlined in the 2019 Wastewater Rate Study for both the monthly fees and capacity fees,
- based on a Council policy decision to set the monthly deferred connection fee equal to the prevailing stand-by fee, and
- based on a Council policy decision to set the environmental penalty fee at four times the prevailing stand-by fee;

discontinue the residential low-income subsidized rate program; and set a future public hearing date for no later than October 22, 2019.

City of Sedona, Arizona



2019

Wastewater Rate Study





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Section 1 – Executive Summary

The City of Sedona (City) provides sewer service to residential and non-residential customers within the City's boundaries, while water service is provided by two private water companies. The City's sewer utility is an enterprise fund with the intention of being self-supporting. The sewer utility's rate and capacity fee revenues fund the operations and maintenance (O&M), repair and replacement and expansion of the sewer system. The sewer utility does have outstanding debt which is currently being subsidized from sales tax revenues. The main objective of the study was to develop 10-year financial plans that promoted the self-sustainability of the sewer utility, including recommended rate revenue adjustments as needed starting in fiscal year 2024-2025. For purposes of this report the focus will be for the next five years through fiscal year 2023-2024.

1.1 Study Overview

The City contracted with Willdan Financial Services and Pat Walker Consulting LLC (collectively the "Willdan Team"), to complete a sewer rate study which was comprised of the following objectives:

- **Five-Year Financial Plan:** Identify the revenues required by each utility to meet the respective annual costs of operation and system expansion.
- **Rate Review:** Review the City's existing sewer rates and analyze their adequacy to meet projected revenue requirements and ability to meet the City's objectives.
- **Financial Models:** Develop and provide the City with financial models reflecting projected revenues and expenditures that City staff can use as a tool to track the financial health of the utility in the future.

1.2 Financial Plans

A 10-year financial plan was developed based on projected revenues and expenditures, system growth and recent consumption and discharge trends, however, this report focuses on the financial projections over the next 5 years. The projections reflect the best available information and assessments developed and refined through numerous meetings between the Willdan Team and City staff. Upon completion of the financial plans it was determined that revenues generated through system growth and utilization alone were sufficient over the next five years to meet anticipated expenditures and no additional revenue increases are required over the next five years. There are, however, changes proposed to the rate structure itself and there are proposed increases to the City's capacity fees. Both topics are discussed further in the balance of this report.

1.3 Cash Reserve Targets

Through the study process the Willdan Team worked with City staff to identify and recommended financially prudent cash reserve targets for the utility to help ensure the financial viability of the sewer enterprise fund. The cash reserve targets include:



-
- **Operating Reserve:** Cash reserve equivalent to 90 days of annual operations and maintenance expenses.
 - **Capital Improvement Reserve:** Available to fund repair and replacement capital projects.
 - **Major Maintenance Reserve:** Available to fund significant maintenance costs.
 - **Equipment Replacement Reserve:** Reserve requirement to fund the replacement of major equipment.

1.4 User Rates and Capacity Fees

As identified in section 1.2, no *rate revenue* increases are projected during the five-year study period, however, with a change in the proposed rate structure some customers may see an increase in their monthly bill. There are, however, changes proposed to the rate structure itself and there are proposed increases to the City's capacity fees. Both topics are discussed further in the balance of this report.

1.5 Findings and Recommendations

It is recommended that the City update the revenue sufficiency analysis portion of this study each year to ensure projected revenue is sufficient to fund projected expenses going forward as assumptions made during this analysis may change and have a material impact upon the analysis. As customer usage and discharge patterns change or the composition of the City's customer base changes considerably, the City should conduct an in-depth cost of service analysis to ensure appropriate allocation of costs to customer classes.



Section 2 - Introduction

2.1 Introduction

Willdan Financial Services and Pat Walker Consulting LLC (“the Willdan Team”) was retained by the City of Sedona, Arizona (“City”) to conduct a Sewer Rate Study (“Rate Study”) and Sewer Capacity Fee Study (Capacity Study) for the City’s sewer utility (“Utility”). This report details the results of the Rate Study and Capacity Study analysis for a 10-year period with a focus on the five-year forecast period, fiscal year (FY) 2019-20 through FY 2023-24, the results of which are presented in this Rate Study Report.

The results of the Rate Study presented herein are a financial plan and capacity fees designed to provide revenues sufficient to fund the ongoing operating and capital costs necessary to operate the City’s sewer utility, while striving to meet the financial requirements and goals set forth by the City’s for the sewer enterprise fund for self-supporting sufficiency.

Based on discussion with City staff, this report presents the recommended financial plans and adjustments to the rate structure meet the City’s objectives.

2.2 Goal and Objectives

The primary goal of the Rate Study was to develop financial plans that identify the adequacy of the current revenue streams to meet its ongoing costs (operations & maintenance, debt service and capital), and to maintain industry standard financially prudent cash reserves for the utilities. More specifically the Rate Study was undertaken to:

- Conduct the analysis in accordance with industry standards consistent with American Water Works Association (AWWA) and Water Environment Federation (“WEF”) guidelines;
- Develop financial plans consistent with industry standards and best practices while recognizing the needs specific to the City; and
- Recover rates equitably amongst customers based on their use and demands placed on the system.

2.3 Overview of the Rate Study Process

The rate study process consists of two primary study components. First, a determination of the adequacy of system revenues to meet system expenses during the study forecast period must be made. The results of this analysis, known as the Revenue Sufficiency Analysis, is an assessment of the ability of the existing revenue stream to meet the projected financial requirements of the system during the forecast period and, to the extent required, the identification of the magnitude and timing of any required rate adjustments.

Next, a determination of the adequacy of existing user rates and charges to meet the City’s goals and objectives. This entailed a review of the City’s current rates and charges.



2.4 Organization of this Report

This Rate Study presents an overview of the rate-making concepts employed in the development of the analysis contained herein. The analysis is followed by a discussion of the data, assumptions and results associated with each component of the analysis. Finally, appendices with detailed schedules are presented for further investigation into the data, assumptions and calculations which drive the results presented in this Rate Study. The tables in this report focus on the first five years of the study period while the appendices provide a summary of the entire 10-year study period. The report is organized as follows:

- Section 1 – Executive Summary
- Section 2 – Introduction
- Section 3 – Overview of Utility Rate-Making Principles, Processes and Issues
- Section 4 – Rate Study Development and Results
- Section 5 – Capacity Fees
- Section 6 – Conclusions and Recommendations
- Appendix A –Financial Plan
- Appendix B –Cost of Service Analysis and Rate Design
- Appendix C – Capacity Fee Analysis

2.5. Reliance on Data

During this project the City (and/or its representatives) provided the Willdan Team with a variety of technical information, including capital cost and demographic data. This data was used by the Willdan Team in the process of developing the rates and capacity fees. The Willdan Team did not independently assess or test for the accuracy of such data historic or projected but worked with City staff to better understand the data and believe it to be the best available information at the time of the study.

2.6. Acknowledgements

We wish to extend our appreciation to the City and its staff for their cooperation during the progress of this study. In particular, we would like to thank Ms. Cherie Wright, Finance Director, Ms. Roxanne Holland, PE, Wastewater Manager and Mr. Derrick Beracy, Budget and Accounting Supervisor.

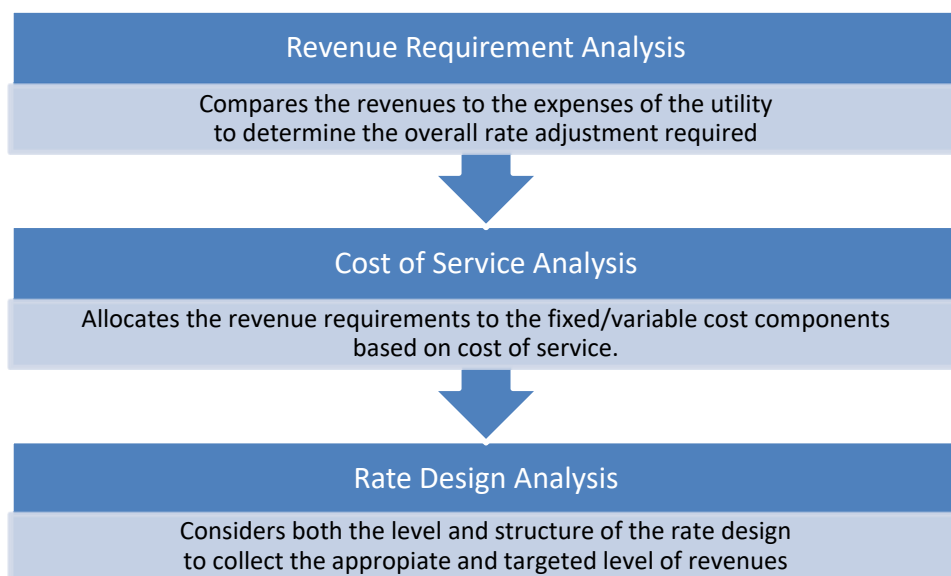


Section 3 – Overview of Financial Planning and Rate Making Principles, Processes and Issues

3.1 Introduction

The scope of this study included the development of a sewer financial plan for the planning period FY 2018-19 through FY 2027-28. Utility rates must be set at a level where operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level could lead to insufficient funds being available to adequately maintain the system. A comprehensive rate study typically consists of following three interrelated analyses:

- I. **Financial Planning/Revenue Requirement Analysis:** Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, debt financing, and retirement of any outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and the City of Sedona’s fiscal policies.
- II. **Cost of Service Analysis:** Identifies and apportions annual revenue requirements to functional cost components based on the demand placed on the utility system.
- III. **Rate Design:** Develops an equitable and proportionate fixed/variable schedule of rates for the City’s customer base. This is also where other policy objectives can be achieved, such as, promoting the efficient use of water. The policy objectives are harmonized with cost of service objectives to achieve the delicate balance between customer equity, financial stability and resource conservation goals.





The Rate Study utilized generally accepted financial principles established by the American Water Works Association (AWWA) in its “M1 Principles of Water Rates Fees and Charges” manual and by the Water Environment Federation (WEF) in its “Financing and Charges for Sewer Systems, Manual of Practice No. 27 (2004)”. The principles used resulted in the development of financial plans which are projected to generate sufficient revenue to meet the financial operations and maintenance and debt service requirements of the water and sewer utilities.

3.2 Discussion of General Rate Making Principles

While the individual rates for the utility vary based on a variety of factors, rates should, for the most part be consistent with general rate-making principles set forth in utility rate-making practice and literature. The principles by which rate practitioners are guided is that rates designed for any utility should strike a reasonable balance between several key factors. In general, rates designed should:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers; and
- Be easy to administer by the utility.

Striking the appropriate balance between the principles of rate-making is the result of a detailed process of evaluation of revenue requirements, cost of service, and how those translate into the rate design alternatives which meet legal requirements and the specific objectives of the utility under the circumstances in which the utility operates. A review of the City’s existing rates and their adherence to these principles is discussed in Section 4.2.2 of this report.

3.3 The Revenue Sufficiency Process

In order to identify if existing rates and charges will generate sufficient revenue to meet the fiscal requirements of the sewer utility, a determination of the annual rate revenue required must be completed. The first step in the process is the Revenue Sufficiency Analysis. The Revenue Sufficiency Analysis compares the forecasted revenues of the utility under its existing rates to its forecasted operations and maintenance, capital, and reserve costs to determine the adequacy of the existing rates to recover the utility’s costs.

The process employed in the Revenue Sufficiency Analysis involves a rigorous review of operating, maintenance and capital budgets for the utility, and results in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense, transfers in and out, and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements are then compared to the total sources of funds available during each year of the forecast period to determine the adequacy of projected revenues to meet projected revenue requirements. To the extent that the existing revenue stream is projected to be insufficient to meet the annual revenue

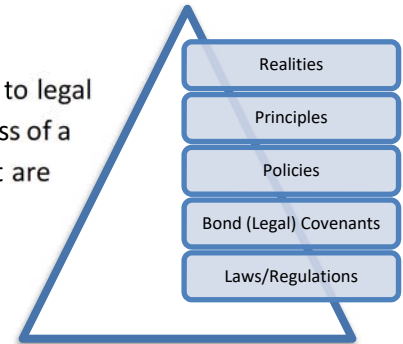


requirements of the system during the projection period, a series of rate revenue increases are calculated which would be required to provide revenue sufficient to meet those needs.

3.3.1 Determination of the Revenue Requirements

Considerations in Setting Revenue Requirements

There are a multitude of considerations, ranging from financial to political to legal that must be analyzed or discussed during the revenue requirements process of a rate analysis. This section provides an overview of the considerations that are reviewed during this process.



Capital Budgeting and Financing

Capital needs are defined by the City’s Sewer Capital Improvement Plan.

As part of its budget and planning process, the City identifies capital improvements that are necessary for the continued collection and treatment of sewer flows. The Capital Improvement Plan is funded by a variety of sources including, sewer rates, capacity fees, capital reserves and/or debt financing.

Capital Funding: Debt vs. PAYGO

The selection of the most appropriate funding strategy for capital projects is primarily a policy decision between the use of cash (“Pay-as-you-go financing” or PAYGO), the issuance of debt, or a combination. PAYGO relies on existing cashflow or fund balance to fund capital improvements. With debt financing, capital improvements are funded with borrowed funds (usually through the issuance of bonds) with the obligation of repayment, typically with interest, in future years. Development of an optimal capital financial plan depends on the definition of optimal. Each funding mechanism has a different impact on water rates in the short and long run, different net present values, risks, and legal obligations. Due to the borrowing costs associated with debt, cash funding can be cheaper in the end; however, debt typically ensures greater generational equity for larger and longer lasting capital projects.

The City, as is typical for a public utility, operates its sewer utility on a “cash basis”. Under the “cash basis” approach, revenues and expenses are recognized at the time physical cash is received or paid out. Revenue requirements are determined for a specified period (in the case of the City an annual fiscal year), by summing the total anticipated expenses to be paid out during the fiscal year. Where cash flows and balances are insufficient, the revenue requirements analysis recommends the needed additional cash flows to meet all funding goals. The two primary categories of expenses are as follows:

- Operations and Maintenance (O&M) expenses, such as salaries and benefits of utility personnel, transfers out, existing and anticipated debt service, and reserves; and
- Capital expenses, such as the annual capital improvement program, including sewer treatment plant related projects.



Financial Planning

In the development of the revenue requirements, certain parameters are utilized to project future expenditures, growth in customers and consumption, and necessary revenue adjustments. The City’s budget documents are used as the baseline but updated to reflect the most current information (i.e FY19 estimates), which are then projected over a five -year planning horizon to account for fluctuations in costs from year to year as well as any adjustments to debt service payments. Growth assumptions and prudent financial planning are fundamental in ensuring adequate rate revenue to promote financial stability. The financial model developed for this study considers the City’s existing debt service and operating cash balances (cash on hand). As existing debt is redeemed, additional debt may be utilized to fund additional capital improvements required due to aging infrastructure.

3.4 Financial Management Goals of the City

The establishment of specific financial management goals of a utility is a key step in developing financial plans which will ensure the financial health of the utility remains strong. The financial management goals of the City are described below.

3.4.1 Cash Reserve Targets

In order to maintain financially stable and sustainable utilities, the City has identified several reserve targets for each utility that it strives to maintain. The reserve targets are identified in Table 3-1.

Table 3-1 Reserve Targets	
Reserve	Purpose
Operating Reserve	Manage timing differences between revenue receipt and expense payments (target of 90 days of O&M).
Capital Improvement Reserve	Provides for funding of repair and replacement capital as assets depreciate and wear out (The following year’s PAYGO project total or the average of next 5 years PAYGO project totals, whichever is greater).
Major Maintenance Reserve	Provides for funding of significant maintenance needs.
Equipment Replacement Reserve	Provides funding for the replacement of major equipment.



While it is not essential that the City meet each of these reserves on annual basis (they are not legal requirements but are policies adopted by Council), prudent financial planning suggests that the City should strive to maintain these reserves and should not dip below these reserves on a continuous basis.

3.4.2 Debt Service

The City currently has outstanding sewer related debt which is backed by General Fund revenue sources rather than sewer revenues. As such there no covenant requirements on the sewer utility that must be met. However, since the debt proceeds from the issuance were used to fund sewer related expenditures, City is making the annual debt service payments from the sewer utility.



Section 4 – Rate Study Development and Results

4.1 Revenue Sufficiency Analysis

4.1.1 General Methodology

The general methodology utilized in the Revenue Sufficiency Analysis was discussed previously in Section 3.3. In summary the level of revenues generated by rates must be sufficient to recover the fiscal requirements, or projected expenditures of the utility. To the extent that the projected revenue stream based upon current sewer rates are not sufficient to meet the annual revenue requirements of the systems, a series of rate revenue increases would be calculated to provide the revenue necessary to meet those expenditure needs, while satisfying the financial goals and objectives of the utilities. From a financial perspective, the City's utility should "stand on its own" by meeting its respective financial obligations without assistance from other City funds. The financial plan was developed with a focus on the five-year forecast period, fiscal year (FY) 2019-20 through FY 2023-24.

4.1.2 Data Items

Key data items reviewed, discussed and incorporated into the Revenue Sufficiency Analysis were:

- Financial management goals of the City
- FY 2017-18 Fund Balance
- FY 2018-19 Estimated Actuals and FY 2018-19 Adopted Budget
- Capital Improvement Needs
- Outstanding Debt Schedules
- Sales Tax Subsidy from the General Fund
- General assumptions related to:
 - Customer growth
 - Cost escalation factors

A discussion of the use of each of the above data items is presented below.

4.1.3 FY 2017-18 Fund Balance

To better understand what funds the City had on hand to start the forecast period, a detailed review of the sewer fund balances of the FY 2017-18 end-of-year fund balances was conducted and discussed with City staff. A summary of the fund balances associated with the sewer utility enterprise fund for the beginning of FY 2018-19, as adjusted for use in this analysis, is presented in Table 4-1 below.



Table 4-2 Beginning Fund Balance Fiscal Year Ending June 30, 2018	
Description	FY 2017-18
Fund Balance	\$15,463,622

4.1.4 FY 2018-19 Estimated Actuals and FY 2019-20 Budget

Staff provided the Willdan Team with the estimated year end actuals (revenues and expenditures) for FY 2018-19 and the proposed FY 2019-20 Budget. The data included associated line-item detail, as the basis for the projection of financial performance. The line-item projected expenses for FY 2018-19 were used as the basis for the projection of future budgetary line-items for the remainder of the forecast period.

Cost escalation factors were reviewed by staff and were used to project line-item costs beyond the FY 2019-20 budget. Those factors were applied based on line-item cost classifications.

A summary of the FY 2019-20 O&M and debt service budget is presented below in Table 4-3. A more detailed presentation of the line-item budgeted, and projected revenues and expenses is presented in Schedules A-4 through A-8 in the Appendices.

Table 4-3 Operating Budget Fiscal Years Ending June 30					
Description	2019-20	2020-21	2021-22	2022-23	2023-24
O&M	\$4,978,825	\$5,109,179	\$5,243,267	\$5,381,208	\$5,523,123
Debt Service	<u>4,687,775</u>	<u>4,687,775</u>	<u>4,687,775</u>	<u>4,687,775</u>	<u>4,687,775</u>
Total Expenses	\$9,666,600	\$9,796,954	\$9,931,042	\$10,068,983	\$10,210,898

4.1.5 Capital Improvements Plan (CIP)

The City provided the Willdan Team with a forecast of capital requirements for the study period. The CIP was provided in current day dollars and has been escalated for future years using the Engineering News Record (ENR) construction cost index at an inflationary rate of 2.59%. The CIP in current day dollars for FY 2019-2020 through FY 2023-24 totals \$7,656,242. The inflated value of the CIP for FY 2019-20 through FY 2023-24 totals \$8,154,128. A summary table of the CIP (in inflated dollars) for the FY 2019-20 – FY 2023-24 forecast period is presented below in Table 4-4. While there are both repair and replacement capital and expansion related capital needs, expansion related capital needs will not occur within the FY 2019-20 through FY 2023-24 time period. Therefore, the capital costs identified in Table 4-4 represent repair and replacement capital costs only. The CIP is presented in Schedules A-8 of the Appendices.



Table 4-4						
Capital Improvement Plan						
Fiscal Years Ending June 30 (\$ thousands)						
FY	19-20	20-21	21-22	22-23	23-24	Total
CIP	\$2,910	\$1,284	\$2,089	\$809	\$1,063	\$8,154
Note: Values are rounded to the nearest \$1,000						

4.1.6 Outstanding Debt

The City, like many utilities, has utilized long-term debt to fund capital assets in the past. The City has outstanding sewer debt that was issued with the backing of General Fund revenues (no sewer revenues were pledged for repayment of debt). While there is no coverage requirement imposed upon the sewer utility for the outstanding debt, sewer revenues in combination with sales tax revenue is projected to be used to repay the outstanding debt. No new debt is anticipated during the study period.

4.1.7 Sales Tax Subsidy

The sales tax subsidy from the General Fund to sewer utility is currently based on 25% of the sales tax revenue that is generated each year. As the sales tax revenue fluctuates from year to year, so does the subsidy to the sewer utility. The City provided the Willdan Team with a forecast of the sales tax subsidy for FY 2018-19 and FY 2019-20. The financial plan developed for the City proposes that in future years the subsidy will be reduced every year on a fixed basis (\$100,000) until the debt is retired in FY 2026 at which time the subsidy is proposed to be eliminated. The subsidy by year can be found in Appendix A-2 (line 20).

4.1.8 General Assumptions

In order to develop the financial and rate projections, certain assumptions were made regarding elements of the revenue sufficiency analysis. A summary of those assumptions is presented below.

4.1.8.1. System Growth

The City anticipates average annual growth of the Sedona sewer system of approximately 1.2% per year through the study period.

4.1.8.2. O&M Escalation Factors

The Willdan Team worked with City staff to identify reasonable cost escalation factors to be applied to operations and maintenance expenses in recognition of increasing costs over time. It was determined that a 2% inflationary factor represented a reasonable estimate of annual cost increases during the study period. There were, however, some expenses which were anticipated to have higher changes in cost. Personnel costs are projected to increase at 3.5% per year healthcare related costs at 5% and electricity costs at inflation plus growth. The City’s internal costs (interdepartmental allocations) are projected to increase at 2.5% per year.

4.1.8.3. Results of the Revenue Sufficiency Analysis

After a thorough review of the above-mentioned data elements, a draft of the Revenue Sufficiency Analysis was developed and reviewed with City staff. This draft provided the forum in which various alternative



assumptions were discussed, tested and evaluated for both their reasonableness and their impact upon the ultimate financial health of the utilities.

The resulting financial plan presented herein is the embodiment of the data, assumptions and review process undertaken with City staff in several meetings. Table 4-5 provides a summary of the annual revenue requirements (O&M, debt service and CIP) for the sewer utility incorporating the assumptions in Section 3 of this report as compared to the projected rate revenue described in more detail in Schedule A-1 of the appendices.

Table 4-5					
Revenue Requirements vs. Revenue Under Existing Rates					
Fiscal Years Ending June 30 (\$ thousands)					
	19-20	20-21	21-22	22-23	23-24
Revenue Under Existing Rates	\$9,962	\$9,918	\$9,880	\$9,825	\$9,789
O&M, Debt Service & Capital	<u>12,576</u>	<u>11,081</u>	<u>12,020</u>	<u>10,878</u>	<u>11,273</u>
Difference	(2,614)	(1,163)	(2,140)	(1,053)	(1,484)
Note: Values are rounded to the nearest \$1,000					

The revenues and expenditures identified in Table 4-5 indicate that the City is projected to expend more funds than are generated through FY 2023-24 and are relying on (drawing down) the fund balance in order to pay for ongoing expenses. Due to the fund balance that has been accumulated there is sufficient balance available to be drawn down over the next several years, however, the City should continuously monitor the fund balance to ensure it meets the City’s reserve policies and raise rates as necessary to cover expenses.

4.1.8.4. Rate Revenue Increases Required

Our analysis of the sewer utility indicates that there will not be sufficient on-going operating revenue to fund on-going expenses and will need to rely on the existing fund balances. Without revenue increases the utilities will not generate sufficient revenue to meet their respective on-going operations and maintenance, repair and replacement capital, debt service throughout the study period. In part this is because anticipated growth is projected to be less than the cost increase associated with operating expenses. Due to the size of the existing fund balance, City staff was comfortable drawing down the fund balance for the next five years because the target reserves are being met through FY 2024-25.

As the focus of this report is the first 5-years of the study period (through FY 2023-24) no rate increases are projected during this timeframe. We do recommend that the City review the financial plans on an annual basis and adjust rates as needed to maintain the financial integrity of the sewer utility. The financial plan preliminarily anticipates that the City has sufficient reserves to draw down over the next 10 years without the need for any revenue increases. Table 4-6 below reflects our projections of revenue increases during the first 5-year forecast period.

Table 4-6 Projected Rate Revenue Increases Fiscal Years Ending June 30	
Description	Proposed Revenue Increases
2019-20	0.0%
2020-21	0.0%
2021-22	0.0%
2022-23	0.0%
2023-24	0.0%

While no revenue increases are projected, the rate structure is proposed to change (as discussed in Section 4.2) and may result in some customers paying more on a monthly basis as compared to the current rate structure and some customers will pay less than under the current rate structure. A more detailed presentation of the pro forma, including a fund balance reconciliation is presented in Schedule A-1 of the appendices.

4.1.8.5. Summary of Revenue Sufficiency Analysis

The resulting financial plans are presented in Table 4-7 which provides for funding of projected revenue requirements during the forecast period.

A more detailed presentation of the financial plan, including fund balance reconciliations, is presented in Schedules A-1 of the appendices.



Table 4-7 Projected Net Operating Fund Results Fiscal Years 2019-20 to 2023-24 (\$ thousands)					
Description	19-20	20-21	21-22	22-23	23-24
Beginning Fund Balance	\$17,582	\$14,968	\$13,805	\$11,665	\$10,613
Total Revenues	9,962	9,918	9,880	9,825	9,789
Operating Expenses	<u>4,979</u>	<u>5,109</u>	<u>5,243</u>	<u>5,381</u>	<u>5,523</u>
Net Revenue	4,983	4,809	4,637	4,444	4,266
Less:					
CIP and Debt Service	<u>7,597</u>	<u>5,972</u>	<u>6,777</u>	<u>5,496</u>	<u>5,750</u>
Net Cash Flow	(2,614)	(1,163)	(2,140)	(1,052)	(1,484)
Ending Fund Balance	\$14,968	\$13,805	\$11,665	\$10,613	\$9,129

Note: Variances are due to rounding values to the nearest \$1,000

4.1.8.6. Revenue Sufficiency Analysis Conclusions

Based on the revenue requirements identified in our analysis, it is our opinion that:

- Revenue projections based on existing rates are insufficient to meet the on-going expense requirements for FY 2019-20 through FY 2023-24;
- The fund balance is being drawn down to meet increasing O&M and capital costs; and
- The fund balance through FY 2023-24 meets or exceeds the target fund balance, but the City should review the financial plan annually and make revenue adjustments as needed.

4.2 Rate Design Analysis

4.2.1 General Methodology

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges was completed as described below.

First, the rate design goals of the City were reviewed to identify areas the City wanted to address over the forecast period included in this Rate Study. Next, an assessment of the existing rate design was completed to identify areas which have worked well for the City regarding their specific goals and objectives, and the general goals and objectives of utility rate-making. In addition to the City’s goals, rate design should seek to achieve the following industry standard objectives:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;



-
- Be easy to understand by customers; and
 - Be easy to administer by the utility.

4.2.2 Review of Existing Rate Structure

The City's current sewer rates are primarily comprised of a fixed monthly charge which varies by customer type. For example, residential customers are assessed a flat monthly fee per dwelling unit, professional offices are assessed a flat fee per 100 square feet of office space and a restaurant can be charged based on the number of seats in the restaurant. There are also some a few customers being charged based on water use, but they are in the minority.

4.2.2.1. Allocation to Cost Categories

Sewer costs are allocated on their need to meet general capacity needs, treatment including suspended solids (SS) and biochemical oxygen demand (BOD), as well as a readiness to serve allocation to maintain and operate the system such that it is available when service is requested. Based on industry standards, the readiness to serve allocation includes fixed costs such as capital repair and maintenance that do not change based on system use. Other cost allocations include customer related costs such as billing and collection. Table 4-8 summarizes the cost of service-based allocation of the City's Sewer costs.



Table 4-8					
Sedona Sewer System - Summary of Functional Allocations to Cost Categories					
Fiscal Year 2019-20					
Functional Cost	Volume and Capacity	Strength – SS	Strength – BOD	Readiness to Serve/Customer Service/Billing & Collection	Total
Collection	\$276,600	\$0	\$0	\$0	\$276,600
Treatment	1,506,618	753,309	753,309	-	3,013,236
Administration	-	-	-	886,890	886,890
Transfers	401,050	200,525	200,525	-	802,100
CIP	727,425	727,425	727,425	727,425	2,909,701
Debt Service	1,171,944	-	-	3,515,831	4,687,775
Non-Operating Revenue/Changes in Reserves ⁽¹⁾	<u>(2,099,086)</u>	<u>(864,207)</u>	<u>(864,207)</u>	<u>(2,637,017)</u>	<u>(6,464,518)</u>
Total	\$1,984,550	\$817,052	\$817,052	\$2,493,129	\$6,111,783
Units (kgals/pounds/bills)	<u>621,757</u>	<u>1,816,169</u>	<u>5,030,697</u>	<u>77,184</u>	
Cost per Unit	\$3.19	\$0.45	\$0.16	\$30.12	
(1) A positive value results in an increase of reserves through rates, while a negative value indicates use of non-operating revenue and existing reserves to meet annual expenses in addition to rates.					

4.2.3 Summary of Cost of Service and Proposed Rates

The Cost of Service Analysis presented herein sets forth how to appropriately recover the rate revenue requirements for FY 2019-20. The allocations presented herein were used, along with the other goals and objectives of the utility, in the development of the sewer rates and charges presented in the next section.

4.2.3.1. Proposed Sewer Rate Structure Changes

Through discussions with the City, a desire to assess rates under a more equitable rate structure was expressed. Under the current rate structure, a residential customer with monthly sewer flows of 2,000 gallons would have a bill that was the same as a residential customer with 6,000 gallons of sewer flows. The cost to the City to serve each customer would be different yet the customers are assessed the same monthly bill. A restaurant whose monthly bill is based on the number of tables may not accurately reflect the cost of service due to time periods (time of day, or months) where the restaurant has fewer patrons as compared to periods of higher patronage. The decision was made to develop a rate structure in part based on water usage data. Due to the variability of non-residential customer types and associated strength of discharge and multiple businesses served by one meter a uniform charge approach is proposed for non-residential customers. This will provide the City the opportunity to obtain additional data and refine the customer classifications should they choose to adopt a strength based rate structure for non-residential customers.



The City's sewer utility like many other entities incur costs regardless of the amount of sewer flows that is discharged into the sewer system. There are staff costs associated with providing customer service to answer questions, bills to be prepared and mailed and treatment staff that are required to maintain the system in a state of readiness to serve. Since there are fixed costs to the system the proposed rate structure includes a fixed monthly base charge that is assessed to all customers (which varies by meter size) to recognize and offset the City's fixed costs in providing a readiness to serve customers. Larger meters have greater capacity to provide water (in gallons per minute) than smaller meters and in turn results in greater capacity for discharge into the City's sewer system. The greater the discharge a customer contributes to the system the greater the cost to the City to maintain and operate the system. Thus, customers with a larger water meter are proposed to be assessed a higher fixed charge than customers with a smaller water meter based on the relative capacities of their water meter. The second component of the rate structure is a flow-based rate that is assessed base on each customer monthly sewer flows.

In order to account for single family and non-residential water use in the summer months that may be for outdoor purposes (such as irrigation or filling pools) a comparison of non-summer use (October through April) was compared to water use in the summer (May through September). The non-summer use was approximately 65% of the summer use. Therefore, the proposed single family residential flow components of the rates are based on 100% of monthly water use during the October through April period and 65% of monthly water use during the May through September period. Likewise, non-residential water use in the non-summer months was approximately 75% of summer use. The non-residential rates are based on 100% of water use for October through April and 75% of water use for May through September. Table 4-9 summarizes the proposed sewer rates based on the class cost of service analysis that was conducted as well as input and discussions with staff.



Table 4-9 Proposed Sewer Rates	
Customer Class	Proposed Rates
Monthly Base Charge ()	
Up to 1-inch	\$29.66
1 ½-inch	59.32
2-inch	94.92
3-inch	189.83
4-inch and larger	296.61
Residential (per 1,000 gallons)	
October – April (100 % water Use)	\$4.83
May – September (65% water use)	4.83
Multifamily (per 1,000 gallons)	
All Use	\$4.30
Non-Residential (per 1,000 gallons)	
October – April (100 % water Use)	\$7.11
May – September (75% water use)	7.11
Standby Rate	
Per Month	\$32.12

It should be noted that, since a revenue increase is not proposed for FY 2019-20, the rates identified in Table 4-9 are intended to be revenue neutral. In other words, the rates in Table 4-9 are projected to generate the same revenue as the current rate structure. If in the future, the City anticipates additional revenue needs from rates, we recommend increasing all rates in Table 4-9 in an across-the-board manner. Additional rate design data can be found in Appendix B.

Figure 4-1 provides an illustration of the current and proposed residential monthly bills from 0 to 20,000 gallons of billed sewer flows. As identified in the graphic, a user with monthly consumption of approximately 6,500 gallons of billed sewer flows or less per month will see a decrease in their monthly bill, while users with monthly consumption in excess of 6,500 gallons of sewer flows a month will see an increase in their monthly bill. The average use for a residential customer is approximately 5,000 gallons a month.

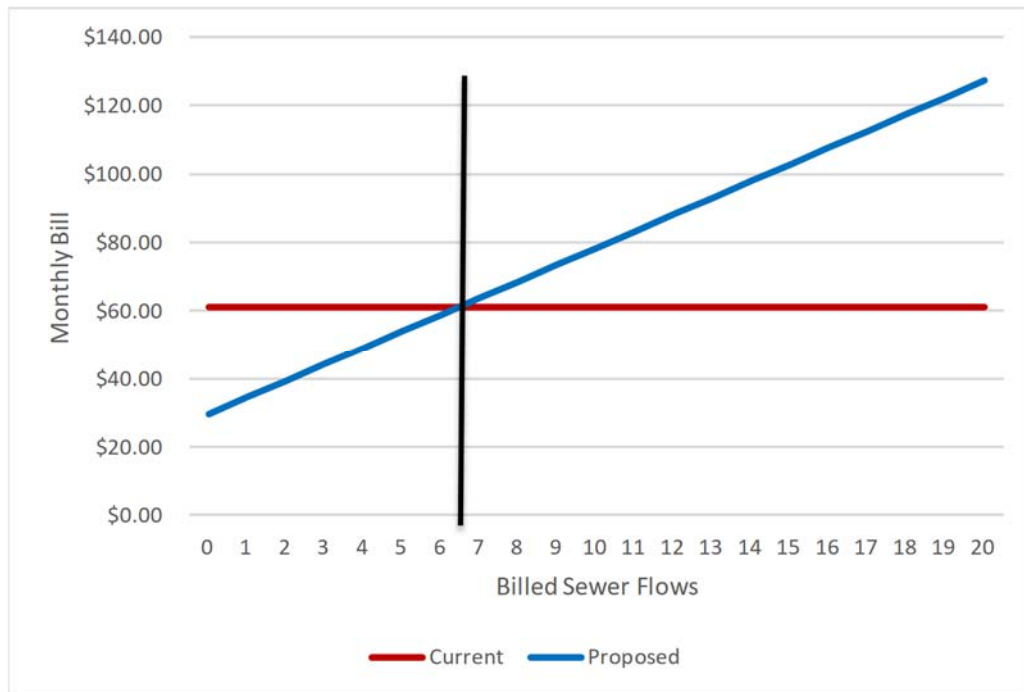


Figure 4-1 – Residential Monthly Bill Comparison



Section 5 – Capacity Fees

5.1 Introduction

Capacity fees are one-time charges that reflect the demands and costs created by new development for additional sewer capacity. More specifically a capacity fee is defined as:

Capacity fees reflect the demands and costs created by new development for additional water and sewer capacity. Generally, capacity fees are required to demonstrate a reasonable connection between the amount of the fee and the cost to serve new development. Arizona law requires that “any proposed water or sewer rate or rate component; fee or service charge adjustment or increase shall be just and reasonable”.

The infrastructure included in capacity fees are large, system level components and do not include on-site or site-specific improvements. Components of sewer system capacity can include treatment, interceptors, and collection lines.

The proposed sewer capacity fees have been developed in accordance with Arizona Revised Statutes (ARS) §9-511.01.

As previously mentioned, capacity fees are required to demonstrate a reasonable connection or rational nexus between the amount of the fee and the cost to serve new development (i.e. new development’s proportionate share of infrastructure capacity costs). The additional capacity required for new growth can be the repayment of “buying into” existing capacity or the completion of utility projects to provide additional capacity. This report documents the assumptions, methodologies, and calculations upon which the capacity fees are based. As documented in this report, the capacity fees are just and reasonable and represent new development’s proportionate share of costs for existing sewer assets from which it will directly benefit.

Projected sewer flows assume 167.79 gallons of flow per day per single family equivalent dwelling unit. Through discussions with City staff it was determined that the average single family dwelling unit has 22.7 supply fixture units (SFUs). The capacity fees were calculated as a fee per fixture units. A further discussion of fees can be found in Section 5.5.

5.2 Calculation Methodologies

There are three basic methodologies used to calculate the various components of the City’s capacity fees. The methodologies are used to determine the best measure of demand created by new development for each component of the capacity fees. The methodologies can be classified as looking at the past, present and future capacities of infrastructure. The three basic methodologies are described below:

The **buy-in** methodology is used where infrastructure has been built in advance of new development and excess capacity is available for new development. Under this methodology, new development repays the community for previous capacity investments via the capacity fee. The funds are then available for future expansion of the system.

The **incremental** methodology uses the City’s capital improvement plan (CIP) and related master plans to determine new developments share of planned projects. Projects that do not add capacity, such as routine maintenance or replacement of existing facilities, are not included in the fees. Projects that add capacity are further evaluated as to the percentage of the project attributable to existing development versus new development. Only the incremental projects attributable to new development is included in the capacity fees.

The third approach is a **hybrid** methodology. The hybrid approach is used in situations where there is available capacity in the existing system, but there are also future improvements that require additional upgrades or expansion. For example, a sewer treatment plant has available capacity to serve new development, but the plant needs to be upgraded to meet new treatment regulations.

While the City does have an expansion related capital project identified, a review of the data indicated that the investment that current customers have made in the sewer system is a better reflection of the value (or cost of capacity) of the system that should be borne by new development. Therefore, the capacity fees were calculated using the buy-in methodology. Figure 5-1 summarizes the capacity fee calculation process.

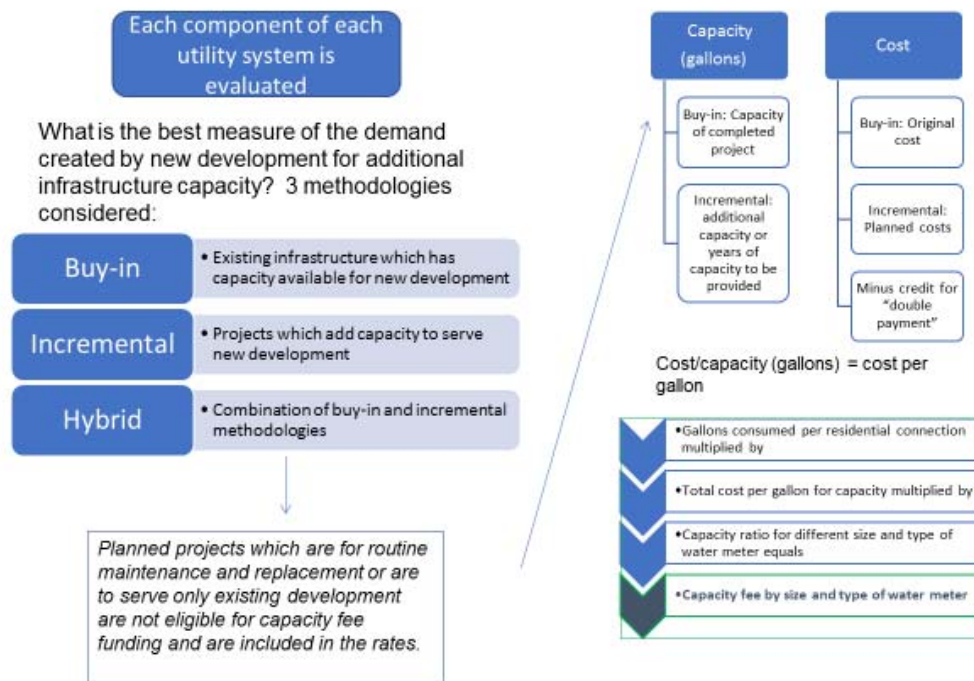


Figure 5-1 Capacity Fee Calculation Process

5.3 System Valuation

The current value of the City’s sewer system assets was brought to today’s dollars using the Engineering News Record (ENR) Construction Cost Index (CCI). Using this index attempts to value the City’s assets at what it would cost to purchase or construct those assets today. It is important to recognize, however, that these assets are not new and are not being purchased today, but rather have been depreciated over time. Therefore, the accumulated depreciation is subtracted from the calculated current day value of the assets to determine what is referred to as the Replacement Cost New Less Depreciation (RCNLD) fixed asset value. The



RCNLD fixed asset value for the City’s sewer assets was calculated at \$164,316,726. There is currently outstanding debt that was used to fund the fixed assets of the sewer system and the debt will be repaid through user rates. To prevent new development from paying for the assets twice (once through the capacity fee and then again through rates to pay debt service), the outstanding debt is subtracted from the system value to determine a new system value for the basis of calculating capacity fees. A summary of all components of the sewer system valuation can be found in Table 5-1.

Table 5-1 Sewer System Value	
Description	Value
Fixed Assets	<u>164,316,726</u>
Less: Outstanding Debt	<u>(18,700,000)</u>
Total System Value	\$145,616,726

5.4 Cost Summary

Table 5-2 below summarizes the demand factors based on actual sewer flows for the City of Sedona and the cost per equivalent residential unit (ERU) for additional sewer capacity to identify the additional capital cost per ERU of capacity. The cost is further subdivided to a cost per SFU to serve future development.

Table 5-2 Capacity Fee Calculation		
Description	Units	Fee
System Value (a)		\$145,616,726
System Capacity (b)	1,600,000	
Gallons of Demand per ERU (c)	167.79	
Incremental ERUs to be Served (b / c = d)		<u>9,536</u>
Fee per ERU (a / d = e)		\$15,271
Average Supply Fixture Units per ERU (f)		22.7
Capacity Fee per SFU (e / f)		\$672.73

5.5 Calculated Capacity Fees

Through discussions with City staff, specifically the Chief Building Official, the proposed approach to assessing capacity fees for single family residential developments are based on a range of supply fixture units associated with the size of the dwelling unit. The smaller the home the fewer the SUFs and the lower the fee. The intent of the proposed approach is to provide a matching between the demand placed on the sewer system and the cost associated with the capacity required for the development. The proposed fees are based on the ranges of single family residential developments currently experienced by the City, but would apply to all new



development. In other words, a new development will pay the same capacity fee for the same number of SFUs regardless of the type of development (residential or non-residential). Table 5-3 summarizes the proposed ranges and associated capacity fees.

SFU Range	Capacity Fee
0 – 8	\$3,767
8.1 - 17	9,640
17.1 – 29	17,108
29.1 – 42	25,651
42.1 – 55	672.73
> 55 (per SFU)	672.73

The fees presented in Table 5-3 represent the capacity fees for FY 2019-20, and should be escalated annually using the ENR construction cost index or similar inflationary index to reflect the increased cost of capital materials.

The full sewer capacity fee analysis can be found in Appendix C.

5.6 Capacity Fees Cashflows

Based on the growth projections identified in Section 4.1.8.1 and the fees identified in Section 5.5, capacity fee revenue for FY 2019-20 through FY 2027-28 is projected at \$6.3 million. Expansion capital related improvements during the same period are projected at \$4.80 million. The full capacity fee cashflow can be found in Appendix C.



Section 6 – Conclusions and Recommendations

6.1 Conclusions

- Projected operating revenues and operating expenses for the forecast period were developed by, and/or in consultation with, City staff and are based upon reasonable projections.
- The projected repair and maintenance capital project expenses have been developed by City staff, to address sewer system needs.
- Based on Conclusions 1 and 2 above, we are of the opinion that the financial projections presented herein assist the sewer utilities' ability to meet its obligations regarding:
 - Operating expenses,
 - Non-operating expenses,
 - Capital project expenses, and
 - Key financial policies, including:
 - Maintenance of at least 3 months of operating reserve balances.
- The proposed rates presented herein are in conformance with industry standard rate-making practice and/or the City's rate policies with respect to:
 - The fair and equitable recovery of costs through the sewer rates, and
 - Recovery of all customer costs and a portion of fixed costs through the sewer fixed charges.

6.2 Recommendations

- It is recommended that the City implement the proposed rates and charges presented in this Report for FY 2019-20.
- It is recommended that the City update the revenue sufficiency analysis portion of this study each year to ensure projected revenue is sufficient to fund projected expenses going forward as assumptions made during this analysis may change and have a material impact upon the analysis.
- It is recommended that the City update the cost of service analysis portion of this study every three to five years to ensure costs are recovered consistent with cost of service principles and customer characteristics.

APPENDIX A

Financial Plan

City of Sedona
 Projected Operating Results - Sewer System
 Fiscal Years 2020 - 2028

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Funds										
1	Beginning-of-Year Cash	\$17,582,163	\$14,968,046	\$13,805,051	\$11,664,367	\$10,612,000	\$9,127,789	\$8,281,282	\$7,142,487	\$6,649,586
Operating Revenues										
2	Operating Revenue	\$ 6,111,783	\$ 6,177,263	\$ 6,243,526	\$ 6,293,130	\$ 6,360,970	\$ 6,429,054	\$ 6,497,381	\$ 6,565,950	\$ 6,634,758
3	Other Revenues	83,031	83,151	83,274	83,396	83,521	83,647	83,772	83,898	84,023
4	Total Operating Revenues	\$ 6,194,814	\$ 6,260,415	\$ 6,326,799	\$ 6,376,526	\$ 6,444,491	\$ 6,512,701	\$ 6,581,153	\$ 6,649,847	\$ 6,718,781
Non-Operating Revenue										
4	Transfers	3,447,000	3,400,000	3,300,000	3,200,000	3,100,000	3,000,000	2,900,000	-	-
5	Interest Income	320,370	257,558	252,836	248,707	244,715	241,545	238,631	236,150	234,110
6	Total Non-Operating Revenue	\$ 3,767,370	\$ 3,657,558	\$ 3,552,836	\$ 3,448,707	\$ 3,344,715	\$ 3,241,545	\$ 3,138,631	\$ 236,150	\$ 234,110
7	Total Revenues	\$ 9,962,184	\$ 9,917,973	\$ 9,879,636	\$ 9,825,233	\$ 9,789,207	\$ 9,754,246	\$ 9,719,785	\$ 6,885,997	\$ 6,952,891
Operating Expenses										
8	Administration	\$ 886,890	\$ 907,545	\$ 928,724	\$ 950,445	\$ 972,721	\$ 995,568	\$ 1,019,004	\$ 1,043,045	\$ 1,067,708
9	Treatment	3,013,235	3,093,114	3,175,338	3,259,984	3,347,131	3,436,860	3,529,256	3,624,406	3,722,402
10	Collection	276,600	286,427	296,619	307,190	318,156	329,531	341,332	353,574	366,276
11	Transfers	802,100	822,093	842,585	863,588	885,115	907,179	929,793	952,971	976,728
12	Capital	-	-	-	-	-	-	-	-	-
13	Total Operating Expenses	\$ 4,978,825	\$ 5,109,179	\$ 5,243,267	\$ 5,381,208	\$ 5,523,123	\$ 5,669,139	\$ 5,819,385	\$ 5,973,997	\$ 6,133,113
14	Net Result of Operations	\$ 4,983,359	\$ 4,808,794	\$ 4,636,369	\$ 4,444,025	\$ 4,266,083	\$ 4,085,107	\$ 3,900,400	\$ 912,000	\$ 819,777
Non-Operating Expenses										
15	Capital Improvements	\$ 2,909,701	\$ 1,284,014	\$ 2,089,277	\$ 808,617	\$ 1,062,519	\$ 448,839	\$ 556,145	\$ 1,404,901	\$ 232,872
16	Existing Debt Service	4,687,775	4,687,775	4,687,775	4,687,775	4,687,775	4,482,775	4,483,050	0	0
17	Other Miscellaneous	-	-	-	-	-	-	-	-	-
18	Total Non-Operating Expenses	\$ 7,597,476	\$ 5,971,789	\$ 6,777,052	\$ 5,496,392	\$ 5,750,294	\$ 4,931,614	\$ 5,039,195	\$ 1,404,901	\$ 232,872
19	Net Available After Operations	\$ (2,614,117)	\$ (1,162,995)	\$ (2,140,683)	\$ (1,052,367)	\$ (1,484,211)	\$ (846,508)	\$ (1,138,795)	\$ (492,901)	\$ 586,905
Other Uses										
	New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Total Other Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Net Available After Other Uses	\$ (2,614,117)	\$ (1,162,995)	\$ (2,140,683)	\$ (1,052,367)	\$ (1,484,211)	\$ (846,508)	\$ (1,138,795)	\$ (492,901)	\$ 586,905
End-of-Year Cash										
22	End-of-Year Cash	\$ 14,968,046	\$ 13,805,051	\$ 11,664,367	\$ 10,612,000	\$ 9,127,789	\$ 8,281,282	\$ 7,142,487	\$ 6,649,586	\$ 7,236,491
23	Target Cash - Operations	1,227,655	1,259,797	1,292,860	1,326,873	1,361,866	1,397,870	1,434,917	1,473,040	1,512,275
24	Target Cash - Capital Improvements Reserve	1,513,203	1,552,394	1,592,601	1,633,850	1,676,167	1,719,579	1,764,116	1,809,807	1,856,681
25	Target Cash - Equipment Replacement Reserve	755,310	770,416	785,825	801,541	817,572	833,923	850,602	867,614	884,966
26	Target Cash - Major Maintenance Reserve	145,146	148,049	151,010	154,030	157,111	160,253	163,458	166,727	170,062
27	Target Cash	\$3,641,314	\$3,730,657	\$3,822,296	\$3,916,294	\$4,012,715	\$4,111,625	\$4,213,093	\$4,317,188	\$4,423,983

City of Sedona
 Revenues - Sewer System
 Sewer Financial Model

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenues										
Sewer										
1	Operating Revenue	\$ 6,111,783	\$ 6,177,263	\$ 6,243,526	\$ 6,293,130	\$ 6,360,970	\$ 6,429,054	\$ 6,497,381	\$ 6,565,950	\$ 6,634,758
2	Other Revenues	83,031	83,151	83,274	83,396	83,521	83,647	83,772	83,898	84,023
3	Total Operating Revenues	\$ 6,194,814	\$ 6,260,415	\$ 6,326,799	\$ 6,376,526	\$ 6,444,491	\$ 6,512,701	\$ 6,581,153	\$ 6,649,847	\$ 6,718,781
Non-Operating Revenue										
4	Transfers	\$ 3,447,000	\$ 3,400,000	\$ 3,300,000	\$ 3,200,000	\$ 3,100,000	\$ 3,000,000	\$ 2,900,000	\$ -	\$ -
5	Interest Income	320,370	257,558	252,836	248,707	244,715	241,545	238,631	236,150	234,110
6	Total Non-Operating Revenue	\$ 3,767,370	\$ 3,657,558	\$ 3,552,836	\$ 3,448,707	\$ 3,344,715	\$ 3,241,545	\$ 3,138,631	\$ 236,150	\$ 234,110
7	Total Revenues	\$ 9,962,184	\$ 9,917,973	\$ 9,879,636	\$ 9,825,233	\$ 9,789,207	\$ 9,754,246	\$ 9,719,785	\$ 6,885,997	\$ 6,952,891

OPERATING REVENUES										
Charges for Services										
8	Rate Revenue	\$ 5,688,442	\$ 5,738,181	\$ 5,813,193	\$ 5,888,987	\$ 5,965,023	\$ 6,042,394	\$ 6,120,010	\$ 6,197,869	\$ 6,275,969
9	Growth	0.87%	1.31%	1.30%	1.29%	1.30%	1.28%	1.27%	1.26%	1.25%
	Revenues Adjusted for Growth	\$ 5,738,181	\$ 5,813,193	\$ 5,888,987	\$ 5,965,023	\$ 6,042,394	\$ 6,120,010	\$ 6,197,869	\$ 6,275,969	\$ 6,354,309
10	Revenue Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Percent of Year w/Rate Increase	75.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
12	Revenues under old rates	\$ 1,434,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Revenues under new rates	4,303,636	5,813,193	5,888,987	5,965,023	6,042,394	6,120,010	6,197,869	6,275,969	6,354,309
14	Total Charges for Services - After Revenue Increase	\$ 5,738,181	\$ 5,813,193	\$ 5,888,987	\$ 5,965,023	\$ 6,042,394	\$ 6,120,010	\$ 6,197,869	\$ 6,275,969	\$ 6,354,309
15	Standby Rate	\$ 30.55	\$ 30.55	\$ 30.55	\$ 30.55	\$ 30.55	\$ 30.55	\$ 30.55	\$ 30.55	\$ 30.55
16	Revenue Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Percent of Year w/Rate Increase	75.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16	Standby Rate Revenues under old rates	\$ 89,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Standby Rate Revenues under new rates	267,526	347,170	337,639	328,107	318,575	309,044	299,512	289,981	280,449
	Standby Accounts	973	947	921	895	869	843	817	791	765
18	Residential Sewer Deferral Fee	16,900	16,900	16,900	-	-	-	-	-	-
19	Total Rate Revenue	6,111,783	6,177,263	6,243,526	6,293,130	6,360,970	6,429,054	6,497,381	6,565,950	6,634,758
Other Sewer Revenue										
20	Transfer in From Other Funds	3,447,000	3,400,000	3,300,000	3,200,000	3,100,000	3,000,000	2,900,000	-	-
21	NSF Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
22	Misc Revenue	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800
22	Septage Fees	-	-	-	-	-	-	-	-	-
23	Auction Proceeds	10	10	10	10	10	10	10	10	10
24	Sewer-Retro Billing	-	-	-	-	-	-	-	-	-
25	Account Setup Fee \$25	16,721	16,841	16,964	17,086	17,211	17,337	17,462	17,588	17,713
26	Billing Late Fees	30,200	30,200	30,200	30,200	30,200	30,200	30,200	30,200	30,200
27	Environmental Penalty	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300
28	Claims-Judgements-Settlements	-	-	-	-	-	-	-	-	-
Interest Income										
29	Interest Income (Dept 5250)	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
30	Interest Income (Dept 5255)	103,500	40,688	35,966	31,837	27,845	24,675	21,761	19,280	17,240
31	Interest Income - Savings (Dept 5255)	-	-	-	-	-	-	-	-	-
32	Interest on Trustee Accounts (Dept 5255)	70	70	70	70	70	70	70	70	70
33	Interest on Pooled Investments (Dept 5255)	136,800	136,800	136,800	136,800	136,800	136,800	136,800	136,800	136,800
34	Fair Market Value Adjustment (Dept 5255)	-	-	-	-	-	-	-	-	-
35	Total Operating Revenues	\$ 9,962,184	\$ 9,917,973	\$ 9,879,636	\$ 9,825,233	\$ 9,789,207	\$ 9,754,246	\$ 9,719,785	\$ 6,885,997	\$ 6,952,891

City of Sedona
 Estimated & Projected Uses of Funds - Sewer System
 Sewer Financial Model

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
OPERATING EXPENSES										
1	Administration	\$ 886,890	\$ 907,545	\$ 928,724	\$ 950,445	\$ 972,721	\$ 995,568	\$ 1,019,004	\$ 1,043,045	\$ 1,067,708
2	Treatment	3,013,235	3,093,114	3,175,338	3,259,984	3,347,131	3,436,860	3,529,256	3,624,406	3,722,402
3	Collection	276,600	286,427	296,619	307,190	318,156	329,531	341,332	353,574	366,276
4	Transfers	802,100	822,093	842,585	863,588	885,115	907,179	929,793	952,971	976,728
5	Capital	-	-	-	-	-	-	-	-	-
6	Total OPERATING EXPENSES	\$ 4,978,825	\$ 5,109,179	\$ 5,243,267	\$ 5,381,208	\$ 5,523,123	\$ 5,669,139	\$ 5,819,385	\$ 5,973,997	\$ 6,133,113

OPERATING EXPENSES										
Financial Services Department 5222										
7	Printing/Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Under Budget Factor	(99,000)	(100,980)	(103,000)	(105,060)	(107,161)	(109,304)	(111,490)	(113,720)	(115,994)
9	Billing Data Cost	1,800	1,836	1,873	1,910	1,948	1,987	2,027	2,068	2,109
10	Postage	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725
11	Service Charges	-	-	-	-	-	-	-	-	-
12	Professional Services	18,000	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090
13	Recording Fees	500	510	520	531	541	552	563	574	586
14	Dues/Subscriptions/Licenses	-	-	-	-	-	-	-	-	-
15	Water Conservation	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858
16	Septic Maintenance	24,000	24,480	24,970	25,469	25,978	26,498	27,028	27,568	28,120
17	Finance Indirect Cost Alloc.	5,700	5,843	5,989	6,138	6,292	6,449	6,610	6,776	6,945
18	IT Indirect Cost Allocations	220	226	231	237	243	249	255	262	268
19	General Indirect Cost Alloc.	780	800	819	840	861	882	905	927	950
Information Technology Department 5224										
20	Voice & Data Communications	36,420	37,148	37,891	38,649	39,422	40,211	41,015	41,835	42,672
21	Computer Hardware - Non Capital	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757
22	Computer Software - Non Capital	-	-	-	-	-	-	-	-	-
23	Hardware/Software Maint & Supp	13,485	13,755	14,030	14,310	14,597	14,889	15,186	15,490	15,800
24	Computer Hardware	-	-	-	-	-	-	-	-	-
25	Lease Payments	3,120	3,182	3,246	3,311	3,377	3,445	3,514	3,584	3,656
26	Finance Indirect Cost Alloc.	2,610	2,675	2,742	2,811	2,881	2,953	3,027	3,102	3,180
27	General Indirect Cost Alloc.	380	390	399	409	419	430	441	452	463
City Attorney's Office Department 5230										
28	Legal Services	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166
Spendable Contingencies Department 5246										
29	Spendable Contingencies	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166
Wastewater Administration Department 5250										
30	Salary & Wages	120,880	125,111	129,490	134,022	138,713	143,568	148,592	153,793	159,176
31	Overtime	700	725	750	776	803	831	860	891	922
32	Part-Time Wages	-	-	-	-	-	-	-	-	-
33	Other Allowances	570	590	611	632	654	677	701	725	751
34	FICA	9,350	9,677	10,016	10,367	10,729	11,105	11,494	11,896	12,312
35	ASRS Retirement	14,590	15,101	15,629	16,176	16,742	17,328	17,935	18,563	19,212
36	STD/LTD Insurance	410	424	439	455	470	487	504	522	540
37	Health/Dental/Life Insurance	22,660	23,793	24,983	26,232	27,543	28,921	30,367	31,885	33,479
38	Workers Compensation Insurance	2,380	2,463	2,550	2,639	2,731	2,827	2,926	3,028	3,134
39	Employee Exams	250	259	268	277	287	297	307	318	329
40	Printing/Office Supplies	3,680	3,754	3,829	3,905	3,983	4,063	4,144	4,227	4,312
41	Postage	200	204	208	212	216	221	225	230	234
42	Voice & Data Communications	-	-	-	-	-	-	-	-	-
43	Uniform Expenses	50	51	52	53	54	55	56	57	59
44	Gas & Oil	760	775	791	807	823	839	856	873	890
45	Building Maintenance	500	510	520	531	541	552	563	574	586
46	Automobile Repairs/Mnt Service	525	536	546	557	568	580	591	603	615
47	Spec Supplies/Safety Equip/Emg	150	153	156	159	162	166	169	172	176
48	Professional Services	11,400	11,628	11,861	12,098	12,340	12,587	12,838	13,095	13,357
49	Recording Fees	-	-	-	-	-	-	-	-	-
50	Dues/Subscriptions/Licenses	8,410	8,578	8,750	8,925	9,103	9,285	9,471	9,660	9,854
51	Permit Fees	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717
52	Travel & Training	7,050	7,191	7,335	7,482	7,631	7,784	7,939	8,098	8,260
53	Motor Vehicles	-	-	-	-	-	-	-	-	-
54	Improvements - City Owned Prop	-	-	-	-	-	-	-	-	-
55	Admin Indirect Cost Allocation	7,340	7,487	7,637	7,789	7,945	8,104	8,266	8,431	8,600
56	HR Indirect Cost Allocations	5,950	6,099	6,251	6,407	6,568	6,732	6,900	7,073	7,249
57	Finance Indirect Cost Alloc.	287,460	294,647	302,013	309,563	317,302	325,235	333,365	341,700	350,242
58	IT Indirect Cost Allocations	19,520	20,008	20,508	21,021	21,546	22,085	22,637	23,203	23,783
59	Legal Indirect Cost Allocation	45,540	46,679	47,845	49,042	50,268	51,524	52,812	54,133	55,486

City of Sedona
 Estimated & Projected Uses of Funds - Sewer System
 Sewer Financial Model

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
60	General Indirect Cost Alloc.	42,470	43,532	44,620	45,736	46,879	48,051	49,252	50,483	51,746
61	Facilities Indirect Cost Allocation	-	-	-	-	-	-	-	-	-
Wastewater Capital Department 5252										
62	Salary & Wages	57,540	59,554	61,638	63,796	66,028	68,339	70,731	73,207	75,769
63	Overtime	-	-	-	-	-	-	-	-	-
64	Other Allowances	420	435	450	466	482	499	516	534	553
65	FICA	4,440	4,595	4,756	4,923	5,095	5,273	5,458	5,649	5,847
66	ASRS Retirement	6,920	7,162	7,413	7,672	7,941	8,219	8,506	8,804	9,112
67	STD/LTD Insurance	170	176	182	188	195	202	209	216	224
68	Health/Dental/Life Insurance	8,230	8,642	9,074	9,527	10,004	10,504	11,029	11,580	12,159
69	Workers Compensation Insurance	1,580	1,635	1,693	1,752	1,813	1,877	1,942	2,010	2,081
70	Admin Indirect Cost Allocation	2,640	2,706	2,774	2,843	2,914	2,987	3,062	3,138	3,217
71	HR Indirect Cost Allocations	2,140	2,194	2,248	2,305	2,362	2,421	2,482	2,544	2,607
72	Finance Indirect Cost Alloc.	5,140	5,269	5,400	5,535	5,674	5,815	5,961	6,110	6,263
73	IT Indirect Cost Allocations	4,560	4,674	4,791	4,911	5,033	5,159	5,288	5,420	5,556
74	General Indirect Cost Alloc.	570	584	599	614	629	645	661	678	694
Wastewater Operations Department 5253										
75	Salary & Wages	260,200	269,307	278,733	288,488	298,585	309,036	319,852	331,047	342,634
76	Overtime	22,000	22,770	23,567	24,392	25,246	26,129	27,044	27,990	28,970
77	Other Allowances	2,100	2,174	2,250	2,328	2,410	2,494	2,581	2,672	2,765
78	FICA	21,750	22,511	23,299	24,115	24,959	25,832	26,736	27,672	28,641
79	ASRS Retirement	33,950	35,138	36,368	37,641	38,958	40,322	41,733	43,194	44,706
80	STD/LTD Insurance	950	983	1,018	1,053	1,090	1,128	1,168	1,209	1,251
81	Health/Dental/Life Insurance	63,570	66,749	70,086	73,590	77,270	81,133	85,190	89,449	93,922
82	Workers Compensation Insurance	7,730	8,001	8,281	8,570	8,870	9,181	9,502	9,835	10,179
83	Employee Exams	835	852	869	886	904	922	940	959	978
84	Printing/Office Supplies	-	-	-	-	-	-	-	-	-
85	Postage	50	51	52	53	54	55	56	57	59
86	Voice & Data Communications	660	673	687	700	714	729	743	758	773
87	Uniform Expenses	6,330	6,457	6,586	6,717	6,852	6,989	7,129	7,271	7,417
88	Gas & Oil	1,800	1,836	1,873	1,910	1,948	1,987	2,027	2,068	2,109
89	Plant Oil & Lubricants	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
90	Plant Diesel	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929
91	Janitorial Supplies	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
92	Electrical Supplies	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
93	Wastewater Supplies	9,250	9,435	9,624	9,816	10,012	10,213	10,417	10,625	10,838
94	Chemicals	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
95	Building Maintenance	-	-	-	-	-	-	-	-	-
96	Ground Maintenance	-	-	-	-	-	-	-	-	-
97	Equipment & Other Rental	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515
98	Equipment Repair	-	-	-	-	-	-	-	-	-
99	Pump and Motor Repair/Rebuild	1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406
100	Instrument Service & Repair	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202
101	Automobile Repairs/Mnt Service	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757
102	Automobile Expense	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,020	4,101
103	Spec Supplies/Safety Equip/Emg	2,725	2,780	2,835	2,892	2,950	3,009	3,069	3,130	3,193
104	Office Furniture - Non-Capital	875	893	910	929	947	966	985	1,005	1,025
105	Computer Hardware - Non Capital	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
106	Radio & Phone Equip-Non Capital	250	255	260	265	271	276	282	287	293
107	Instrument & Tools - Non Capital	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
108	Irrigation Maintenance	16,000	16,320	16,646	16,979	17,319	17,665	18,019	18,379	18,747
109	Operations Maintenance Supplies	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725
110	Wetlands Maintenance	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030
111	Injection Well Maintenance	40,700	41,514	42,344	43,191	44,055	44,936	45,835	46,752	47,687
112	Operations Maint. Services	28,800	29,376	29,964	30,563	31,174	31,798	32,433	33,082	33,744
113	Wetlands Maintenance Services	31,000	31,620	32,252	32,897	33,555	34,227	34,911	35,609	36,321
114	Injection Well Maint. Services	31,000	31,620	32,252	32,897	33,555	34,227	34,911	35,609	36,321
115	Preventative Maint. Services	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030
116	Biosolids Disposal Supplies	21,000	21,420	21,848	22,285	22,731	23,186	23,649	24,122	24,605
117	Biosolids Disposal Services	72,000	73,440	74,909	76,407	77,935	79,494	81,084	82,705	84,359
118	Pump & Motor Rebuild Services	25,000	25,500	26,010	26,530	27,061	27,602	28,154	28,717	29,291
119	Irrigation Maint. Services	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874
120	Professional Services	18,400	18,768	19,143	19,526	19,917	20,315	20,721	21,136	21,559
121	Technical Support	32,000	32,640	33,293	33,959	34,638	35,331	36,037	36,758	37,493
122	Electrical Support/Service	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858
123	Hardware/Software Maint & Supp	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
124	Advertising	400	408	416	424	433	442	450	459	469
125	Solid Waste/Recycling	2,400	2,448	2,497	2,547	2,598	2,650	2,703	2,757	2,812

City of Sedona
 Estimated & Projected Uses of Funds - Sewer System
 Sewer Financial Model

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
126	Utilities-Electric	200,000	204,000	208,080	212,242	216,486	220,816	225,232	229,737	234,332
127	Utilities-Propane	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515
128	Utilities-Solar Energy	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166
129	Dues/Subscriptions/Licenses	925	944	962	982	1,001	1,021	1,042	1,063	1,084
130	Landscaping/Materials/Supplies	-	-	-	-	-	-	-	-	-
131	Travel & Training	13,500	13,770	14,045	14,326	14,613	14,905	15,203	15,507	15,817
132	Machinery & Equipment	-	-	-	-	-	-	-	-	-
133	Improvements - City Owned Prop	-	-	-	-	-	-	-	-	-
134	Equipment Replacement Reserve Chrg	287,400	293,148	299,011	304,991	311,091	317,313	323,659	330,132	336,735
135	Major Equipment Replacement Reserve	34,500	35,190	35,894	36,612	37,344	38,091	38,853	39,630	40,422
136	Admin Indirect Cost Allocation	16,950	17,374	17,808	18,253	18,710	19,177	19,657	20,148	20,652
137	HR Indirect Cost Allocations	13,730	14,073	14,425	14,786	15,155	15,534	15,923	16,321	16,729
138	Finance Indirect Cost Alloc.	69,210	70,940	72,714	74,532	76,395	78,305	80,262	82,269	84,326
139	IT Indirect Cost Allocations	18,340	18,799	19,268	19,750	20,244	20,750	21,269	21,800	22,346
140	Legal Indirect Cost Allocation	-	-	-	-	-	-	-	-	-
141	General Indirect Cost Alloc.	9,930	10,178	10,433	10,694	10,961	11,235	11,516	11,804	12,099
142	Facilities Indirect Cost Allocation	-	-	-	-	-	-	-	-	-
143	Salary & Wages	242,470	250,956	259,740	268,831	278,240	287,978	298,058	308,490	319,287
144	Overtime	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752
145	Other Allowances	840	869	900	931	964	998	1,033	1,069	1,106
146	FICA	19,820	20,514	21,232	21,975	22,744	23,540	24,364	25,217	26,099
147	ASRS Retirement	30,870	31,950	33,069	34,226	35,424	36,664	37,947	39,275	40,650
148	STD/LTD Insurance	910	942	975	1,009	1,044	1,081	1,119	1,158	1,198
149	Health/Dental/Life Insurance	50,700	53,235	55,897	58,692	61,626	64,707	67,943	71,340	74,907
150	Workers Compensation Insurance	7,000	7,245	7,499	7,761	8,033	8,314	8,605	8,906	9,218
151	Employee Exams	300	306	312	318	325	331	338	345	351
152	Printing/Office Supplies	100	102	104	106	108	110	113	115	117
153	Postage	100	102	104	106	108	110	113	115	117
154	Voice & Data Communications	6,780	6,916	7,054	7,195	7,339	7,486	7,635	7,788	7,944
155	Uniform Expenses	5,705	5,819	5,935	6,054	6,175	6,299	6,425	6,553	6,684
156	Gas & Oil	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,060
157	Plant Oil & Lubricants	250	255	260	265	271	276	282	287	293
158	Plant Diesel	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
159	Electrical Supplies	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858
160	Wastewater Supplies	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,020	4,101
161	Chemicals	500	510	520	531	541	552	563	574	586
162	Building Maintenance	500	510	520	531	541	552	563	574	586
163	Grounds Maintenance	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929
164	Equipment & Other Rental	5,500	5,610	5,722	5,837	5,953	6,072	6,194	6,318	6,444
165	Equipment Repair Supplies	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
166	Equipment Repair	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757
167	Pump and Motor Repair/Rebuild	78,000	79,560	81,151	82,774	84,430	86,118	87,841	89,597	91,389
168	Manhole Repair/Maint Supplies	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858
169	Sewer Line Repair/Mnt Supplies	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717
170	Automobile Repairs/Mnt Supplies	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
171	Automobile Repairs/Mnt Service	12,600	12,852	13,109	13,371	13,639	13,911	14,190	14,473	14,763
172	Odor Control Supplies	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717
173	Spec Supplies/Safety Equip/Emg	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757
174	Office Furniture - Non-Capital	875	893	910	929	947	966	985	1,005	1,025
175	Computer Hardware - Non Capital	2,700	2,754	2,809	2,865	2,923	2,981	3,041	3,101	3,163
176	Machinery & Equipment	-	-	-	-	-	-	-	-	-
177	Radio & Phone Equip-Non Capital	500	510	520	531	541	552	563	574	586
178	Instrument & Tools - Non Capital	-	-	-	-	-	-	-	-	-
179	Operations Maintenance	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
180	Pump Station Maintenance	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858
181	Operations Maint. Services	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166
182	Manhole Repair/Maint Services	30,000	30,600	31,212	31,836	32,473	33,122	33,785	34,461	35,150
183	Sewer Line Repair/Mnt Supplies	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874
184	Preventative Maint. Services	13,000	13,260	13,525	13,796	14,072	14,353	14,640	14,933	15,232
185	Pump Station Maintenance	13,000	13,260	13,525	13,796	14,072	14,353	14,640	14,933	15,232
186	Odor Control Supplies	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
187	Professional Services	10,500	10,710	10,924	11,143	11,366	11,593	11,825	12,061	12,302
188	Technical Support	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
189	Electrical Support/Service	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717
190	Solid Waste/Recycling	250	255	260	265	271	276	282	287	293
191	Advertising	400	408	416	424	433	442	450	459	469
192	Solid Waste/Recycling	1,100	1,122	1,144	1,167	1,191	1,214	1,239	1,264	1,289
193	Utilities - Water	7,500	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787
194	Utilities - Electric	197,000	203,895	211,031	218,417	226,062	233,974	242,163	250,639	259,411
195	Dues/Subscriptions/Licenses	600	612	624	637	649	662	676	689	703
196	Landscaping/Materials/Supplies	-	-	-	-	-	-	-	-	-

City of Sedona
 Estimated & Projected Uses of Funds - Sewer System
 Sewer Financial Model

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
197	Travel & Training	12,150	12,393	12,641	12,894	13,152	13,415	13,683	13,957	14,236
198	Equip Replacement Reserve Chrg	218,450	222,819	227,275	231,821	236,457	241,186	246,010	250,930	255,949
199	Major Equipment Replacement Reserve	36,200	36,924	37,662	38,416	39,184	39,968	40,767	41,582	42,414
200	Admin Indirect Cost Allocation	12,810	13,130	13,459	13,795	14,140	14,493	14,856	15,227	15,608
201	HR Indirect Cost Allocations	10,370	10,629	10,895	11,167	11,447	11,733	12,026	12,327	12,635
202	Finance Indirect Cost Alloc.	63,890	65,487	67,124	68,803	70,523	72,286	74,093	75,945	77,844
203	IT Indirect Cost Allocations	29,010	29,735	30,479	31,241	32,022	32,822	33,643	34,484	35,346
204	Clerk Indirect Cost Allocation	5,740	5,884	6,031	6,181	6,336	6,494	6,657	6,823	6,994
205	General Indirect Cost Alloc.	9,460	9,697	9,939	10,187	10,442	10,703	10,971	11,245	11,526
206	Facilities Indirect Cost Allocation	-	-	-	-	-	-	-	-	-
207	Salary & Wages	79,780	82,572	85,462	88,454	91,549	94,754	98,070	101,502	105,055
208	Overtime	2,000	2,070	2,142	2,217	2,295	2,375	2,459	2,545	2,634
209	Other Allowances	270	279	289	299	310	321	332	344	356
210	FICA	6,280	6,500	6,727	6,963	7,206	7,459	7,720	7,990	8,270
211	ASRS Retirement	9,800	10,143	10,498	10,865	11,246	11,639	12,047	12,468	12,905
212	STD/LTD Insurance	290	300	311	322	333	344	356	369	382
213	Health/Dental/Life Insurance	14,150	14,858	15,600	16,380	17,199	18,059	18,962	19,910	20,906
214	Workers Compensation Insurance	2,230	2,308	2,389	2,472	2,559	2,649	2,741	2,837	2,936
215	Employee Exams	-	-	-	-	-	-	-	-	-
216	Printing/Office Supplies	100	102	104	106	108	110	113	115	117
217	Postage	200	204	208	212	216	221	225	230	234
218	Voice & Data Communications	-	-	-	-	-	-	-	-	-
219	Uniform Expenses	600	612	624	637	649	662	676	689	703
220	Janitorial Supplies	500	510	520	531	541	552	563	574	586
221	Wastewater Supplies	43,000	43,860	44,737	45,632	46,545	47,475	48,425	49,393	50,381
222	Building Maintenance	200	204	208	212	216	221	225	230	234
223	Instrument Service & Repair	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888
224	Spec Supplies/Safety Equip/Emg	4,000	4,080	4,162	4,245	4,330	4,416	4,505	4,595	4,687
225	Professional Services	23,000	23,460	23,929	24,408	24,896	25,394	25,902	26,420	26,948
226	Dues/Subscriptions/Licenses	65	66	68	69	70	72	73	75	76
227	Permit Fees	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929
228	Travel & Training	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
229	Equip Replacement Reserve Chrg	3,600	3,672	3,745	3,820	3,897	3,975	4,054	4,135	4,218
230	Major Equipment Replacement Reserve	450	459	468	478	487	497	507	517	527
231	Admin Indirect Cost Allocation	5,460	5,597	5,736	5,880	6,027	6,177	6,332	6,490	6,652
232	HR Indirect Cost Allocations	4,420	4,531	4,644	4,760	4,879	5,001	5,126	5,254	5,385
233	Finance Indirect Cost Alloc.	12,160	12,464	12,776	13,095	13,422	13,758	14,102	14,454	14,816
234	IT Indirect Cost Allocations	9,440	9,676	9,918	10,166	10,420	10,680	10,948	11,221	11,502
235	General Indirect Cost Alloc.	1,490	1,527	1,565	1,605	1,645	1,686	1,728	1,771	1,815
Debt Service Department 5255										
236	Trustee Administration Fees	2,250	2,295	2,341	2,388	2,435	2,484	2,534	2,585	2,636
237	Arbitrage Calculation Services	2,250	2,295	2,341	2,388	2,435	2,484	2,534	2,585	2,636
238	Finance Indirect Cost Alloc.	170	174	179	183	188	192	197	202	207
Public Works Department 5320										
239	Salary & Wages	134,440	139,145	144,015	149,056	154,273	159,673	165,261	171,045	177,032
240	Overtime	-	-	-	-	-	-	-	-	-
241	Part-Time Wages	-	-	-	-	-	-	-	-	-
242	Uniform Allowance	520	538	557	577	597	618	639	662	685
243	Other Allowances	1,150	1,190	1,232	1,275	1,320	1,366	1,414	1,463	1,514
244	FICA	10,420	10,785	11,162	11,553	11,957	12,376	12,809	13,257	13,721
245	ASRS Retirement	16,250	16,819	17,407	18,017	18,647	19,300	19,975	20,675	21,398
246	STD/LTD Insurance	480	497	514	532	551	570	590	611	632
247	Health/Dental/Life Insurance	35,110	36,866	38,709	40,644	42,676	44,810	47,051	49,403	51,873
248	Workers Compensation Insurance	2,320	2,401	2,485	2,572	2,662	2,755	2,852	2,952	3,055
249	Printing/Office Supplies	500	518	536	554	574	594	615	636	658
250	Voice & Data Communications	1,450	1,479	1,509	1,539	1,570	1,601	1,633	1,666	1,699
251	Uniform Expenses	1,350	1,377	1,405	1,433	1,461	1,491	1,520	1,551	1,582
252	Gas & Oil	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757
253	Automobile Repair/Mnt Supplies	250	255	260	265	271	276	282	287	293
254	Automobile Repair/Mnt Service	1,400	1,428	1,457	1,486	1,515	1,546	1,577	1,608	1,640
255	Spec Supplies/Safety Equip/Emg	3,200	3,264	3,329	3,396	3,464	3,533	3,604	3,676	3,749
256	Radio & Phone Equip-Non Capital	100	102	104	106	108	110	113	115	117
257	Instrument & Tools - Non Capital	1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406
258	Professional Services	1,900	1,938	1,977	2,016	2,057	2,098	2,140	2,183	2,226
259	Recording Fees	300	306	312	318	325	331	338	345	351
260	Travel & Training	1,800	1,836	1,873	1,910	1,948	1,987	2,027	2,068	2,109
261	Sewer Connections	15,000	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575
262	Admin Indirect Cost Allocation	8,890	9,112	9,340	9,574	9,813	10,058	10,310	10,567	10,832
263	HR Indirect Cost Allocations	7,200	7,380	7,565	7,754	7,947	8,146	8,350	8,559	8,773
264	Finance Indirect Cost Alloc.	11,920	12,218	12,523	12,837	13,157	13,486	13,824	14,169	14,523
265	IT Indirect Cost Allocations	15,860	16,257	16,663	17,079	17,506	17,944	18,393	18,853	19,324

City of Sedona
 Estimated & Projected Uses of Funds - Sewer System
 Sewer Financial Model

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
266	Legal Indirect Cost Allocation	13,700	14,043	14,394	14,753	15,122	15,500	15,888	16,285	16,692
267	General Indirect Cost Alloc.	1,850	1,896	1,944	1,992	2,042	2,093	2,145	2,199	2,254
268	Facilities Indirect Cost Allocation	2,790	2,860	2,931	3,005	3,080	3,157	3,236	3,316	3,399
269	Salary & Wages	30,930	32,013	33,133	34,293	35,493	36,735	38,021	39,352	40,729
270	Overtime	-	-	-	-	-	-	-	-	-
271	Other Allowances	240	248	257	266	275	285	295	305	316
272	FICA	2,390	2,474	2,560	2,650	2,743	2,839	2,938	3,041	3,147
273	ASRS Retirement	3,730	3,861	3,996	4,136	4,280	4,430	4,585	4,746	4,912
274	STD/LTD Insurance	100	104	107	111	115	119	123	127	132
275	Health/Dental/Life Insurance	5,890	6,185	6,494	6,818	7,159	7,517	7,893	8,288	8,702
276	Workers Compensation Insurance	550	569	589	610	631	653	676	700	724
277	Gas & Oil	100	104	107	111	115	119	123	127	132
278	Automobile Repair/Mnt Supplies	200	207	214	222	230	238	246	254	263
279	Automobile Repair/Mnt Service	240	245	250	255	260	265	270	276	281
280	Radio & Phone Equip-Non Capital	100	102	104	106	108	110	113	115	117
281	Dues/Subscriptions/Licenses	490	500	510	520	530	541	552	563	574
282	Travel & Training	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
283	Admin Indirect Cost Allocation	1,510	1,548	1,586	1,626	1,667	1,708	1,751	1,795	1,840
284	HR Indirect Cost Allocations	1,220	1,251	1,282	1,314	1,347	1,380	1,415	1,450	1,486
285	Finance Indirect Cost Alloc.	3,390	3,475	3,562	3,651	3,742	3,835	3,931	4,030	4,130
286	IT Indirect Cost Allocations	2,760	2,829	2,900	2,972	3,047	3,123	3,201	3,281	3,363
287	General Indirect Cost Alloc.	440	451	462	474	486	498	510	523	536
288	Facilities Indirect Cost Allocation	470	482	494	506	519	532	545	559	573
Professional Services Department 6222										
289	Professional Services	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433
Computer Department 6224										
290	Computer Hardware - Non Capital	-	-	-	-	-	-	-	-	-
291	Computer Hardware	-	-	-	-	-	-	-	-	-
Building Department 6224										
292	Building Maintenance Supplies	200	204	208	212	216	221	225	230	234
293	Office Furniture - Non Capital	1,650	1,683	1,717	1,751	1,786	1,822	1,858	1,895	1,933
294	Improvements - City Owned Prop	-	-	-	-	-	-	-	-	-
Department 6253										
295	Electrical Supplies	-	-	-	-	-	-	-	-	-
296	Equipment Repair Supplies	-	-	-	-	-	-	-	-	-
297	Automobile Repairs/Mnt Service	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
298	Spec Supplies/Safety Equip/Emg	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202
299	Computer Software- Non Capital	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929
300	Machinery & Equipment- Non Capital	1,400	1,428	1,457	1,486	1,515	1,546	1,577	1,608	1,640
301	Operations Maint. Supplies	-	-	-	-	-	-	-	-	-
301	Professional Services	25,000	25,500	26,010	26,530	27,061	27,602	28,154	28,717	29,291
302	Technical Support	15,000	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575
302	Electrical Support/Service	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433
303	Travel & Training	7,500	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787
303	Voice & Data Communications	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030
304	Electrical Supplies	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717
304	Building Maintenance Supplies	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515
305	Machinery & Equipment - Non Capital	1,400	1,428	1,457	1,486	1,515	1,546	1,577	1,608	1,640
305	Sewer Line Repair/Mnt Services	50,000	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583
306	Pump Station Maint. Services	115,000	117,300	119,646	122,039	124,480	126,969	129,509	132,099	134,741
306	Professional Services	18,000	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090
307	Travel & Training	10,500	10,710	10,924	11,143	11,366	11,593	11,825	12,061	12,302
308	Office Furniture - Non Capital	1,100	1,122	1,144	1,167	1,191	1,214	1,239	1,264	1,289
309	Instrument & Tools - Non Capital	6,300	6,426	6,555	6,686	6,819	6,956	7,095	7,237	7,381
310	Transfer to Capacity Fee Fund	-	-	-	-	-	-	-	-	-
311	TOTAL OPERATING EXPENSES	\$ 4,978,825	\$ 5,109,179	\$ 5,243,267	\$ 5,381,208	\$ 5,523,123	\$ 5,669,139	\$ 5,819,385	\$ 5,973,997	\$ 6,133,113

City of Sedona
 Capital Improvement Plan
 Fiscal Years 2018 - 2028

Line No.	Proj No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sewer - Imperative Projects											
1	0	Fiscal Year 2018-19 Budgeted Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	WW-01A	WW Collection System Improvements - Lift Station Replacements	2,212,100	-	-	-	-	-	-	-	-
3	WW-01B	WW Collection System Improvements - SR 179 Sewer Main Replacement	654,000	-	-	-	-	-	-	-	-
4	WW-01C	WW Collection System Improvements - Brewer Road Force Main Valve Replacements	40,000	150,000	-	-	-	-	-	-	-
5	WW-02	WWRP Tertiary Filter Upgrades	1,221,632	-	-	-	-	-	-	-	-
6	WW-12	WWRP Grit Classifier Replacement	150,000	-	-	-	-	-	-	-	-
7	0	Under Budget Factor	(1,710,990)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	-
Sewer - Essential Projects											
1	WW-04	SCADA System and Configuration Upgrade	185,000	125,000	-	-	-	-	-	-	-
2	WW-07	WWRP Reservoir Liner Replacement	-	1,050,000	-	-	-	-	-	-	-
Sewer - Important Projects											
1	WW-01D	WW Collection System Improvements - Misc Rehabs/Replacements	-	-	390,000	-	-	-	-	-	-
2	WW-05	WWRP Odor Control Upgrades	-	-	-	-	-	-	-	-	185,000
3	WW-06	WWRP Recharge Wells	-	-	-	-	-	-	153,819	1,583,275	2,125,000
4	WW-08	WWRP Drying Beds Replacement	-	-	1,650,000	-	-	-	-	-	-
Sewer - Desirable Projects											
1	WW-01E	WW Collection System Improvements - Future Collections Projects	-	-	-	255,000	440,000	440,000	-	-	-
2	WW-09	WWRP Treatment Process Upgrades	-	-	-	60,000	600,000	50,000	570,000	1,250,000	-
3	WW-10	Wastewater Master Plan Update	-	-	-	100,000	-	-	-	-	-
4	WW-11	WWRP Paving	-	-	-	420,000	-	-	-	-	-
5	WW-03	Admin Building Remodel	84,500	-	-	-	-	-	-	-	-
11		Total Capital Project Costs	\$ 2,836,242	\$ 1,220,000	\$ 1,935,000	\$ 730,000	\$ 935,000	\$ 385,000	\$ 618,819	\$ 2,728,275	\$ 2,310,000
12		Total Escalated Capital Project Costs	\$ 2,909,701	\$ 1,284,014	\$ 2,089,277	\$ 808,617	\$ 1,062,519	\$ 448,839	\$ 740,114	\$ 3,347,560	\$ 2,907,751
13		Total Funded Through Prioritization Process	\$ 2,909,701	\$ 1,284,014	\$ 2,089,277	\$ 808,617	\$ 1,062,519	\$ 448,839	\$ 740,114	\$ 3,347,560	\$ 2,907,751
Sources of Funds											
14		Operating Fund	\$ 2,909,701	\$ 1,284,014	\$ 2,089,277	\$ 808,617	\$ 1,062,519	\$ 448,839	\$ 556,145	\$ 1,404,901	\$ 232,872
15		Capacity Fund	-	-	-	-	-	-	183,969	1,942,659	2,674,879
16		Total Sources of Funds	\$ 2,909,701	\$ 1,284,014	\$ 2,089,277	\$ 808,617	\$ 1,062,519	\$ 448,839	\$ 740,114	\$ 3,347,560	\$ 2,907,751

City of Sedona

Existin Debt

Fiscal Years 2018 - 2028

	2020	2021	2022	2023	2024	2025	2026	2027	2028
Series 1998	\$4,310,000	\$4,310,000	\$4,310,000	\$4,310,000	\$4,310,000	\$0	\$0	\$0	\$0
Series 2012	377,775	377,775	377,775	377,775	377,775	4,482,775	4,483,050	0	0
Series 2015	0	0	0	0	0	0	0	0	0
Total	\$4,687,775	\$4,687,775	\$4,687,775	\$4,687,775	\$4,687,775	\$4,482,775	\$4,483,050	\$0	\$0

APPENDIX B

Cost of Service and Rate Design

City of Sedona
Development of Rate Revenue Requirement

Line No:	A	Test Year for Rate Revenue Requirement
		2020
1	Total Operating Revenue Requirement	\$6,111,783
	Less:	
	<u>Other Operating Revenues</u>	
2	Transfer in From Other Funds	\$3,447,000
3	NSF Fees	1,000
4	Misc Revenue	7,800
5	Auction Proceeds	10
6	Sewer-Retro Billing	0
7	Account Setup Fee \$25	16,721
8	Billing Late Fees	30,200
9	Environmental Penalty	27,300
10	Claims-Judgements-Settlements	0
11	Interest Income (Dept 5250)	80,000
12	Interest Income (Dept 5255)	103,500
13	Interest Income - Savings (Dept 5255)	0
14	Interest on Trustee Accounts (Dept 5255)	70
15	Interest on Pooled Investments (Dept 5255)	136,800
16	Change in Reserves	(3,850,401)
	Total Other Operating Revenues	\$0
17	Total Rate Revenue Requirement	\$6,111,783

City of Sedona
Allocation of Test Year Costs

A

Line No:	Expense Group	Sewer
1	Sewer - Coll	\$ 276,600
2	Sewer - Transfers	802,100
3	Sewer - Treat	3,013,235
4	Sewer - CIP	2,909,701
5	Sewer - Admin	886,890
6	Sewer - Existing DS	4,687,775
Total		\$ 12,576,301

City of Sedona
Allocation of Sewer Costs FY - 2020

Allocation to Volume and Customer Service - Sewer FY 2020

	Sewer Costs	Volume	Capacity	Strength - SS	Strength - BOD	Pretreatment & Inspection	Readiness to Serve		Total
							Billing & Collection	Customer Service	
1									
2	Wastewater - Pretreatment & Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Treatment	3,013,235	753,309	753,309	753,309	753,309	-	-	3,013,235
4	Collection	276,600	276,600	-	-	-	-	-	276,600
5	Administration	886,890	-	-	-	-	443,445	443,445	886,890
6	Transfers	802,100	200,525	200,525	200,525	200,525	-	-	802,100
7	CIP	2,909,701	-	727,425	727,425	727,425	-	727,425	2,909,701
8	Debt Service	4,687,775	1,171,944	-	-	-	-	3,515,831	4,687,775
9	Use of Other Funding Sources and/or Addition/(Reduction) in Reserves	(6,464,518)	(1,234,879)	(864,207)	(864,207)	(864,207)	-	(227,941)	(6,464,518)
10	Total	\$ 6,111,783	\$ 1,167,498	\$ 817,052	\$ 817,052	\$ 817,052	\$ -	\$ 215,504	\$ 2,277,625
11									
12	Fixed Charge Component						\$	215,504	\$ 2,277,625
13	Flow Charge Component		\$ 1,167,498	\$ 817,052	\$ 817,052	\$ 817,052	\$ -		\$ 3,618,654
14	Total		\$ 1,167,498	\$ 817,052	\$ 817,052	\$ 817,052	\$ -	\$ 215,504	\$ 6,111,783
	Check	6,111,783	Cost/Kgals	Cost/Kgals	Cost/pound	Cost/pound			
	Total Cost All Customers	\$	\$ 1,167,498	\$ 817,052	\$ 817,052	\$ 817,052	\$	215,504	\$ 2,277,625
	Total Kgals/pounds		621,757	621,757	1,816,169	5,030,697	Equiv Meters/Bills	82,421	77,184
	Cost Kgals/pounds		\$1.88	\$1.31	\$0.45	\$0.16	Cost/Bill	2.61	29.51

City of Sedona
 Calculation of Fixed Charge Rates/ Revenue - Sewer FY 2020

Line No:				
1	Total Sewer Revenue Target	\$	6,111,783	
2	Percent from Fixed Charge		40%	
3	Total Fixed Charge Revenue Requirement - Sewer	\$	2,444,713	
4	Total Bills		82,421	Prior
5	Monthly Sewer Fixed Charge per Account	\$	29.66	\$ 32.27

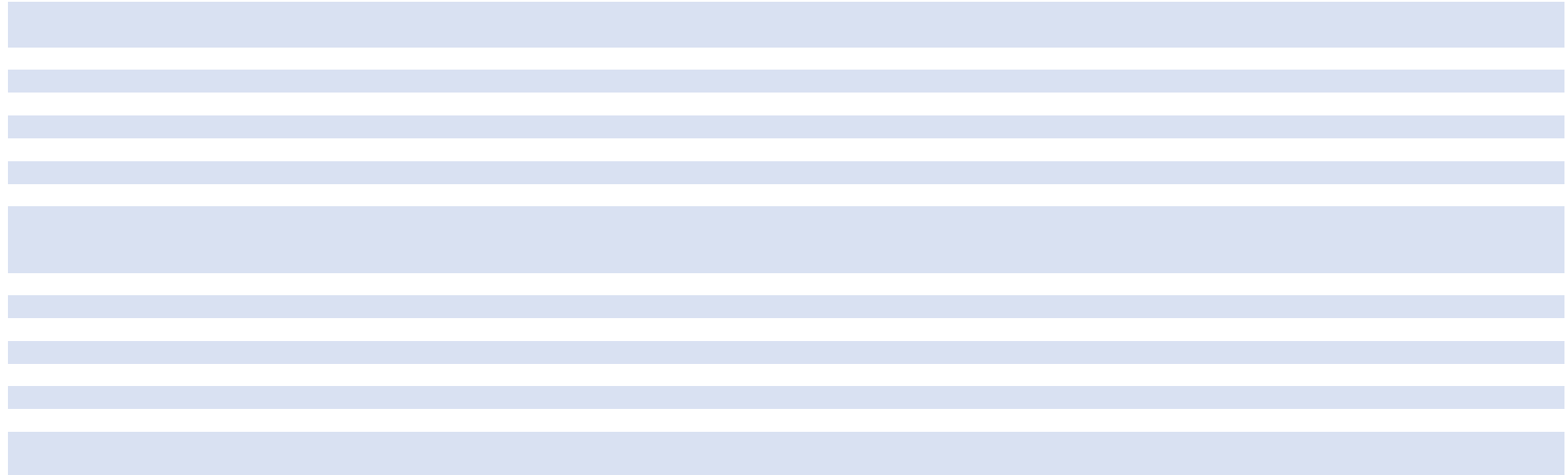
Sewer Fixed Charge - By Meter Size

	Meter Size	Meter Equivalency	Monthly Sewer Fixed Charge
1	0.75	1.00	\$ 29.66
2	1	1.00	\$ 29.66
3	1.5	2.00	\$ 59.32
4	2	3.20	\$ 94.92
5	3	6.40	\$ 189.83
6	4	10.00	\$ 296.61
7	6	10.00	\$ 296.61
8	8	10.00	\$ 296.61

Office/School/Church/Library/Public Restroom

Class -->	RES	MF	General Commercial	Office/School/Church/Library/Public Restroom	Retail	Beauty/Fitness	Hotel/Resort	Repair Shop	Restaurant
Meter Size	Bills	Bills	Bills	Bills	Bills	Bills	Bills	Bills	Bills
0.75	50,388	936	1,428	1,392	1,092	72	480	132	360
1	4,836	132	264	588	336	24	624	-	144
1.5	12	-	-	36	-	-	-	12	24
2	72	36	144	204	156	12	648	-	96
3	-	-	-	12	-	-	36	-	-
4	24	-	-	36	-	-	48	12	12
6	12	-	-	-	-	-	24	-	-
8	-	-	-	12	-	-	-	-	-
Total	55,344	1,104	1,836	2,280	1,584	108	1,860	156	636

City of Sedona
 Calculation of Fixed Charge Rates/ Revenue - Sewer FY 2020



Car Wash	Market	Medical	Mortuary	Laundromat	Brewery	RV Hook Up	Standby	Total
Bills	Bills	Bills	Bills	Bills	Bills	Bills	Bills	
24	-	240	12	-	-	24	11,772	68,352
12	-	48	-	12	24	36	-	7,080
-	12	-	-	-	-	-	-	96
24	12	-	-	-	-	-	-	1,404
-	-	12	-	-	-	-	-	60
12	-	-	-	-	-	-	-	144
-	-	-	-	-	-	-	-	36
-	-	-	-	-	-	-	-	12
72	24	300	12	12	24	60	11,772	77,184

Development of Proposed FY 2020 Residential Rates

Residential - Cost of Service Component **\$3,278,943**

Service Charge, \$ per Bill	Rate	Bills	Revenue		
Meter Size					
Up to 1.00	\$29.66	55,224	\$1,637,944		
1.50	59.32	12	712		
2.00	94.92	72	6,834		
3.00	189.83	0	0		
4.00 and larger	296.61	36	10,678		
Total Service Charge Revenue			\$1,656,168		
Flow Rate Revenue to be Recovered			\$1,622,776		
Block	% Flow in Block	Billed Flow	Cumulative Factor	Volume Rate	Rate Revenue
October - April (100% of actual use)	56.19%	188,596	1.00	\$4.83	\$911,838
May - September (65% of actual use)	43.81%	147,044	1.00	4.83	710,938
Total	100%	335,640			\$1,622,776

Development of Proposed FY 2020 Multifamily Rates

Multifamily Cost of Service **\$62,565**

Service Charge, \$ per Bill	Rate	Bills	Revenue		
Meter Size					
Up to 1.00	\$29.66	1,068	\$31,677		
1.50	59.32	0	0		
2.00	94.92	36	3,417		
3.00	189.83	0	0		
4.00 and larger	296.61	0	0		
Total Service Charge Revenue			\$35,094		
Flow Rate Revenue to be Recovered			\$27,471		
Block	% Flow in Block	Billed Flow	Cumulative Factor	Volume Rate	Rate Revenue
All Flows	100.0%	6,383	1.00	\$4.30	\$27,471
Total	100%	6,383			\$27,471

Development of Proposed FY 2020 Non-Residential Rates

Non-Residential Cost of Service

\$2,392,114

Service Charge, \$ per Bill	Rate	Bills	Revenue	
Meter Size				
Up to 1.00	\$29.66	7,368	\$218,535	
1.50	59.32	84	4,983	
2.00	94.92	1,296	123,012	
3.00	189.83	60	11,390	
4.00 and larger	296.61	156	46,272	
Total Service Charge Revenue			\$404,191	
Flow Rate Revenue to be Recovered			\$1,987,923	
	% Flow in	Billed	Cumulative	Volume
Block	Block	Flow	Factor	Rate
October - April (100% of actual use)	50.61%	141,573	1.00	\$7.11
May - September (75% of actual use)	49.39%	138,161	1.00	7.11
Total	100%	279,734		

Development of Proposed FY 2020 Standby Rates

Standby Cost of Service				\$378,160
Service Charge, \$ per Bill	Rate	Bills	Revenue	
All Accounts	\$32.12	11,772	\$378,160	
Total Service Charge Revenue			\$378,160	

APPENDIX C

Capacity Fee Analysis

Sedona
Sewer Capacity Fee Model
Capacity Fee Calculation - Summary

Fee per SFU \$672.73

<u>SFU Range</u>	<u>Capacity Fee</u>
0 - 8	\$3,767
8.1 - 17	9,640
17.1 -29	17,108
29.1 - 42	25,651
42.1 - 55	34,397
> 55 (per SFU)	672.73

Sedona
Sewer Capacity Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	Original Cost Less Depreciation	CCI Inflation Factor	Replacement Cost New (RCN)	Replacement Cost New Less Depreciation (RCNLD)
Land								
2018590012	WW Driveway Project	2018	\$36,755	\$0	\$36,755	1.00	\$36,755	\$36,755
597395	LAND-WASTE TRTMT PLNT SED DELL	1992	1,873,033	0	1,873,033	2.20	1,873,033	1,873,033
597396	SWR EASEMENTS FOR 90-91	1991	670	0	670	2.27	670	670
597543	SWR ESMTS 91-92 FISCAL YR PURC	1992	16,047	0	16,047	2.20	16,047	16,047
597631	BREWER RD PUMP STATION LOT 1	1993	113,173	0	113,173	2.10	113,173	113,173
597632	CARROLL CYN PUMPING STATION	1991	70,717	0	70,717	2.27	70,717	70,717
597633	LAND-WASTE TRTMT PLNT SED DELL	1992	44,816	0	44,816	2.20	44,816	44,816
597635	SEWER EASEMENTS FOR 92-93	1993	33,316	0	33,316	2.10	33,316	33,316
597636	EL CAMINO PUMP STATION	1992	70,000	0	70,000	2.20	70,000	70,000
597647	SEDONA DELLS PROP. CRT SETTLEM	1992	2,940,792	0	2,940,792	2.20	2,940,792	2,940,792
597685	VARIOUS LAND COST	1993	25,580	0	25,580	2.10	25,580	25,580
597698	EASEMENT-OAKCREEK MOBILODGE	1993	70,607	0	70,607	2.10	70,607	70,607
597700	PHILLIPPI LIFT STATIONS	1993	27,192	0	27,192	2.10	27,192	27,192
597761	SHELBY TREATMENT PLANT	1993	340,669	0	340,669	2.10	340,669	340,669
597766	SEWER EASEMENTS FOR 93-94	1994	2,616	0	2,616	2.03	2,616	2,616
597859	SEWER EASEMENTS FOR 94-95	1995	5,900	0	5,900	2.00	5,900	5,900
597999	SEWER EASEMENTS FOR 95-96	1996	5,035	0	5,035	1.95	5,035	5,035
598047	SEWER EASEMENTS 96-97	1997	56,190	0	56,190	1.88	56,190	56,190
598050	SWR - FY97-98 EASEMENTS	1998	125,188	0	125,188	1.85	125,188	125,188
598057	EASEMENTS 98/99	1999	143,769	0	143,769	1.81	143,769	143,769
598060	EASEMENTS 99/00	2000	13,222	0	13,222	1.76	13,222	13,222
598067	SEWER EASEMENTS 2000-01	2001	7,020	0	7,020	1.73	7,020	7,020
598076	SEWER EASEMENTS - FY 01-02	2002	15,508	0	15,508	1.68	15,508	15,508
598079	AREA 4 US FOREST 265 ACRES	2002	5,008,432	0	5,008,432	1.68	5,008,432	5,008,432
598083	SEWER EASEMENTS - FY 02-03	2003	9,179	0	9,179	1.64	9,179	9,179
598207	SEWER EASEMENTS FY03-04	2004	121,530	0	121,530	1.54	121,530	121,530
598210	SEWER EASEMENTS FY04-05	2005	11,655	0	11,655	1.47	11,655	11,655
598220	Sewer Easements FY 2005-06	2005	5,413	0	5,413	1.47	5,413	5,413
598228	Sewer Easements FY 06/07	2007	2,146	0	2,146	1.38	2,146	2,146
Sewer Infrastructure								
201559005	Wastewater Fence	2015	53,505	8,810	44,694	1.09	58,436	49,626
597811	PLANT BUILDINGS 1991-1994	1994	5,793,968	2,781,017	3,012,951	2.03	5,793,968	3,012,951
598054	PLANT IMPROVEMENTS 95-96	1996	3,871,039	1,703,658	2,167,381	1.95	3,871,039	2,167,381
598055	PLANT IMPROVEMENTS 97-98	1998	545,126	218,107	327,019	1.85	545,126	327,019
201659003	Gate Valve at Carroll Canyon Lift Station	2016	53,835	6,306	47,529	1.04	56,022	49,716
201659004	WWTP Effluent Mgt Optimization	2015	168,382	25,257	143,125	1.09	183,901	158,644
201659005	WWTP Filter System Upgrades (Bar Screen)	2016	22,657	2,272	20,385	1.04	23,578	21,306
201659006	WWTP Filter System Upgrades (Centrifuge)	2016	139,450	13,983	125,467	1.04	145,115	131,132
201659007	WWTP Newcastle Lift Station Upgrade	2015	65,740	9,861	55,879	1.09	71,799	61,938
201659008	WWTP Bear Wallow Lift Station Electr. Improvements	2016	72,623	7,571	65,052	1.04	75,573	68,002
2017590004	WW Treatment Plant A+ Upgrade	2016	5,583,398	439,451	5,143,947	1.04	5,810,239	5,370,788
2018590006	Force Main Condition Assessment - Sewer Line	2018	22,500	4	22,496	1.00	22,500	22,496
2018590010	Injection Wells 1 & 2 and Point of Compliance Well	2018	5,940,750	-	5,940,750	1.00	5,940,750	5,940,750
2018590011	WWTP Bar Screens	2018	704,084	-	704,084	1.00	704,084	704,084
59.8275	Wetlands Improvements	2012	143,116	42,956	100,161	1.18	168,498	125,543
59.8276	Sedona Dells Wetland Improvements	2012	2,613,861	784,538	1,829,322	1.18	3,077,433	2,292,895
590803	WW PLANT IMPROVEMENTS	1996	4,184,850	1,841,767	2,343,083	1.95	8,160,301	6,318,534
598004	WASTEWATER LINES	1993	12,746,244	6,373,685	6,372,559	2.10	26,810,636	20,436,950
598005	WW LINE ADDITIONS	1994	634,356	304,519	329,837	2.03	1,285,461	980,942
598014	WASTEWATER LINES (B)	1993	12,746,244	6,373,685	6,372,559	2.10	26,810,636	20,436,950
598038	WW PLANT AND PROJECTS 95-96	1996	174,268	76,696	97,572	1.95	339,817	263,121
598053	WW PROJECTS FY97-98	1998	4,283,645	1,713,904	2,569,741	1.85	7,929,657	6,215,753
598059	WASTEWATER PROJECTS FY 98-99	1999	5,598,469	2,128,003	3,470,467	1.81	10,125,837	7,997,835
598062	WASTEWATER PROJECT 99/00	2000	8,947,469	3,222,024	5,725,445	1.76	15,761,684	12,539,660
598071	WW PROJECTS 2000-2001	2001	920,578	313,093	607,485	1.73	1,590,731	1,277,638
598080	WW LINES FY 2002 (ADDITIONS)	2002	4,514,833	1,445,221	3,069,612	1.68	7,567,621	6,122,400
598086	WW LINES FY 2003 (ADDITIONS)	2003	2,705,787	812,021	1,893,766	1.64	4,429,000	3,616,979
598092	WW LINES FY 2004 (ADDITIONS)	2004	1,825,889	511,441	1,314,448	1.54	2,812,303	2,300,862
598213	WW LINES (ADDITIONS) FY04-05	2005	3,867,146	1,005,866	2,861,279	1.47	5,691,544	4,685,678

Sedona
Sewer Capacity Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	Original Cost Less Depreciation	CCI Inflation Factor	Replacement Cost New (RCN)	Replacement Cost New Less Depreciation (RCNLD)
598222	WW Lines (Additions) FY 05-06	2006	4,248,357	1,020,055	3,228,301	1.41	6,006,560	4,986,505
598223	WW Lines (Additions) FY 06/07	2007	6,766,923	1,489,440	5,277,482	1.38	9,308,056	7,818,616
598242	WW Lines (Additions) FY 07/08	2008	4,734,430	947,389	3,787,041	1.32	6,243,516	5,296,128
598251	WW EFFLUENT FY 08/09	2008	48,366	9,673	38,693	1.32	63,782	54,109
598253	WW LINES FY 08/09	2008	6,501,201	1,300,240	5,200,961	1.32	8,573,441	7,273,201
598256	WW EFFLUENT FY 09/10	2009	150,067	27,010	123,057	1.28	191,896	164,886
598264	WW LINES FY 09/10	2009	3,862,051	695,169	3,166,882	1.28	4,938,553	4,243,384
598266	WW LINES FY 10/11	2011	836,273	133,843	702,430	1.21	1,010,423	876,580
598267	WW EFFLUENT FY 10/11	2011	396,377	63,439	332,938	1.21	478,921	415,482
598274	Effluent Injection Well Pumping	2011	201,354	26,501	174,853	1.21	243,285	216,784
598280	Air/Solar Drying Bed Improve. Reduction for Replaced Assets	2011	166,873	21,734	145,139	1.21	201,623	179,890
		2019	(5,532,288)	-	(5,532,288)	1.00	(5,532,288)	(5,532,288)
Buildings								
2018590003	WWP Operator Building Remodel	2018	30,609	17	30,592	1.00	30,609	30,592
2018590004	Steel Plates for Dumpster Travel Way	2018	34,755	118	34,637	1.00	34,755	34,637
2018590007	WW Roof Replacement - El Camino	2018	10,185	59	10,126	1.00	10,185	10,126
2018590008	WW Roof Replacement - Carol Canyon	2018	17,825	104	17,721	1.00	17,825	17,721
598070	TREATMENT PLANT UPGRADE 2001	2001	3,328,560	66,569	3,261,991	1.73	5,751,653	5,685,084
598082	10000 GAL WATER TANK AND EQUIP	2002	17,220	689	16,531	1.68	28,864	28,175
598250	WW PLANT UPGRADE FY 08/09	2008	200,655	8,026	192,629	1.32	264,614	256,587
598252	WW PUMP STATION IMP. 08/09	2008	1,604,277	64,171	1,540,106	1.32	2,115,636	2,051,465
598255	WW PLANT UPGRADE FY09/10	2009	349,910	13,997	335,912	1.28	447,443	433,446
598257	WW PUMP STATION IMP 09/10	2009	1,846,760	73,870	1,772,890	1.28	2,361,523	2,287,653
598265	WW PLANT UPGRADE FY10/11	2011	961,139	38,441	922,698	1.21	1,161,292	1,122,851
598268	WW PUMP STATION IMP 10/11	2011	853,891	34,152	819,739	1.21	1,031,710	997,559
Equipment and Vehicles								
201359001	3 Phase Generator for Chapel Pump Station	2013	21,605	18,240	3,365	1.15	21,605	3,365
201359002	Fairbanks Morse Pump	2012	8,300	8,300	0	1.18	8,300	0
201359003	Flygt Pump/Vendor JCH	2013	12,893	10,767	2,126	1.15	12,893	2,126
201359004	K2 Iggy System	2013	48,092	40,359	7,733	1.15	48,092	7,733
201459001	Landia Mixer	2014	18,666	12,479	6,187	1.12	18,666	6,187
201459003	60 REOZJD Kohler Generator for Uptown Pump Station	2014	26,304	17,849	8,456	1.12	26,304	8,456
201459004	WW Alarm/Back O Beyond Replacement Pump Stations	2014	352,317	253,706	98,611	1.12	352,317	98,611
201459005	6' X 10' Cargo Trailer	2013	6,299	4,922	1,378	1.15	6,299	1,378
201559001	FLYGT Model NP 3102 Pump	2015	7,579	3,793	3,786	1.09	7,579	3,786
201559002	IND Pump 6" DV150-3SA 4045D SK w/Trailer	2015	28,005	14,016	13,989	1.09	28,005	13,989
201559003	2015 Ford Super-Duty F-25 4WD Reg Cab	2015	35,000	35,000	0	1.09	35,000	0
201559004	EZGO RXV 2010 Golf Cart	2015	5,265	5,265	0	1.09	5,265	0
201659001	WIMS LABCAL Software with SCADA Interfaces	2016	9,726	4,466	5,260	1.04	9,726	5,260
201659002	OmniSite Alarm System	2016	9,761	3,289	6,472	1.04	9,761	6,472
2017590001	2015 GMC SIERRA K2500 EXT CAB	2016	35,000	16,428	18,572	1.04	35,000	18,572
2017590002	2016 FORD F250	2016	32,031	15,795	16,236	1.04	32,031	16,236
2017590003	2007 FORD F750 2000GALLON WATER TRUCK	2016	35,904	8,443	27,461	1.04	35,904	27,461
2018590001	2017 Ford Escape - Wastewater	2017	24,989	6,595	18,394	1.01	24,989	18,394
2018590002	Caterpillar C18 PGAM 600KW Generator for WWTP	2017	169,244	14,915	154,329	1.01	169,244	154,329
2018590005	Caterpillar C7.IPGABR 125KW Generator	2018	42,799	235	42,564	1.00	42,799	42,564
2018590009	Caterpillar Skidsteer Model 226D	2018	38,947	53	38,894	1.00	38,947	38,894
221048	2006 Dodge Dakota	2006	20,171	20,171	0	1.41	20,171	0
597713	PLANT MACHINERY AND EQUIPMENT	1993	4,546	4,546	0	2.10	4,546	0
597810	PLANT MACHINERY/EQUIPMENT	1992	3,194,046	3,194,046	0	2.20	3,194,046	0
597820	WALLACE TRI-ADJUSTABLE GANTRY	1994	5,056	5,056	0	2.03	5,056	0
597824	ELECTRIC HOIST	1994	2,505	2,505	0	2.03	2,505	0
597866	CALL OUT SYSTEM - RACO VERBATI	1994	4,450	4,450	0	2.03	4,450	0
598002	HOIST	1994	3,522	3,522	0	2.03	3,522	0
598026	586 SOUNDPRO/DOCKING STATION	1995	2,600	2,600	0	2.00	2,600	0
598039	JOHN DEERE TRACTOR	1995	25,925	25,925	0	2.00	25,925	0
598042	SEWER - AS BUILT	1997	14,880	14,880	0	1.88	14,880	0
598045	BAND SAW/HOIST/PRESS	1996	2,688	2,688	0	1.95	2,688	0
598046	BURCH LIFT DISC. HARROW	1996	2,753	2,753	0	1.95	2,753	0
598048	SUBMERSIBLE PUMP	1996	4,086	4,086	0	1.95	4,086	0
598051	2 TON CHAIN HOIST	1998	5,200	5,200	0	1.85	5,200	0

Sedona
Sewer Capacity Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	Original Cost Less Depreciation	CCI Inflation Factor	Replacement Cost New (RCN)	Replacement Cost New Less Depreciation (RCNLD)
598052	FAIRBANK IMPELLERS	1998	4,471	4,471	0	1.85	4,471	0
598056	POTABLE WATER PUMP	1998	5,547	5,547	0	1.85	5,547	0
598063	EFFLUENT PUMP	2000	7,837	7,837	0	1.76	7,837	0
598065	DIGITAL IMAGERY AERIAL MAPPING	2001	2,500	2,500	0	1.73	2,500	0
598068	IP TELEPHONY SYSTEM	2001	30,810	30,810	0	1.73	30,810	0
598069	CITYVIEW LICENSES	2000	6,487	6,487	0	1.76	6,487	0
598073	PLAN/SPECS WORK STATION	2002	5,137	5,137	0	1.68	5,137	0
598078	FLYGT SUBMERSIBLE PUMPS AND CONT	2002	17,220	17,220	0	1.68	17,220	0
598081	2 FAIRBANKS MORSE SUB PUMPS	2002	21,592	21,592	0	1.68	21,592	0
598084	CENTRIFUGAL PUMP - REPLACEMENT	2003	6,952	6,952	0	1.64	6,952	0
598085	FAIRBANKS-MORSE PUMP REBUILD	2003	3,497	3,497	0	1.64	3,497	0
598203	CONDENSING UNIT BREWER ROAD	2003	3,440	3,440	0	1.64	3,440	0
598204	CONDENSING UNIT EL CAMINO PS	2004	2,485	2,485	0	1.54	2,485	0
598205	GRINDER PUMP-FOOTHILLS SOUTH	2003	3,271	3,271	0	1.64	3,271	0
598206	POLYMER PUMP FOR CENTRIFUGE	2004	8,478	8,478	0	1.54	8,478	0
598214	WW Sewer Line Inspec Camera	2006	8,267	8,267	0	1.41	8,267	0
598215	WW Submersible Pump FY 05-06	2005	6,418	6,418	0	1.47	6,418	0
598216	WW Jet Rodder FY 2005-06	2005	37,814	37,814	0	1.47	37,814	0
598217	Centrifugal Trash Pump FY05-06	2005	3,918	3,918	0	1.47	3,918	0
598218	Trails End Subm. Pump 05-06	2006	19,350	19,350	0	1.41	19,350	0
598224	Canon CR-180 Document Scanner	2006	20,800	20,800	0	1.41	20,800	0
598225	5 Fairbanks Morse Pump	2006	31,098	31,098	0	1.41	31,098	0
598226	Vac-Con Vacuum Truck	2007	290,104	290,104	0	1.38	290,104	0
598227	2007 Dodge Ram 2500	2007	27,877	27,877	0	1.38	27,877	0
598229	Wells Cargo Road Force Trailer	2006	7,510	7,510	0	1.41	7,510	0
598230	WW Confined Space Equipment	2007	32,478	32,478	0	1.38	32,478	0
598231	WW Aerial Mapping FY 06/07	2007	95,750	95,750	0	1.38	95,750	0
598232	WW Computer Hardware FY 06/07	2007	3,433	3,433	0	1.38	3,433	0
598233	2008 FORD RANGER SUPERCAB	2007	16,161	16,161	0	1.38	16,161	0
598234	2007 DODGE RAM 2500	2007	30,052	30,052	0	1.38	30,052	0
598236	2008 BOBCAT UTILITY VEHICLE	2007	14,306	14,306	0	1.38	14,306	0
598239	RAS Pump	2007	15,264	15,264	0	1.38	15,264	0
598240	SUBMERSIBLE SEWAGE PUMP-FLGYT	2008	11,456	11,456	0	1.32	11,456	0
598241	SUBMERSIBLE PUMP	2008	8,728	8,728	0	1.32	8,728	0
598243	2008 FORD ESCAPE	2008	18,468	18,468	0	1.32	18,468	0
598244	SUBMERSIBLE SEWAGE PUMP-FLYGT	2008	4,471	4,471	0	1.32	4,471	0
598245	WAS Actuator AND Valve	2008	8,917	8,917	0	1.32	8,917	0
598246	WEIRWASHER SPRAY SYSTEM	2008	33,596	33,596	0	1.32	33,596	0
598247	UTILITY TRACTOR 5625 W/ LOADER	2008	44,291	44,291	0	1.32	44,291	0
598248	2009 JEEP WRANGLER	2008	31,239	31,239	0	1.32	31,239	0
598249	2009 FORD EXPLORER SPORT TRAC	2009	25,578	25,578	0	1.28	25,578	0
598258	Kaman Infrared Camera WWTP	2010	5,428	5,428	0	1.25	5,428	0
598259	WWTP REPLACEMENT MIXER	2010	13,900	13,900	0	1.25	13,900	0
598260	WWTP REPLACEMENT MIXER #2	2010	14,250	14,250	0	1.25	14,250	0
598261	SUBMERSIBLE SEWAGE PUMP	2009	12,500	12,500	0	1.28	12,500	0
598262	COMPRESSOR A/C UNIT WWTP	2010	7,304	7,304	0	1.25	7,304	0
598263	2010 FORD F250 COLLECT. VEH	2010	30,975	30,975	0	1.25	30,975	0
598269	Sampler - SD900 AWRS 2.5 Galln	2010	6,207	6,207	0	1.25	6,207	0
598270	Sludge Pump - Gorman Rupp	2011	4,993	4,993	0	1.21	4,993	0
598271	Sludge Pump - Gorman Rupp	2011	4,993	4,993	0	1.21	4,993	0
598272	Mixer - WWTP	2011	14,200	14,200	0	1.21	14,200	0
598278	Turbidity Analyzer	2012	4,691	4,691	0	1.18	4,691	0
			<u>\$137,133,411</u>	<u>\$43,084,276</u>	<u>\$94,049,135</u>		<u>\$207,401,002</u>	<u>\$164,316,726</u>

Sedona
 Sewer Capacity Fee Model
 Summary of System Assets by Valuation Method

Item	Replacement Cost New Less Depreciation (RCNLD)
ASSETS	
Fixed Assets	\$164,316,726

TOTAL ASSETS	164,316,726
Add: Borrowing Costs (Growth)	0
Less: Principle (Non-Growth)	18,700,000

Net System Value	\$145,616,726

Sedona
 Sewer Capacity Fee Model
 Capacity Fee Calculation - Buy-In

Description	Original Cost	Original Cost Less Depreciation	Replacement Cost New (RCN)	Replacement Cost New Less Depreciation (RCNLD)
Fixed Assets				
Land	\$11,196,168	\$11,196,168	\$11,196,168	\$11,196,168
Sewer Infrastructure	111,323,794	73,423,584	177,591,061	139,690,851
Buildings	9,255,785	8,955,572	13,256,109	12,955,896
Equipment and Vehicles	5,357,664	473,811	5,357,664	473,811
Total Fixed Assets	137,133,411	94,049,135	207,401,002	164,316,726
Net Debt Service (add growth interest, less non-growth principle)	(18,700,000)	(18,700,000)	(18,700,000)	(18,700,000)
Total Assets	118,433,411	75,349,135	188,701,002	145,616,726
Number of EDU's	9,536	9,536	9,536	9,536
Proposed Capacity Fee per EDU	\$12,420	\$7,902	\$19,789	\$15,271
Current Capacity Fee per EDU	\$10,634	\$10,634	\$10,634	\$10,634
Change	\$1,787	(\$2,732)	\$9,156	\$4,637

Total Capacity	1,600,000
Average Sewer Flows per Single Family Equivalent Dwelling Unit (gpd)	<u>167.79</u>
Total EDUs	9,536
Fee per EDU	\$15,271
Supply Fixture Units per EDU	<u>22.70</u>
Fee per Supply Fixture Unit	\$672.73

Single Family Only	
Arizona Water Flows (gallons)	258,226,800
Oak Creek Residential Flows (gallons)	26,744,156
Total Annual Flows (gallons)	<u>284,970,956</u>
Gallons per Day	780,742
Arizona Water Accounts	4,085
Oak Creek Accounts	568
Total Accounts	<u>4,653</u>
Gallons per Account per Day	167.79

Projected Capacity Fee Results
 Fiscal Years 2020 - 2028

Line No.	Description	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sources of Funds										
1	Beginning-of-Year Cash	\$416,900	\$887,260	\$1,541,641	\$2,212,970	\$2,897,186	\$3,622,213	\$4,366,018	\$4,945,118	\$3,785,292
Total Revenues										
2	Capacity Fees	\$469,400	\$654,381	\$671,329	\$684,215	\$725,027	\$743,805	\$763,069	\$782,833	\$803,108
3	Other Revenues	960	0	0	0	0	0	0	0	0
4	Transfer In from Operations	0	0	0	0	0	0	0	0	0
5	Total Total Revenues	470,360	654,381	671,329	684,215	725,027	743,805	763,069	782,833	803,108
Non-Operating Expenses										
6	Capital Improvements	-	-	-	-	-	-	183,969	1,942,659	2,674,879
7	Existing Debt Service	-	-	-	-	-	-	-	-	-
8	New Debt Service	-	-	-	-	-	-	-	-	-
9	Total Non-Operating Expenses	0	0	0	0	0	0	183,969	1,942,659	2,674,879
10	Net Cashflow	470,360	654,381	671,329	684,215	725,027	743,805	579,100	(1,159,826)	(1,871,771)
11	End-of-Year Cash	\$887,260	\$1,541,641	\$2,212,970	\$2,897,186	\$3,622,213	\$4,366,018	\$4,945,118	\$3,785,292	\$1,913,520



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Sampling of Individual Accounts Comparisons

Residential #1

	Water usage			
	(in	Estimated	Current	
	hundreds)	new bill	bill	Difference
Feb-18	41	49.46	61.11	(11.65)
Mar-18	38	48.01	61.11	(13.10)
Apr-18	36	47.05	61.11	(14.06)
May-18	149	76.44	61.11	15.33
Jun-18	225	100.30	61.11	39.19
Jul-18	126	69.22	61.11	8.11
Aug-18	69	51.32	61.11	(9.79)
Sep-18	71	51.95	61.11	(9.16)
Oct-18	42	49.95	61.11	(11.16)
Nov-18	45	51.40	61.11	(9.71)
Dec-18	39	48.50	61.11	(12.61)
Jan-19	53	55.26	61.11	(5.85)
Totals	934	698.86	733.32	(34.46)

Meter Size: 5/8"

Current Rate: Standard rate

Residential #2

	Water usage			
	(in	Estimated	Current	
	hundreds)	new bill	bill	Difference
Feb-18	32	45.12	47.52	(2.40)
Mar-18	28	43.18	47.52	(4.34)
Apr-18	28	43.18	47.52	(4.34)
May-18	28	38.45	47.52	(9.07)
Jun-18	50	45.36	47.52	(2.16)
Jul-18	54	46.61	47.52	(0.91)
Aug-18	72	52.26	47.52	4.74
Sep-18	17	35.00	47.52	(12.52)
Oct-18	14	36.42	47.52	(11.10)
Nov-18	15	36.91	47.52	(10.61)
Dec-18	14	36.42	47.52	(11.10)
Jan-19	12	35.46	47.52	(12.06)
Totals	364	494.37	570.24	(75.87)

Meter Size: 5/8"

Current Rate: Low-flow rate

Residential #3

	Water usage			
	(in	Estimated	Current	
	hundreds)	new bill	bill	Difference
Feb-18	104	79.89	47.52	32.37
Mar-18	100	77.96	47.52	30.44
Apr-18	174	113.70	47.52	66.18
May-18	449	170.62	47.52	123.10
Jun-18	442	168.43	47.52	120.91
Jul-18	408	157.75	47.52	110.23
Aug-18	365	144.25	47.52	96.73
Sep-18	382	149.59	47.52	102.07
Oct-18	394	219.96	47.52	172.44
Nov-18	233	142.20	47.52	94.68
Dec-18	153	103.56	47.52	56.04
Jan-19	1,231	624.23	47.52	576.71
Totals	4,435	2,152.14	570.24	1,581.90

Meter Size: 5/8"**Current Rate: Low-flow rate****Residential #4**

	Water usage			
	(in	Estimated	Current	
	hundreds)	new bill	bill	Difference
Feb-18	55	56.23	47.52	8.71
Mar-18	30	44.15	47.52	(3.37)
Apr-18	54	55.74	47.52	8.22
May-18	79	54.46	47.52	6.94
Jun-18	89	57.60	47.52	10.08
Jul-18	192	89.94	47.52	42.42
Aug-18	83	55.72	47.52	8.20
Sep-18	88	57.29	47.52	9.77
Oct-18	59	58.16	47.52	10.64
Nov-18	56	56.71	47.52	9.19
Dec-18	51	54.29	47.52	6.77
Jan-19	50	53.81	47.52	6.29
Totals	886	694.10	570.24	123.86

Meter Size: 1"**Current Rate: Low-flow rate**

Residential #5

Water usage				
	(in hundreds)	Estimated new bill	Current bill	Difference
Feb-18	239	210.27	47.52	162.75
Mar-18	110	147.96	47.52	100.44
Apr-18	399	287.55	47.52	240.03
May-18	244	171.44	47.52	123.92
Jun-18	393	218.21	47.52	170.69
Jul-18	370	210.99	47.52	163.47
Aug-18	304	190.27	47.52	142.75
Sep-18	400	220.41	47.52	172.89
Oct-18	311	245.05	47.52	197.53
Nov-18	331	254.71	47.52	207.19
Dec-18	380	278.37	47.52	230.85
Jan-19	290	234.90	47.52	187.38
Totals	3,771	2,670.13	570.24	2,099.89

Meter Size: 2"**Current Rate: Low-flow rate****Residential #6 (suspected illegal conversion)**

Water usage				
	(in hundreds)	Estimated new bill	Current bill	Difference
Feb-18	83	69.75	47.52	22.23
Mar-18	104	79.99	47.52	32.47
Apr-18	158	105.78	47.52	58.26
May-18	114	65.42	47.52	17.90
Jun-18	184	87.40	47.52	39.88
Jul-18	186	87.96	47.52	40.44
Aug-18	151	77.13	47.52	29.61
Sep-18	260	111.38	47.52	63.86
Oct-18	223	137.42	47.52	89.90
Nov-18	47	52.22	47.52	4.70
Dec-18	46	51.78	47.52	4.26
Jan-19	67	62.21	47.52	14.69
Totals	1,623	988.44	570.24	418.20

Meter Size: 3/4"**Current Rate: Low-flow rate**

Restaurant #1

	Water usage			
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	599	455.55	785.61	(330.06)
Mar-18	797	596.33	785.61	(189.28)
Apr-18	901	670.27	785.61	(115.34)
May-18	1,015	570.91	785.61	(214.70)
Jun-18	893	505.85	785.61	(279.76)
Jul-18	850	482.92	785.61	(302.69)
Aug-18	696	400.80	785.61	(384.81)
Sep-18	799	455.73	785.61	(329.88)
Oct-18	680	513.14	785.61	(272.47)
Nov-18	783	586.37	785.61	(199.24)
Dec-18	431	336.10	785.61	(449.51)
Jan-19	610	463.37	785.61	(322.24)
Totals	9,054	6,037.34	9,427.32	(3,389.98)

Meter Size: 1"**Current Rate:** Historical annual water usage**Restaurant #2**

	Water usage			
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	320	256.90	474.75	(217.85)
Mar-18	248	206.06	474.75	(268.69)
Apr-18	435	339.02	474.75	(135.73)
May-18	363	223.18	474.75	(251.57)
Jun-18	401	243.71	474.75	(231.04)
Jul-18	757	433.22	474.75	(41.53)
Aug-18	733	420.27	474.75	(54.48)
Sep-18	733	420.37	474.75	(54.38)
Oct-18	612	465.08	474.75	(9.67)
Nov-18	581	442.68	474.75	(32.07)
Dec-18	527	404.29	474.75	(70.46)
Jan-19	78	85.05	474.75	(389.70)
Totals	5,787	3,939.83	5,697.00	(1,757.17)

Meter Size: 3/4"**Current Rate:** Per square foot

Office/Medical Building/Manufacturing/Contractor #1

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	32	52.41	38.30	14.11
Mar-18	30	50.99	38.30	12.69
Apr-18	40	58.10	38.30	19.80
May-18	106	86.18	38.30	47.88
Jun-18	101	83.52	38.30	45.22
Jul-18	140	104.32	38.30	66.02
Aug-18	122	94.72	38.30	56.42
Sep-18	183	127.24	38.30	88.94
Oct-18	178	156.22	38.30	117.92
Nov-18	211	179.68	38.30	141.38
Dec-18	157	141.29	38.30	102.99
Jan-19	75	82.99	38.30	44.69
Totals	1,375	1,217.66	459.60	758.06

Meter Size: 5/8"

Current Rate: Per square foot

Office/Medical Building/Manufacturing/Contractor #2

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	9	36.06	38.30	(2.24)
Mar-18	13	38.90	38.30	0.60
Apr-18	11	37.48	38.30	(0.82)
May-18	11	35.53	38.30	(2.77)
Jun-18	11	35.53	38.30	(2.77)
Jul-18	15	37.66	38.30	(0.64)
Aug-18	13	36.59	38.30	(1.71)
Sep-18	17	38.73	38.30	0.43
Oct-18	11	37.48	38.30	(0.82)
Nov-18	14	39.61	38.30	1.31
Dec-18	12	38.19	38.30	(0.11)
Jan-19	13	38.90	38.30	0.60
Totals	150	450.66	459.60	(8.94)

Meter Size: 5/8"

Current Rate: Per square foot

Repair Shop/Service Station #1

Water usage				
	(in	Estimated	Current bill	Difference
	hundreds)	new bill		
Feb-18	11	37.48	50.16	(12.68)
Mar-18	14	39.61	50.16	(10.55)
Apr-18	29	50.28	50.16	0.12
May-18	64	63.79	50.16	13.63
Jun-18	71	67.52	50.16	17.36
Jul-18	267	172.04	50.16	121.88
Aug-18	110	88.32	50.16	38.16
Sep-18	12	36.06	50.16	(14.10)
Oct-18	12	38.19	50.16	(11.97)
Nov-18	12	38.19	50.16	(11.97)
Dec-18	10	36.77	50.16	(13.39)
Jan-19	11	37.48	50.16	(12.68)
Totals	623	705.73	601.92	103.81

Meter Size: 5/8"

Current Rate: Per connection

Repair Shop/Service Station #2

Water usage				
	(in	Estimated	Current bill	Difference
	hundreds)	new bill		
Feb-18	45	61.66	50.16	11.50
Mar-18	10	36.77	50.16	(13.39)
Apr-18	12	38.19	50.16	(11.97)
May-18	10	34.99	50.16	(15.17)
Jun-18	18	39.26	50.16	(10.90)
Jul-18	20	40.33	50.16	(9.83)
Aug-18	15	37.66	50.16	(12.50)
Sep-18	30	45.66	50.16	(4.50)
Oct-18	39	57.39	50.16	7.23
Nov-18	16	41.04	50.16	(9.12)
Dec-18	18	42.46	50.16	(7.70)
Jan-19	7	34.64	50.16	(15.52)
Totals	240	510.05	601.92	(91.87)

Meter Size: 5/8"

Current Rate: Per connection

Theater/Library/Church #1

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	12	38.19	157.50	(119.31)
Mar-18	12	38.19	157.50	(119.31)
Apr-18	102	102.18	157.50	(55.32)
May-18	952	537.31	157.50	379.81
Jun-18	1,007	566.64	157.50	409.14
Jul-18	2,250	1,229.47	157.50	1,071.97
Aug-18	1,624	895.66	157.50	738.16
Sep-18	996	560.78	157.50	403.28
Oct-18	667	503.90	157.50	346.40
Nov-18	243	202.43	157.50	44.93
Dec-18	241	201.01	157.50	43.51
Jan-19	481	371.65	157.50	214.15
Totals	8,587	5,247.41	1,890.00	3,357.41

Meter Size: 1"

Current Rate: Per seat

Theater/Library/Church #2

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	44	61.16	90.00	(28.84)
Mar-18	49	64.43	90.00	(25.57)
Apr-18	65	76.16	90.00	(13.84)
May-18	51	56.91	90.00	(33.09)
Jun-18	69	66.35	90.00	(23.65)
Jul-18	76	70.40	90.00	(19.60)
Aug-18	66	64.69	90.00	(25.31)
Sep-18	101	83.30	90.00	(6.70)
Oct-18	83	88.32	90.00	(1.68)
Nov-18	79	85.69	90.00	(4.31)
Dec-18	54	67.98	90.00	(22.02)
Jan-19	42	59.45	90.00	(30.55)
Totals	778	844.84	1,080.00	(235.16)

Meter Size: 3/4"

Current Rate: Per seat

Fitness Center/Beauty Salon #1

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	354	281.35	38.30	243.05
Mar-18	302	244.38	38.30	206.08
Apr-18	305	246.52	38.30	208.22
May-18	222	148.04	38.30	109.74
Jun-18	243	159.24	38.30	120.94
Jul-18	215	144.31	38.30	106.01
Aug-18	215	144.31	38.30	106.01
Sep-18	289	183.77	38.30	145.47
Oct-18	198	170.44	38.30	132.14
Nov-18	204	174.70	38.30	136.40
Dec-18	126	119.25	38.30	80.95
Jan-19	190	164.75	38.30	126.45
Totals	2,863	2,181.06	459.60	1,721.46

Meter Size: 5/8"

Current Rate: Per square foot

Fitness Center/Beauty Salon #2

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	172	151.95	293.02	(141.07)
Mar-18	173	152.66	293.02	(140.36)
Apr-18	255	210.97	293.02	(82.05)
May-18	261	168.84	293.02	(124.18)
Jun-18	415	250.96	293.02	(42.06)
Jul-18	237	156.04	293.02	(136.98)
Aug-18	302	190.70	293.02	(102.32)
Sep-18	148	108.58	293.02	(184.44)
Oct-18	154	139.15	293.02	(153.87)
Nov-18	152	137.73	293.02	(155.29)
Dec-18	176	154.80	293.02	(138.22)
Jan-19	172	151.95	293.02	(141.07)
Totals	2,617	1,974.33	3,516.24	(1,541.91)

Meter Size: 1"

Current Rate: Per square foot

Department/Retail Store #1

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	71	145.40	38.29	107.11
Mar-18	70	144.69	38.29	106.40
Apr-18	125	183.80	38.29	145.51
May-18	407	311.95	38.29	273.66
Jun-18	517	370.61	38.29	332.32
Jul-18	436	327.42	38.29	289.13
Aug-18	322	266.63	38.29	228.34
Sep-18	335	273.56	38.29	235.27
Oct-18	273	289.02	38.29	250.73
Nov-18	251	273.38	38.29	235.09
Dec-18	201	237.83	38.29	199.54
Jan-19	61	138.29	38.29	100.00
Totals	3,069	2,962.58	459.48	2,503.10

Meter Size: 2"**Current Rate: Per restroom****Department/Retail Store #2**

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	69	78.72	38.29	40.43
Mar-18	59	71.61	38.29	33.32
Apr-18	77	84.41	38.29	46.12
May-18	85	74.99	38.29	36.70
Jun-18	162	116.05	38.29	77.76
Jul-18	204	138.44	38.29	100.15
Aug-18	140	104.32	38.29	66.03
Sep-18	135	101.65	38.29	63.36
Oct-18	100	100.76	38.29	62.47
Nov-18	93	95.78	38.29	57.49
Dec-18	90	93.65	38.29	55.36
Jan-19	103	102.89	38.29	64.60
Totals	1,317	1,163.27	459.48	703.79

Meter Size: 5/8"**Current Rate: Per restroom**

Department/Retail Store #3

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	30	50.99	38.29	12.70
Mar-18	26	48.15	38.29	9.86
Apr-18	35	54.55	38.29	16.26
May-18	37	49.39	38.29	11.10
Jun-18	49	55.79	38.29	17.50
Jul-18	70	66.99	38.29	28.70
Aug-18	31	46.19	38.29	7.90
Sep-18	66	64.85	38.29	26.56
Oct-18	83	88.67	38.29	50.38
Nov-18	18	42.46	38.29	4.17
Dec-18	16	41.04	38.29	2.75
Jan-19	29	50.28	38.29	11.99
Totals	490	659.35	459.48	199.87

Meter Size: 5/8"**Current Rate: Per restroom****Department/Retail Store #4**

Water usage				
	(in	Estimated		
	hundreds)	new bill	Current bill	Difference
Feb-18	33	53.12	38.29	14.83
Mar-18	38	56.68	38.29	18.39
Apr-18	30	50.99	38.29	12.70
May-18	23	41.92	38.29	3.63
Jun-18	28	44.59	38.29	6.30
Jul-18	24	42.46	38.29	4.17
Aug-18	22	41.39	38.29	3.10
Sep-18	34	47.79	38.29	9.50
Oct-18	29	50.28	38.29	11.99
Nov-18	38	56.68	38.29	18.39
Dec-18	48	63.79	38.29	25.50
Jan-19	32	52.41	38.29	14.12
Totals	379	602.10	459.48	142.62

Meter Size: 5/8"**Current Rate: Per restroom**

Department/Retail Store #5**Water usage**

	(in hundreds)	Estimated new bill	Current bill	Difference
Feb-18	33	53.12	38.29	14.83
Mar-18	38	56.68	38.29	18.39
Apr-18	30	50.99	38.29	12.70
May-18	23	41.92	38.29	3.63
Jun-18	28	44.59	38.29	6.30
Jul-18	24	42.46	38.29	4.17
Aug-18	22	41.39	38.29	3.10
Sep-18	34	47.79	38.29	9.50
Oct-18	29	50.28	38.29	11.99
Nov-18	38	56.68	38.29	18.39
Dec-18	48	63.79	38.29	25.50
Jan-19	32	52.41	38.29	14.12
Totals	379	602.10	459.48	142.62

Meter Size: 5/8"**Current Rate: Per restroom****Department/Retail Store #6****Water usage**

	(in hundreds)	Estimated new bill	Current bill	Difference
Feb-18	8	35.35	40.88	(5.53)
Mar-18	9	36.06	40.88	(4.82)
Apr-18	11	37.48	40.88	(3.40)
May-18	8	33.93	40.88	(6.95)
Jun-18	9	34.46	40.88	(6.42)
Jul-18	6	32.86	40.88	(8.02)
Aug-18	5	32.33	40.88	(8.55)
Sep-18	5	32.33	40.88	(8.55)
Oct-18	11	37.48	40.88	(3.40)
Nov-18	95	97.21	40.88	56.33
Dec-18	8	35.35	40.88	(5.53)
Jan-19	2	31.08	40.88	(9.80)
Totals	177	475.92	490.56	(14.64)

Meter Size: 5/8"**Current Rate: Per restroom**

Department/Retail Store #7

Water usage

	(in hundreds)	Estimated new bill	Current bill	Difference
Feb-18	1,557	1,136.69	38.29	1,098.40
Mar-18	1,396	1,022.22	38.29	983.93
Apr-18	3,758	2,701.60	38.29	2,663.31
May-18	3,669	1,986.15	38.29	1,947.86
Jun-18	744	426.40	38.29	388.11
Jul-18	749	429.06	38.29	390.77
Aug-18	945	533.58	38.29	495.29
Sep-18	1,181	659.43	38.29	621.14
Oct-18	867	646.10	38.29	607.81
Nov-18	918	682.36	38.29	644.07
Dec-18	1,008	746.35	38.29	708.06
Jan-19	904	672.40	38.29	634.11
Totals	17,696	11,642.34	459.48	11,182.86

Meter Size: 5/8"

Current Rate: Per restroom



*CITY OF
SEDONA, ARIZONA*

WASTEWATER RATE STUDY BRIEFING

Presented by **Kevin Burnett**
Pat Walker



PRESENTATION CONTENTS

- Introductions and Background
- Base Model Assumptions
- Rate Design
- Capacity Fees
- Comparisons
- Questions and Discussion

BASE MODEL ASSUMPTIONS

- Conservative growth estimates:
 - Population growth of 0.72% to 0.73% per year (consistent with Land Use Assumptions Report)
 - Increase in non-residential flows assumed to be spread evenly across 10 year study period (Land Use Assumptions report projects equal annual square footage increase over 10 years)
 - With non-residential flows overall growth averages 1.2% per year
- 26 standby accounts convert to full use accounts per year
- Increased O&M costs associated with acquiring water use data

BASE MODEL ASSUMPTIONS (CONTINUED)

- Sales tax subsidy decreases by \$100,000 a year beginning fiscal year 2021
- Sales tax subsidy goes away when debt is retired at the end of fiscal year 2026
- Capital Improvement Plan is cash funded (no new debt)



REVENUE INCREASE VERSUS RATE INCREASE

- A revenue increase is the additional funding required to meet ongoing expenses
- A rate increase is the impact to an individual customer class and how the additional *revenue* is recovered
- A revenue increase and a rate increase will not necessarily be the same for each customer due to volume of sewer discharge



RATE DESIGN

Based on Council direction from the prior meeting the 4 prior options have been reduced to 1 proposed option

- Monthly fixed charge that varies based on meter size
- Uniform rate specific to each customer class
 - Residential
 - Multifamily
 - Non-residential
- Accommodations for summer water use not entering sewer system
 - Residential billed use is 65% of actual use for May through September
 - Non-residential billed use is 75% of actual use for May through September

PROPOSED RATES

Monthly Base Charge		
Meter Size	Current	Proposed
Up to 1-inch	Varies by customer ⁽¹⁾	\$29.66
1 ½-inch	Varies by customer ⁽¹⁾	59.32
2-inch	Varies by customer ⁽¹⁾	94.92
3-inch	Varies by customer ⁽¹⁾	189.83
4-inch and Larger	Varies by customer ⁽¹⁾	296.61
Volume Rate (per 1,000 gallons)		
Residential	n/a	\$4.83
Multifamily	n/a	4.30
Non-Residential	n/a ⁽²⁾	7.11

(1) Current residential rate is \$61.11 and low flow rate is \$47.52

(2) Currently there is a hotel charged a rate of \$0.79 per 100 gallons and a restaurant charged \$1.19 per 100 gallons

RESIDENTIAL CUSTOMER IMPACT

Winter Period				
		Proposed		
		Actual Flows		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$39.42	\$54.05	\$78.45
Low Flow	47.52	39.42	54.05	78.45

RESIDENTIAL CUSTOMER IMPACT

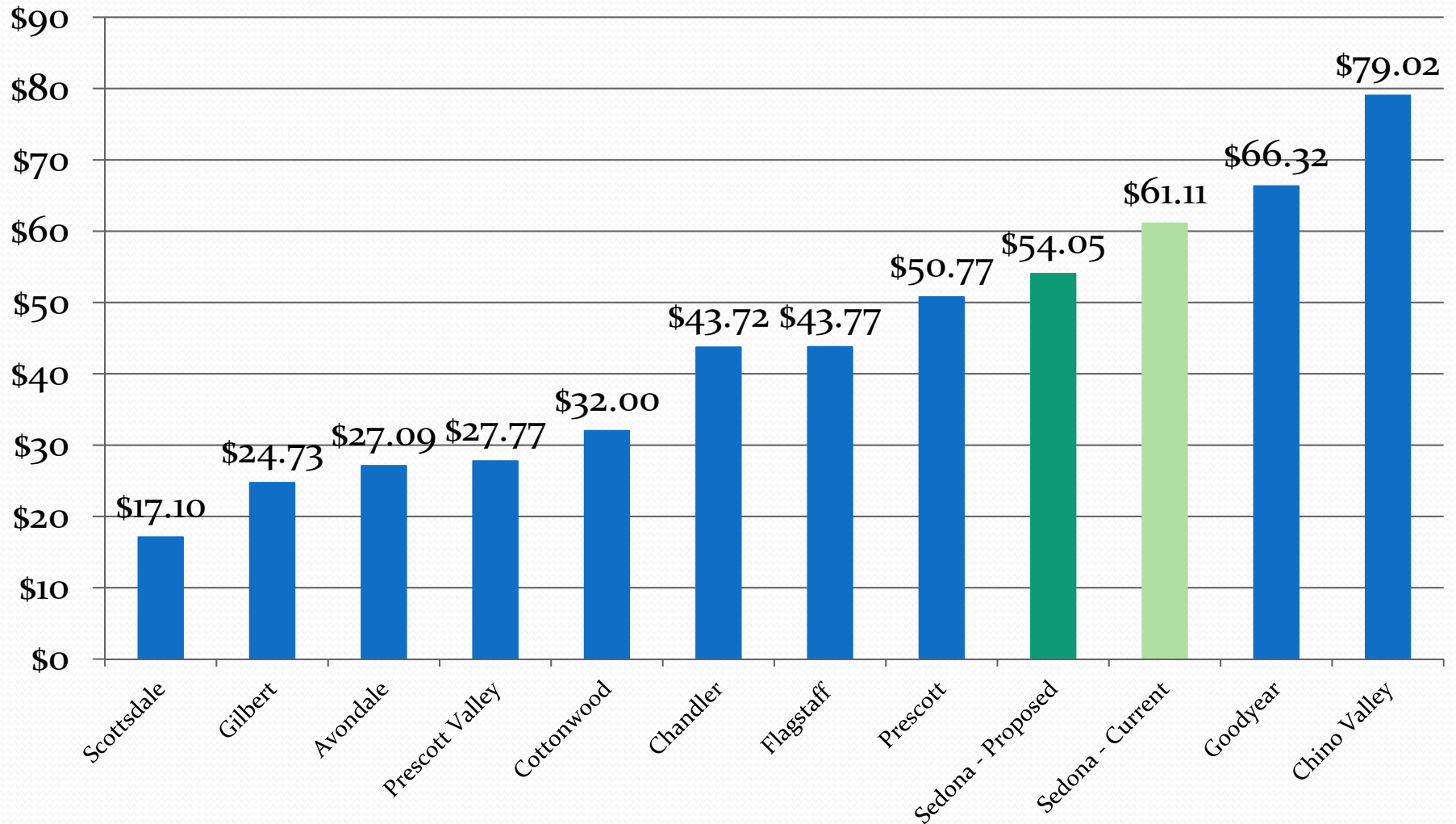
Summer Period				
		Proposed		
		Actual Flows		
		2,000 gals	5,000 gals	15,000 gals
		Billed Flows		
Class	Current	1,300 gals	3,250 gals	9,750 gals
Residential	\$61.11	\$36.95	\$45.37	\$76.80
Low Flow	47.52	36.95	45.37	76.80

CAPACITY FEES

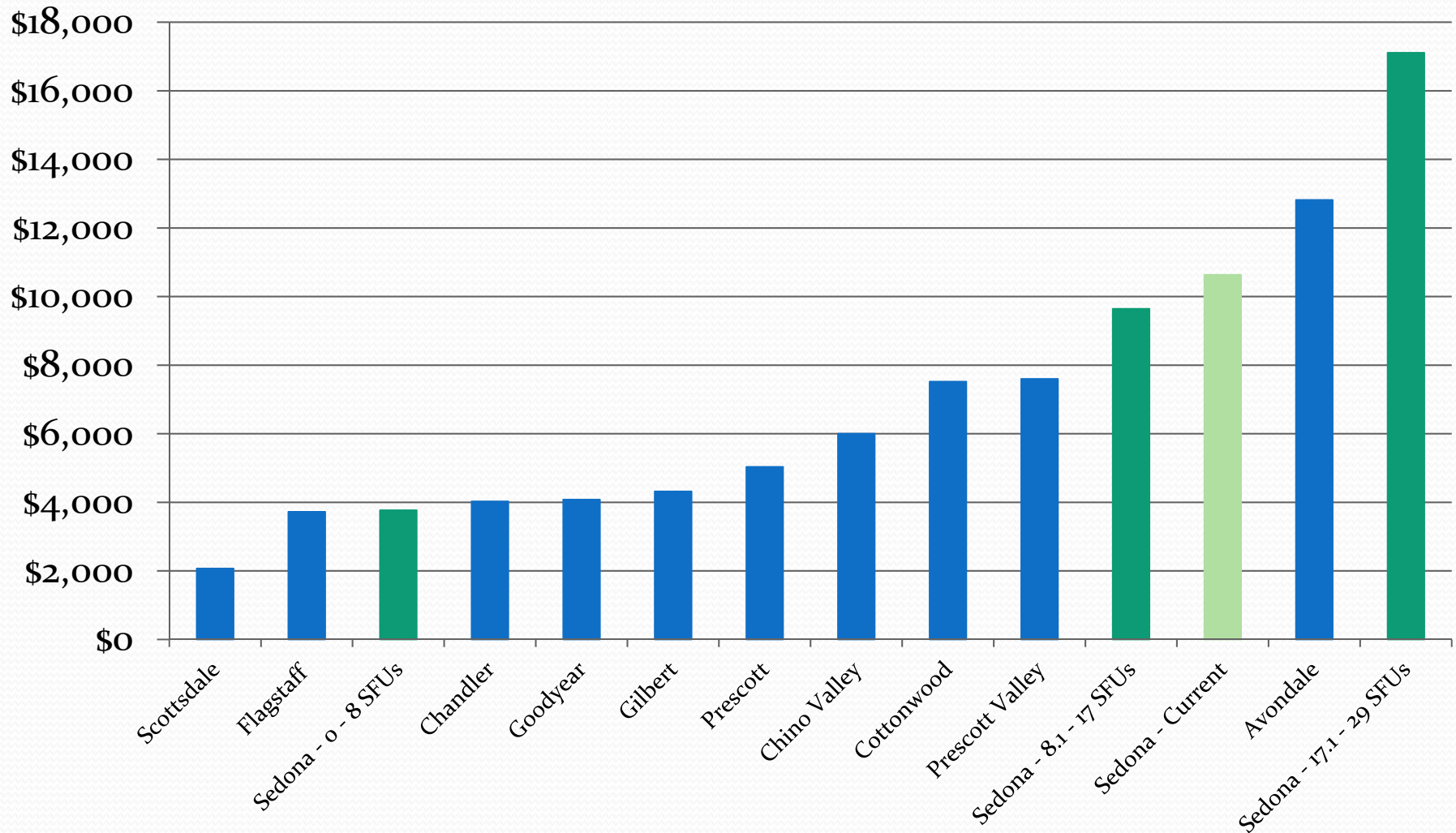
	Fee
Current	Varies by Development Type ⁽¹⁾
0 – 8 SFUs	\$3,767
8.1 – 17 SFUs	9,640
17.1 – 29 SFUs	17,108
29.1 – 42 SFUs	25,651
42.1 – 55 SFUs	34,397
> 55 SFUs (per SFU)	672.73

(1) Current residential fee is \$10,634

Comparison of Monthly Sewer Bill (1-inch Meter, 5,000 gallons)



Comparison of Capacity Fees (1-inch Meter)



QUESTIONS & DISCUSSION



**CITY COUNCIL
AGENDA BILL**

**AB 2515
August 13, 2019
Regular Business**

Agenda Item: 8c
Proposed Action & Subject: Public hearing/presentation regarding the City of Sedona Development Impact Fee Audit Report for Fiscal Years 2016-17 and 2017-18.

Department Financial Services
Time to Present 10 minutes
Total Time for Item 30 minutes
Other Council Meetings N/A
Exhibits A. Development Impact Fee Audit Report FYs 2016-17 & 2017-18

City Attorney Approval	Reviewed 8/6/2019 SDC	Expenditure Required	\$ 0
City Manager's Recommendation	N/A	Amount Budgeted	\$ 0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: Development Impact Fees (DIFs) are one-time charges applied to new development in order that new growth will pay its fair share of infrastructure improvements needed to provide municipal services and to ensure that existing residents are not unduly burdened to pay for improvements and services needed to accommodate new development. The City of Sedona first adopted DIFs on May 18, 1998.

In 2011, the state legislature placed several requirements on development impact fees. To comply with the new statutory requirements, the City Council adopted updated Land Use Assumptions and Infrastructure Improvement Plan reports on March 4, 2014. Subsequently, on May 22, 2014, the City Council adopted the 2014 Development Impact Fee Report (the newly modified development impact fees) and amended City Code Chapter 14.05, Development Impact Fees, with the changes effective August 5, 2014. The 2014 Development Impact Fee Report was prepared by the consulting firm, TischlerBise, Inc. An update to the development impact fees was adopted by the City Council on June 25, 2019 but will not take effect until September 9, 2019.

A.R.S. § 9-463.05(G) requires the City to either create an advisory committee or provide for a biennial certified audit of the land use assumptions, infrastructure improvement plans, and development impact fees. The statute further requires that the audit "...shall be conducted by one or more qualified professionals who are not employees or officials of the municipality and who did not prepare the infrastructure improvements plan." The term "qualified professional" is then statutorily defined as a professional engineer, surveyor, financial analyst, or planner providing services within the scope of the person's license, education, or experience.

The audit for Fiscal Years 2016-17 and 2017-18 has been conducted by the consulting firm, Willdan Financial Services (Willdan). The audit is required by statute to review the progress of the infrastructure improvements plan, including the collection and expenditures of development fees for each project in the plan, and evaluate any inequities in implementing the plan or imposing the development fee.

Willdan's audit concluded that the City's DIF collections and expenditures are consistent with the 10-year plan identified in the 2014 Development Impact Fee Report and is consistent with A.R.S. § 9-463.05.

The statute requires a public hearing on the audit within 60 days of its release to the public. The Willdan audit report was posted on the City's website on July 24, 2019. In addition, a news item was placed on the City website's main page announcing the report's availability.

The required public hearing provides the opportunity for the public to comment regarding the DIF audit report. Kevin Burnett, Senior Project Manager, for Willdan will be available to present the report and answer questions.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): N/A

MOTION

I move to: for public hearing and presentation only.

CITY OF SEDONA



Development Impact Fee Biennial Audit

July 2019



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Appendix D – Roadways and Transportation Supporting Documents



Appendix E – Law Enforcement Supporting Schedules

Appendix F – Dry Creek Wash Supporting Schedules

Appendix G – Coffee Pot Wash Supporting Schedules

Appendix H – Soldier Pass Wash Supporting Schedules

Appendix I – Permit Sampling Results

Section 1 - Introduction

1.1. Introduction

Willdan Financial Services (“Willdan”) was retained by the City of Sedona, Arizona (“City”) to conduct a Biennial Development Impact Fee Audit (“Audit”) as required under Arizona Revised Statutes (ARS) §9-463.05. This report details the results of the Audit for the audited period fiscal year (FY) 2017 and FY 2018 and follows all guidelines and requirements of ARS §9-463.05.

1.2. Organization of this Report

This Audit presents a comparison of the development projections (land use assumptions); capital needs (infrastructure improvement plan); and the level of service (LOS) as identified in the May 22, 2014 Infrastructure Improvements Plan and Development fees (2014 Report), to the development, capital expenditures and level of service experienced by the City in FY 2016-17 and FY 2017-18. The report is organized as follows:

- Section 1 - Introduction
- Section 2 – Parks and Recreation
- Section 3 – General Government
- Section 4 – Roadways and Transportation
- Section 5 – Law Enforcement
- Section 6 – Dry Creek Wash
- Section 7 – Coffee Pot Creek Wash
- Section 8 – Soldier Pass Wash
- Section 9 – Oak Creek Wash
- Section 10 – Permit Sampling
- Section 11 – Conclusions and Recommendations

The appendices to this report are as follows:

- Appendix A – ARS §9-463.05
- Appendix B – Parks and Recreation Supporting Documents
- Appendix C – General Government Facilities Supporting Documents



- Appendix D – Roadways and Transportation Facilities Supporting Documents
- Appendix E – Law Enforcement Supporting Schedules
- Appendix F – Dry Creek Wash Supporting Schedules
- Appendix G – Coffee Pot Wash Supporting Schedules
- Appendix H – Soldier Pass Wash Supporting Schedules
- Appendix I – Oak Creek Wash Supporting Schedules
- Appendix J – Permit Sampling Results

1.3. Audit Approach

Willdan staff supporting the Audit meet the definition of “Qualified Professional” as set forth in ARS§ 9-463.05(T)(8). Consistent with the requirements of ARS§ 9-463.05(G)(2), Willdan audit staff were neither employees or officials of the City nor did they prepare the IIP¹.

Audit activities consisted solely of document review and discussions with the City staff via email and teleconference. Audit activities did not include site visits, first-hand data collection, or independent verification of data submitted by the City.

In particular, in support of this audit, Willdan:

- a) Reviewed IIP forecast and actual expenditures.
- b) Reviewed land use assumptions (LUA) forecasted and actual developments.
- c) Reviewed level of service (LOS) at two points in time: time of the initial study and the audit timeframe.
- d) Permit data for purposes of sampling to verify the accuracy of the application of the fees.

Per ARS §9-463.05, the City must post the findings of this audit (the report) on the City website and conduct a public hearing on the audit within 60 days of the audit being made available to the public.

1.4. Audit Objectives

The primary objectives of the Audit were to:

¹ The City’s Infrastructure Improvements Plan and Development Fees report was prepared by TischlerBise May 22, 2014.



- a) Audit the City's Development Impact Fees for the periods FY 2016-17 and FY 2017-18;
- b) Comply with ARS§ 9-463.05 by:
 - i. Reviewing the progress of anticipated development as identified in the LUA;
 - ii. Reviewing the progress of the infrastructure improvements plan;
 - iii. Reviewing collections and expenditures of impact fees for each project in the plan; and
 - iv. Evaluating any inequities in implementing the plan or imposing the development impact fee.

1.5. Audit Results

Based on Willdan's scope of services performed as part of this Audit as documented in this Report, the results of this audit follow.

- a) The City's Development Impact Fees for the periods FY 2016-17 and FY 2017-18 comply with the ARS §9-463.05 as further discussed in sections two through nine;
- b) With respect to ARS §9-463.05 compliance:
 - i. Willdan's review of the progress of the LUA, identified differences between projected and actual development, but anticipates the development over the 10-year study period will not significantly vary from projections. The audit of the LUA is further discussed in sections two through nine;
 - ii. Willdan's review of collections and expenditures of the development impact fees for each project in the plan, indicate that the expenditures made with development impact fee funds in FY 2016-17 and FY 2017-18 of the study period were consistent with development impact fee eligible expenses as identified in the 2014 Report, as further discussed in sections two through nine; and
 - iii. Willdan's evaluation of any inequities in implementing the plan or imposing the impact fees indicates that the fees were assessed in an appropriate manner based upon the size and type of the development as further discussed in section ten.

1.6. Audit Limitations

Willdan's role in this Audit was solely that of third-party independent auditor. The results presented in this Audit Report are predicated upon information provided by the City and representations made by City



personnel. Willdan made reasonable efforts given the nature of this audit to assess the reasonableness of such representations. However, Willdan has no means to determine the extent to which material facts concerning information provided have been fully and accurately disclosed, nor is this a forensic audit. All findings in this report are based solely on Willdan’s review of materials furnished by the City as identified or publicly available information as cited as well as information obtained by Willdan through emails and meetings with key City staff involved in this audit. Review of additional documentation or disclosure or discovery of material facts could change the findings cited in this Report.

This report documents the audit for the sole purpose of demonstrating compliance with the requirements of ARS §9-463.05(G)(2); no other use is expressed or implied. Nothing in this report can be considered a legal opinion.



Section 2 - Parks and Recreation

2.1. Fee Development

The 2014 Report identified the parks and recreation development impact fee based on an investment of \$1,778.07 per person. Fees were not developed for non-residential development other than lodging. The investments equated to the fees per development type as identified in Table 2-1.

Table 2-1
2014 Report Parks Impact Fees

Single Family (per Unit)	Multifamily (per unit)	Lodging (per unit)
\$3,627	\$3,236	\$2,329

2.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City’s land use assumptions (LUA) as compared to the growth by development type that was actually experienced. Table 2-2 summarizes the projected development in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

Table 2-2
Projected versus Actual Development

	Single Family (Dwelling Units)	Multifamily (Dwelling Units)	Lodging (units)
Actual	187	45	121
Projected	<u>80</u>	<u>13</u>	<u>76</u>
Favorable/(Unfavorable) Variance	107	32	45
Variance %	134%	246%	59%

As indicated in Table 2-2, the actual developments for all developments exceeded the 2014 Report projections. As is often the case in undertaking development impact fee studies, the data that is used for projection purposes are based on the best available data at the time. The actual development identified in Table 2-2 represents a “snapshot” in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.

2.3. Infrastructure Improvement Plan

The 2014 Report did not specifically identify the timing of capital projects to be constructed or acquired over the 10-year study period, but rather identified projects to be completed over the 10-year period.

Between FY 2016-17 and FY 2017-18, the City generated \$539,064 in parks development impact fee revenue as well as \$40,034 in other income and expended \$369,483 on capital projects. The



expenditures made through development impact fee revenues were consistent with the IIP of 2014 Report.

2.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing City development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

The 2014 Report indicated that in order to maintain the current level of service, the City would need to invest in 13 acres of new improved parks, 4 park improvements and 1,601 square feet of new recreational facilities over the 10-year study period.

During the study period, there will be times of increased level of service and times of a lower level of service compared to the 2014 report identified level of service, based on when facilities are constructed or acquired in relation to the amount of new development that has occurred. The City added new residential development and invested in the park system, but has not completed the full IIP. Over the remainder of the study period, the City will add more park acreage amenities and facilities with the goal of achieving the level of service identified in the 2014 Report.



Section 3 - General Government

3.1. Fee Development

The 2014 Report identified the General Government development impact fee as being based on an investment of \$95.08 per person and \$41.65 per job. The investments equated to the fees per development type as identified in Table 3-1.

Table 3-1
2014 Report General Government Development Impact Fees

Single Family (per Unit)	Multifamily (per unit)	Commercial (per 1,000 sqft)	Office (per 1,000 sqft)	Institutional (per 1,000 sqft)	Industrial (per 1,000 sqft)
\$194	\$173	\$80	\$140	\$40	\$100

Per the 2014 Report, General Government development impact fee revenue is to be used for the retirement of outstanding growth-related debt. No capital expenditures are anticipated to be funded through development impact fees.

3.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City's LUA as compared to the growth by development type that was actually experienced. Table 3-2 summarizes the projected development in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

Table 3-2
Projected versus Actual Development

	Single Family (Dwelling Units)	Multifamily (Dwelling Units)	Commercial (1,000 sqft)	Office (1,000 sqft)	Institutional (1,000 sqft)	Industrial (1,000 sqft)
Actual	187	45	135	4	0	0
Projected	<u>80</u>	<u>13</u>	<u>35</u>	<u>20</u>	<u>4</u>	<u>7</u>
Favorable/(Unfavorable) Variance	107	32	100	(16)	(4)	(7)
Variance %	134%	246%	286%	(80%)	(100%)	(100%)

As indicated in Table 3-2, the actual developments for residential and commercial developments exceeded the 2014 Report projections whereas the actual office, industrial and institutional developments fell short of the projected developments. As is often the case in undertaking development impact fee studies, the data that is used for projection purposes are based on the best available data at the time. The actual development identified in Table 3-2 represents a "snapshot" in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.



Infrastructure Improvement Plan

Consistent with the 2014 Report, the City did not use General Government development impact fee revenue to fund new capital expenditures, but rather used the revenues to pay debt service identified in the IIP of the 2014 Report. Between FY 2016-17 and FY 2017-18 the City generated \$3,986 in General Government development impact fee revenue as well as \$32,862 in other income and expended \$31,412 on debt service.

3.3. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing City development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

The City's General Government facilities were oversized to accommodate new growth; therefore, no new capital was anticipated for the General Government fee area in the 2014 Report. Since the facilities were overbuilt at the time of construction, the level of service at the time of completion was artificially high. As new development occurs the level of service is reduced and approaches the level of service identified in the 2014 Report.



Section 4 - Roadways and Transportation

4.1. Fee Development

The 2014 Report identified growth related capital costs associated with new development of \$1,189,092. Costs include road and intersection improvements for Ranger Brewer 89A intersection and airport road improvements among others. These costs were allocated to each development type as identified in Table 4-1.

Table 4-1
2014 Report Roadways and Transportation Development Impact Fees

Single Family (per Unit)	Multifamily (per unit)	Commercial (per 1,000 sqft)	Office (per 1,000 sqft)	Institutional (per 1,000 sqft)	Industrial (per 1,000 sqft)
\$1,216	\$954	\$2,660	\$1,150	\$1,060	\$720

4.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City's LUA as compared to the growth by development type that was actually experienced. Table 4-2 summarizes the projected development in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

Table 4-2
Projected versus Actual Development

	Single Family (Dwelling Units)	Multifamily (Dwelling Units)	Commercial (1,000 sqft)	Office (1,000 sqft)	Institutional (1,000 sqft)	Industrial (1,000 sqft)
Actual	187	45	135	4	0	0
Projected	<u>80</u>	<u>13</u>	<u>35</u>	<u>20</u>	<u>4</u>	<u>7</u>
Favorable/(Unfavorable) Variance	107	32	100	(16)	(4)	(7)
Variance %	134%	246%	286%	(80%)	(100%)	(100%)

As indicated in Table 4-2, the actual developments for residential and commercial developments exceeded the 2014 Report projections whereas the actual office, industrial and institutional developments fell short of the projected developments. As is often the case in undertaking development impact fee studies, the data that is used for projection purposes are based on the best available data at the time. The actual development identified in Table 4-2 represents a "snapshot" in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.



4.3. Infrastructure Improvement Plan

The 2014 Report identified several new capital expansion projects to be funded through development impact fees within the IIP.

The City generated \$187,846 in roadways and transportation development impact fee revenue and \$222,676 in other income between FY 2016-17 and FY 2017-18. All of the capital expenditures made from the roadways and transportation development impact fee fund, were for capital projects that were identified in the IIP.

4.4. Level of Service

The 2014 Report indicated that in order to maintain the current level of service, the City would need to invest in 2.4 new lanes miles, and 0.2 new improved intersections over the 10-year study period.

During the study period, there will be times of increased level of service and times of a lower level of service compared to the 2014 report identified level of service, based on when facilities are constructed or acquired in relation to the amount of new development that has occurred. The City added new residential development and invested in the roadways and transportation system but have not completed the full IIP. Over the remainder of the study period, the City will add more additional lane miles and improved intersections with the goal of achieving the level of service identified in the 2014 Report.



Section 5 - Law Enforcement

5.1. Fee Development

The 2014 Report identified the law enforcement development impact fee as being based on an investment of \$250.49 per person and \$44.97 non-residential vehicle trip. The investments equated to the fees per development type as identified in Table 5-1.

Table 5-1
2014 Report Law Enforcement Development Impact Fees

Single Family (per Unit)	Multifamily (per unit)	Commercial (per 1,000 sqft)	Office (per 1,000 sqft)	Institutional (per 1,000 sqft)	Industrial (per 1,000 sqft)
\$511	\$466	\$0.63	\$0.25	\$0.23	\$0.16

The 2014 Report anticipated law enforcement development impact fee revenue to be used for the renovation of The City's police buildings to accommodate increasing capacity, additional police vehicles plus communication equipment to serve the new development.

5.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City's LUA as compared to the growth by development type that was actually experienced. Table 5-2 summarizes the projected development in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

Table 5-2
Projected versus Actual Development

	Single Family (Dwelling Units)	Multifamily (Dwelling Units)	Commercial (1,000 sqft)	Office (1,000 sqft)	Institutional (1,000 sqft)	Industrial (1,000 sqft)
Actual	187	45	135	4	0	0
Projected	80	13	35	20	4	7
Favorable/(Unfavorable) Variance	107	32	100	(16)	(4)	(7)
Variance %	134%	246%	286%	(80%)	(100%)	(100%)

As indicated in Table 5-2, the actual developments for residential and commercial developments exceeded the 2014 Report projections whereas the actual office, industrial and institutional developments fell short of the projected developments. As is often the case in undertaking development impact fee studies, the data that is used for projection purposes are based on the best available data at the time. The actual development identified in Table 5-2 represents a "snapshot" in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.



5.3. Infrastructure Improvement Plan

The 2014 Report identified capital expenditures (police building renovations, vehicles, communication equipment and the development impact fee study) to be funded from law enforcement development impact fees.

The City generated \$60,805 in development impact fee revenue based on new development and \$264 in other income for a total of \$61,069. The only law enforcement development impact fee expenditures in the FY 2016-17 through FY 2017-18 period was for the development impact fee study.

5.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing City development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

During the study period, there will be times of increased level of service and times of a lower level of service compared to the 2014 report identified level of service, based on when facilities are constructed or acquired in relation to the amount of new development that has occurred. The City did not invest in the law enforcement system during the FY 2016-17 and FY 2017-18 period and has not completed the full IIP. Over the remainder of the study period, the City will be making investments in the law enforcement system with the goal of achieving the level of service identified in the 2014 Report.



Section 6 - Dry Creek Wash

6.1. Fee Development

The 2014 Report identified Dry Creek Wash development impact fee as being based on capital needs and development Impact fee study costs of \$159,124. Residential fees were based on the average number of dwelling units per acre and non-residential fees were based on the square feet of floor area. The investments equated to the fees per development type as identified in Table 6-1.

Table 6-1
2014 Report Dry Creek Wash Development Impact Fees

Single Unit				Multifamily (per unit)	Nonresidential (per total sf)	Lodging (per room)
Very Low Density (per Unit)	Low Density (per unit)	Medium Density (per unit)	High Density (per unit)			
\$107	\$85	\$53	\$27	\$20	\$0.01	\$13

Per the 2014 Report, the Dry Creek Wash development impact fee revenue is to be used for the additional drainage facilities.

6.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City’s LUA as compared to the growth by development type that was actually experienced. The 2014 Report did not identify growth projections by specific basins, but rather examined the storm drainage system as a whole. Table 6-2 summarizes the projected development for the entire storm drainage system in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

Table 6-2
Projected versus Actual Development (All Storm Drainage Facilities)

	Single Unit				Multifamily (per unit)	Mobile Home (per unit)	Nonresidential (per total sf)	Lodging (per room)
	Very Low Density (per Unit)	Low Density (per unit)	Medium Density (per unit)	High Density (per unit)				
Actual	0	8	35	0	0	0	23,856	0
Projected	4	26	51	1	13	0	66,000	346
Favorable/(Unfavorable) Variance	(4)	(18)	(16)	(1)	(13)	0	(42,144)	(346)
Variance %	(100%)	(69%)	(31%)	(100%)	(100%)	n/a	(64%)	(100%)

As indicated in Table 6-2, the actual developments for all development categories fell short of the 2014 Report projections. As is often the case in undertaking development impact fee studies, the data that is used for projections purposes are based on the best available data at the time. The actual development



identified in Table 6-2 represent a “snapshot” in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.

6.3. Infrastructure Improvement Plan

The 2014 Report identified capital expenditures (storm drainage facilities) to be funded from the Dry Creek Wash development impact fees.

Between FY 2016-17 and FY 2017-18 the City generated \$1,132 in Dry Creek Wash development impact fee revenues as well as \$909 in other income. The City did not expend any Dry Creek Wash development impact fee revenue during this time period.

6.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing City development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

From a level of service perspective, the 2014 Report indicated that the City would need to invest \$154,500 in additional capital to maintain the existing level of service. The 2014 Report did not, however, identify the timing of the capital investment. The City will continue to monitor development projections and invest in the Dry Creek Wash basin in the future with the goal of achieving the proposed level of service at the end of the 10-year study period.



Section 7 - Coffee Pot Wash

7.1. Fee Development

The 2014 Report identified Coffee Pot Wash development impact fee as being based on capital needs and development impact fee study costs of \$5,162,192. Residential fees were based on the average number of dwelling units per acre and non-residential fees were based on the square feet of floor area. The investments equated to the fees per development type as identified in Table 7-1.

Table 7-1
2014 Report Coffee Pot Wash Development Impact Fees

Single Unit			Multifamily (per unit)	Mobile Homes (per unit)	Nonresidential (per total sf)	Lodging (per room)
Low Density (per unit)	Medium Density (per unit)	High Density (per unit)				
\$1,642	\$1,026	\$513	\$385	\$432	\$0.13	\$251

Per the 2014 Report, the Coffee Pot Wash development impact fee revenue is to be used for the additional drainage facilities.

7.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City's LUA as compared to the growth by development type that was actually experienced. The 2014 Report did not identify growth projections by specific basins, but rather examined the storm drainage system as a whole. Table 7-2 summarizes the projected development for the entire storm drainage system in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

Table 7-2
Projected versus Actual Development (All Storm Drainage Facilities)

	Single Unit				Multifamily (per unit)	Mobile Home (per unit)	Nonresidential (per total sf)	Lodging (per room)
	Very Low Density (per Unit)	Low Density (per unit)	Medium Density (per unit)	High Density (per unit)				
Actual	0	8	35	0	0	0	23,856	0
Projected	4	26	51	1	13	0	66,000	346
Favorable/(Unfavorable) Variance	(4)	(18)	(16)	(1)	(13)	0	(42,144)	(346)
Variance %	(100%)	(69%)	(31%)	(100%)	(100%)	n/a	(64%)	(100%)

As indicated in Table 7-2, the actual developments for all development classifications fell short of the 2014 Report projections. As is often the case in undertaking development impact fee studies, the data that is used for projections purposes are based on the best available data at the time. The actual



development identified in Table 7-2 represent a “snapshot” in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.

7.3. Infrastructure Improvement Plan

Consistent with the 2014 Report, the City used Coffee Pot Wash development impact fee revenues to fund new capital expenditures and the cost of the development impact fee study. Between FY 2016 and FY 2018, the City generated \$18,291 in Coffee Pot Wash development impact fee revenues and \$331 in other income. The City expended \$59,507 on capital projects and the development impact fee study identified in the 2014 Report.

7.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing the City development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

The level of identified in the 2014 Report indicated that the City would need to invest \$5,157,568 in additional capital to maintain the existing level of service. The 2014 Report did not, however, identify the timing of the capital investment. While the City did invest \$59,507 in new capital, additional investments are required to achieve the 10-year level of service goal. The City will continue to monitor development projections and invest in the Coffee Pot Wash basin in the future with the goal of achieving the proposed level of service at the end of the 10-year study Report.



Section 8 - Soldier Pass Wash

8.1. Fee Development

The 2014 Report identified Soldier Pass Wash development impact fee as being based on capital needs and development impact fee study costs of \$2,828,105. Residential fees were based on the average number of dwelling units per acre and non-residential fees were based on the square feet of floor area. The investments equated to the fees per development type as identified in Table 8-1.

Table 8-1
2014 Report Soldier Pass Wash Development Impact Fees

Single Unit		Multifamily (per unit)	Nonresidential (per total sf)	Lodging (per room)
Low Density (per unit)	Medium Density (per unit)			
\$1,989	\$1,243	\$466	\$0.15	\$304

Per the 2014 Report, the Soldier Pass Wash development impact fee revenue is to be used for the additional drainage facilities.

8.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City's LUA as compared to the growth by development type that was actually experienced. The 2014 Report did not identify growth projections by specific basins, but rather examined the storm drainage system as a whole. Table 8-2 summarizes the projected development for the entire storm drainage system in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

Table 8-2
Projected versus Actual Development (All Storm Drainage Facilities)

	Single Unit				Multifamily (per unit)	Mobile Home (per unit)	Nonresidential (per total sf)	Lodging (per room)
	Very Low Density (per Unit)	Low Density (per unit)	Medium Density (per unit)	High Density (per unit)				
Actual	0	8	35	0	0	0	23,856	0
Projected	4	26	51	1	13	0	66,000	346
Favorable/(Unfavorable) Variance	(4)	(18)	(16)	(1)	(13)	0	(42,144)	(346)
Variance %	(100%)	(69%)	(31%)	(100%)	(100%)	n/a	(64%)	(100%)

As indicated in Table 8-2, the actual developments for all development categories fell short of the 2014 Report projections. As is often the case in undertaking development impact fee studies, the data that is used for projections purposes are based on the best available data at the time. The actual development



identified in Table 8-2 represent a “snapshot” in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.

8.3. Infrastructure Improvement Plan

Consistent with the 2014 Report, the City used Soldier Pass Wash development impact fee revenues to fund new capital expenditures. Between FY 2017 and FY 2018, the City generated \$14,692 in Soldier Pass Wash development impact fee revenues and \$310 in other income. The City expended \$16,165 on capital projects identified in the 2014 Report.

8.4. Level of Service

Level of service projections are intended to ensure that new development is only being asked to pay for facilities or capital needs at the same level as is currently being experienced by existing the City development and are not being asked to increase the overall level of service, without a corresponding funding source from existing development to increase their level of service.

The level of identified in the 2014 Report indicated that the City would need to invest \$2,828,105 in additional capital to maintain the existing level of service. The 2014 Report did not, however, identify the timing of the capital investment. While the City did invest \$16,165 in new capital, additional investments are required to achieve the 10-year level of service goal. The City will continue to monitor development projections and invest in the Soldier Pass Wash basin in the future with the goal of achieving the proposed level of service at the end of the 10-year study Report.



Section 9 - Oak Creek Wash

9.1. Fee Development

The 2014 Report did not identify any development impact fees for the Oak Creek Wash.

9.2. Land Use Assumptions

The biennial audit requires an audit of the anticipated growth projections that were adopted in the City’s LUA as compared to the growth by development type that was actually experienced. The 2014 Report did not identify growth projections by specific basins, but rather examined the storm drainage system as a whole. Table 9-1 summarizes the projected development for the entire storm drainage system in the 2014 Report and the actual development that was experienced by the City in FY 2016-17 and FY 2017-18.

**Table 9-1
Projected versus Actual Development (All Storm Drainage Facilities)**

	Single Unit				Multifamily (per unit)	Mobile Home (per unit)	Nonresidential (per total sf)	Lodging (per room)
	Very Low Density (per Unit)	Low Density (per unit)	Medium Density (per unit)	High Density (per unit)				
Actual	0	8	35	0	0	0	23,856	0
Projected	<u>4</u>	<u>26</u>	<u>51</u>	<u>1</u>	<u>13</u>	<u>0</u>	<u>66,000</u>	<u>346</u>
Favorable/(Unfavorable) Variance	(4)	(18)	(16)	(1)	(13)	0	(42,144)	(346)
Variance %	(100%)	(69%)	(31%)	(100%)	(100%)	n/a	(64%)	(100%)

As indicated in Table 9-1, the actual developments for all development categories fell short of the 2014 Report projections. As is often the case in undertaking development impact fee studies, the data that is used for projections purposes are based on the best available data at the time. The actual development identified in Table 9-1 represent a “snapshot” in time, in this case 2 years of the 10-year study period. The growth projections are being monitored by City Staff.

9.3. Infrastructure Improvement Plan

The City did fund new capital expenditures in the Oak Creek Wash basin. Between FY 2017 and FY 2018, the City generated \$60 in interest income. The City expended \$4,604 on capital projects.



Section 10 - Permit Sampling

10.1. Sampling Results

As part of the audit process Willdan took a random sample of residential permits that were issued between FY 2016-17 and FY 2017-18 and a random sample of non-residential permits. The purpose of the sampling was to identify any instances where the fee that was assessed to the development varied from the fee that should have been assessed based on number of dwelling units or square footage of development. Our sampling review did not identify any developments that were assessed incorrect impact fees based on these parameters.



Section 11 - Conclusions

11.1. Land Use Assumptions

Willdan conducted an audit of The City's development projections for FY 2016-17 and FY 2017-18 and compared the new development with the development projections in the 2014 Report. While there were variances between what had been originally projected and what occurred, the original projections were based on the best available data at the time of the study. We believe that the actual developments for FY 2016-17 and FY 2017-18 are still consistent with the overall development projections for the original 10-year study period.

11.2. Infrastructure Improvement Plan

Our review indicated that revenues were collected and appropriately tracked in separate impact fee funds based on the fee area for which they were associated, and that interest income was also tracked by fund as required in ARS §9-463.05.

We reviewed the projects that were anticipated to be completed in the second 2 years of the 10-year study period (per the 2014 Report). As was the case with the LUA, the IIP was developed based on the best available information at the time of the analysis, and the actual expenditures differed from what was projected. However, the differences that did occur were related to the timing of projects that were originally anticipated rather than the addition of new projects. We therefore conclude that the expenditures were consistent with the overall capital needs objectives identified in the IIP.

11.3. Level of Service

The level of service for a given fee area is in flux over time and will change as new projects are incorporated into The City's existing facilities and networks or as development within The City changes. There are cases where it is not possible to exactly match the existing level of service with the required level of service based on new development. In instances where growth has occurred prior to the expansion of facilities, the level of service at any point in time prior to the construction of the full expansion will be lower than the identified level of service for existing development. By the same token, if the expansions occur prior to the end of the 10-year period, the system will be over built and until the full development projections are realized, the level of service will be higher than was previously identified for existing development. We do, however, believe the level of service goals will be achieved by the end of the 10-year study period.



11.4. Final Conclusion

It is our opinion that The City's development, impact fee collections and expenditures are consistent with the 10-year plan identified in the 2014 Report and is consistent with ARS §9-463.05.

9-463.05. Development fees; imposition by cities and towns; infrastructure improvements plan; annual report; advisory committee; limitation on actions; definitions

A. A municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan.

B. Development fees assessed by a municipality under this section are subject to the following requirements:

1. Development fees shall result in a beneficial use to the development.
2. The municipality shall calculate the development fee based on the infrastructure improvements plan adopted pursuant to this section.
3. The development fee shall not exceed a proportionate share of the cost of necessary public services, based on service units, needed to provide necessary public services to the development.
4. Costs for necessary public services made necessary by new development shall be based on the same level of service provided to existing development in the service area.
5. Development fees may not be used for any of the following:
 - (a) Construction, acquisition or expansion of public facilities or assets other than necessary public services or facility expansions identified in the infrastructure improvements plan.
 - (b) Repair, operation or maintenance of existing or new necessary public services or facility expansions.
 - (c) Upgrading, updating, expanding, correcting or replacing existing necessary public services to serve existing development in order to meet stricter safety, efficiency, environmental or regulatory standards.
 - (d) Upgrading, updating, expanding, correcting or replacing existing necessary public services to provide a higher level of service to existing development.
 - (e) Administrative, maintenance or operating costs of the municipality.
6. Any development for which a development fee has been paid is entitled to the use and benefit of the services for which the fee was imposed and is entitled to receive immediate service from any existing facility with available capacity to serve the new service units if the available capacity has not been reserved or pledged in connection with the construction or financing of the facility.
7. Development fees may be collected if any of the following occurs:
 - (a) The collection is made to pay for a necessary public service or facility expansion that is identified in the infrastructure improvements plan and the municipality plans to complete construction and to have the service available within the time period established in the infrastructure improvement plan, but in no event longer than the time period provided in subsection H, paragraph 3 of this section.
 - (b) The municipality reserves in the infrastructure improvements plan adopted pursuant to this section or otherwise agrees to reserve capacity to serve future development.
 - (c) The municipality requires or agrees to allow the owner of a development to construct or finance the necessary public service or facility expansion and any of the following apply:

(i) The costs incurred or money advanced are credited against or reimbursed from the development fees otherwise due from a development.

(ii) The municipality reimburses the owner for those costs from the development fees paid from all developments that will use those necessary public services or facility expansions.

(iii) For those costs incurred the municipality allows the owner to assign the credits or reimbursement rights from the development fees otherwise due from a development to other developments for the same category of necessary public services in the same service area.

8. Projected interest charges and other finance costs may be included in determining the amount of development fees only if the monies are used for the payment of principal and interest on the portion of the bonds, notes or other obligations issued to finance construction of necessary public services or facility expansions identified in the infrastructure improvements plan.

9. Monies received from development fees assessed pursuant to this section shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Monies received from a development fee identified in an infrastructure improvements plan adopted or updated pursuant to subsection D of this section shall be used to provide the same category of necessary public services or facility expansions for which the development fee was assessed and for the benefit of the same service area, as defined in the infrastructure improvements plan, in which the development fee was assessed. Interest earned on monies in the separate fund shall be credited to the fund.

10. The schedule for payment of fees shall be provided by the municipality. Based on the cost identified in the infrastructure improvements plan, the municipality shall provide a credit toward the payment of a development fee for the required or agreed to dedication of public sites, improvements and other necessary public services or facility expansions included in the infrastructure improvements plan and for which a development fee is assessed, to the extent the public sites, improvements and necessary public services or facility expansions are provided by the developer. The developer of residential dwelling units shall be required to pay development fees when construction permits for the dwelling units are issued, or at a later time if specified in a development agreement pursuant to section 9-500.05. If a development agreement provides for fees to be paid at a time later than the issuance of construction permits, the deferred fees shall be paid no later than fifteen days after the issuance of a certificate of occupancy. The development agreement shall provide for the value of any deferred fees to be supported by appropriate security, including a surety bond, letter of credit or cash bond.

11. If a municipality requires as a condition of development approval the construction or improvement of, contributions to or dedication of any facilities that were not included in a previously adopted infrastructure improvements plan, the municipality shall cause the infrastructure improvements plan to be amended to include the facilities and shall provide a credit toward the payment of a development fee for the construction, improvement, contribution or dedication of the facilities to the extent that the facilities will substitute for or otherwise reduce the need for other similar facilities in the infrastructure improvements plan for which development fees were assessed.

12. The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.

13. If development fees are assessed by a municipality, the fees shall be assessed against commercial, residential and industrial development, except that the municipality may distinguish between different categories of residential, commercial and industrial development in assessing the costs to the municipality of providing necessary public services to new development and in determining the amount of the development fee applicable to the category of development. If a municipality agrees to waive any of the development fees assessed on a development, the municipality shall reimburse the appropriate development fee accounts for the amount that was waived. The municipality shall provide notice of any such waiver to the advisory committee established pursuant to subsection G of this section within thirty days.

14. In determining and assessing a development fee applying to land in a community facilities district established under title 48, chapter 4, article 6, the municipality shall take into account all public infrastructure provided by the district and capital costs paid by the district for necessary public services and shall not assess a portion of the development fee based on the infrastructure or costs.

C. A municipality shall give at least thirty days' advance notice of intention to assess a development fee and shall release to the public and post on its website or the website of an association of cities and towns if a municipality does not have a website a written report of the land use assumptions and infrastructure improvements plan adopted pursuant to subsection D of this section. The municipality shall conduct a public hearing on the proposed development fee at any time after the expiration of the thirty day notice of intention to assess a development fee and at least thirty days before the scheduled date of adoption of the fee by the governing body. Within sixty days after the date of the public hearing on the proposed development fee, a municipality shall approve or disapprove the imposition of the development fee. A municipality shall not adopt an ordinance, order or resolution approving a development fee as an emergency measure. A development fee assessed pursuant to this section shall not be effective until seventy-five days after its formal adoption by the governing body of the municipality. Nothing in this subsection shall affect any development fee adopted before July 24, 1982.

D. Before the adoption or amendment of a development fee, the governing body of the municipality shall adopt or update the land use assumptions and infrastructure improvements plan for the designated service area. The municipality shall conduct a public hearing on the land use assumptions and infrastructure improvements plan at least thirty days before the adoption or update of the plan. The municipality shall release the plan to the public, post the plan on its website or the website of an association of cities and towns if the municipality does not have a website, including in the posting its land use assumptions, the time period of the projections, a description of the necessary public services included in the infrastructure improvements plan and a map of the service area to which the land use assumptions apply, make available to the public the documents used to prepare the assumptions and plan and provide public notice at least sixty days before the public hearing, subject to the following:

1. The land use assumptions and infrastructure improvements plan shall be approved or disapproved within sixty days after the public hearing on the land use assumptions and infrastructure improvements plan and at least thirty days before the public hearing on the report required by subsection C of this section. A municipality shall not adopt an ordinance, order or resolution approving the land use assumptions or infrastructure improvements plan as an emergency measure.

2. An infrastructure improvements plan shall be developed by qualified professionals using generally accepted engineering and planning practices pursuant to subsection E of this section.

3. A municipality shall update the land use assumptions and infrastructure improvements plan at least every five years. The initial five year period begins on the day the infrastructure improvements plan is adopted. The municipality shall review and evaluate its current land use assumptions and shall cause an update of the infrastructure improvements plan to be prepared pursuant to this section.

4. Within sixty days after completion of the updated land use assumptions and infrastructure improvements plan, the municipality shall schedule and provide notice of a public hearing to discuss and review the update and shall determine whether to amend the assumptions and plan.

5. A municipality shall hold a public hearing to discuss the proposed amendments to the land use assumptions, the infrastructure improvements plan or the development fee. The land use assumptions and the infrastructure improvements plan, including the amount of any proposed changes to the development fee per service unit, shall be made available to the public on or before the date of the first publication of the notice of the hearing on the amendments.

6. The notice and hearing procedures prescribed in paragraph 1 of this subsection apply to a hearing on the amendment of land use assumptions, an infrastructure improvements plan or a development fee. Within sixty days after the date of the public hearing on the amendments, a municipality shall approve or disapprove the amendments to the land use assumptions, infrastructure improvements plan or development fee. A municipality shall not adopt an ordinance, order or resolution approving the amended land use assumptions, infrastructure improvements plan or development fee as an emergency measure.

7. The advisory committee established under subsection G of this section shall file its written comments on any proposed or updated land use assumptions, infrastructure improvements plan and development fees before the fifth business day before the date of the public hearing on the proposed or updated assumptions, plan and fees.

8. If, at the time an update as prescribed in paragraph 3 of this subsection is required, the municipality determines that no changes to the land use assumptions, infrastructure improvements plan or development fees are needed, the municipality may as an alternative to the updating requirements of this subsection publish notice of its determination on its website and include the following:

(a) A statement that the municipality has determined that no change to the land use assumptions, infrastructure improvements plan or development fee is necessary.

(b) A description and map of the service area in which an update has been determined to be unnecessary.

(c) A statement that by a specified date, which shall be at least sixty days after the date of publication of the first notice, a person may make a written request to the municipality requesting that the land use assumptions, infrastructure improvements plan or development fee be updated.

(d) A statement identifying the person or entity to whom the written request for an update should be sent.

9. If, by the date specified pursuant to paragraph 8 of this subsection, a person requests in writing that the land use assumptions, infrastructure improvements plan or development fee be updated, the municipality shall cause, accept or reject an update of the assumptions and plan to be prepared pursuant to this subsection.

10. Notwithstanding the notice and hearing requirements for adoption of an infrastructure improvements plan, a municipality may amend an infrastructure improvements plan adopted pursuant to this section without a public hearing if the amendment addresses only elements of necessary public services in the existing infrastructure improvements plan and the changes to the plan will not, individually or cumulatively with other amendments adopted pursuant to this subsection, increase the level of service in the service area or cause a development fee increase of greater than five per cent when a new or modified development fee is assessed pursuant to this section. The municipality shall provide notice of any such amendment at least thirty days before adoption, shall post the amendment on its website or on the website of an association of cities and towns if the municipality does not have a website and shall provide notice to the advisory committee established pursuant to subsection G of this section that the amendment complies with this subsection.

E. For each necessary public service that is the subject of a development fee, the infrastructure improvements plan shall include:

1. A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.

2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
 3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved land use assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.
 4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.
 5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.
 6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
 7. A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.
- F. A municipality's development fee ordinance shall provide that a new development fee or an increased portion of a modified development fee shall not be assessed against a development for twenty-four months after the date that the municipality issues the final approval for a commercial, industrial or multifamily development or the date that the first building permit is issued for a residential development pursuant to an approved site plan or subdivision plat, provided that no subsequent changes are made to the approved site plan or subdivision plat that would increase the number of service units. If the number of service units increases, the new or increased portion of a modified development fee shall be limited to the amount attributable to the additional service units. The twenty-four month period shall not be extended by a renewal or amendment of the site plan or the final subdivision plat that was the subject of the final approval. The municipality shall issue, on request, a written statement of the development fee schedule applicable to the development. If, after the date of the municipality's final approval of a development, the municipality reduces the development fee assessed on development, the reduced fee shall apply to the development.

G. A municipality shall do one of the following:

1. Before the adoption of proposed or updated land use assumptions, infrastructure improvements plan and development fees as prescribed in subsection D of this section, the municipality shall appoint an infrastructure improvements advisory committee, subject to the following requirements:
 - (a) The advisory committee shall be composed of at least five members who are appointed by the governing body of the municipality. At least fifty per cent of the members of the advisory committee must be representatives of the real estate, development or building industries, of which at least one member of the committee must be from the home building industry. Members shall not be employees or officials of the municipality.
 - (b) The advisory committee shall serve in an advisory capacity and shall:

(i) Advise the municipality in adopting land use assumptions and in determining whether the assumptions are in conformance with the general plan of the municipality.

(ii) Review the infrastructure improvements plan and file written comments.

(iii) Monitor and evaluate implementation of the infrastructure improvements plan.

(iv) Every year file reports with respect to the progress of the infrastructure improvements plan and the collection and expenditures of development fees and report to the municipality any perceived inequities in implementing the plan or imposing the development fee.

(v) Advise the municipality of the need to update or revise the land use assumptions, infrastructure improvements plan and development fee.

(c) The municipality shall make available to the advisory committee any professional reports with respect to developing and implementing the infrastructure improvements plan.

(d) The municipality shall adopt procedural rules for the advisory committee to follow in carrying out the committee's duties.

2. In lieu of creating an advisory committee pursuant to paragraph 1 of this subsection, provide for a biennial certified audit of the municipality's land use assumptions, infrastructure improvements plan and development fees. An audit pursuant to this paragraph shall be conducted by one or more qualified professionals who are not employees or officials of the municipality and who did not prepare the infrastructure improvements plan. The audit shall review the progress of the infrastructure improvements plan, including the collection and expenditures of development fees for each project in the plan, and evaluate any inequities in implementing the plan or imposing the development fee. The municipality shall post the findings of the audit on the municipality's website or the website of an association of cities and towns if the municipality does not have a website and shall conduct a public hearing on the audit within sixty days of the release of the audit to the public.

H. On written request, an owner of real property for which a development fee has been paid after July 31, 2014 is entitled to a refund of a development fee or any part of a development fee if:

1. Pursuant to subsection B, paragraph 6 of this section, existing facilities are available and service is not provided.

2. The municipality has, after collecting the fee to construct a facility when service is not available, failed to complete construction within the time period identified in the infrastructure improvements plan, but in no event later than the time period specified in paragraph 3 of this subsection.

3. For a development fee other than a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within ten years after the fee has been paid or, for a development fee for water or wastewater facilities, any part of the development fee is not spent as authorized by this section within fifteen years after the fee has been paid.

I. If the development fee was collected for the construction of all or a portion of a specific item of infrastructure, and on completion of the infrastructure the municipality determines that the actual cost of construction was less than the forecasted cost of construction on which the development fee was based and the difference between the actual and estimated cost is greater than ten per cent, the current owner may receive a refund of the portion of the development fee equal to the difference between the development fee paid and the development fee that would have been due if the development fee had been calculated at the actual construction cost.

J. A refund shall include any interest earned by the municipality from the date of collection to the date of refund on the amount of the refunded fee. All refunds shall be made to the record owner of the property at the time the

refund is paid. If the development fee is paid by a governmental entity, the refund shall be paid to the governmental entity.

K. A development fee that was adopted before January 1, 2012 may continue to be assessed only to the extent that it will be used to provide a necessary public service for which development fees can be assessed pursuant to this section and shall be replaced by a development fee imposed under this section on or before August 1, 2014. Any municipality having a development fee that has not been replaced under this section on or before August 1, 2014 shall not collect development fees until the development fee has been replaced with a fee that complies with this section. Any development fee monies collected before January 1, 2012 remaining in a development fee account:

1. Shall be used towards the same category of necessary public services as authorized by this section.
2. If development fees were collected for a purpose not authorized by this section, shall be used for the purpose for which they were collected on or before January 1, 2020, and after which, if not spent, shall be distributed equally among the categories of necessary public services authorized by this section.

L. A moratorium shall not be placed on development for the sole purpose of awaiting completion of all or any part of the process necessary to develop, adopt or update development fees.

M. In any judicial action interpreting this section, all powers conferred on municipal governments in this section shall be narrowly construed to ensure that development fees are not used to impose on new residents a burden all taxpayers of a municipality should bear equally.

N. Each municipality that assesses development fees shall submit an annual report accounting for the collection and use of the fees for each service area. The annual report shall include the following:

1. The amount assessed by the municipality for each type of development fee.
2. The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year.
3. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year.
4. The amount of development fee monies used to repay:

(a) Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development fee assessment, including the amount needed to repay the debt service obligations on each facility for which development fees have been identified as the source of funding and the time frames in which the debt service will be repaid.

(b) Monies advanced by the municipality from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment, the total amount advanced by the municipality for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the municipality.

5. The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project.

6. The amount of development fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment.

O. Within ninety days following the end of each fiscal year, each municipality shall submit a copy of the annual report to the city clerk and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.

P. A municipality that fails to file the report and post the report on the municipality's website or the website of an association of cities and towns if the municipality does not have a website as required by this section shall not collect development fees until the report is filed and posted.

Q. Any action to collect a development fee shall be commenced within two years after the obligation to pay the fee accrues.

R. A municipality may continue to assess a development fee adopted before January 1, 2012 for any facility that was financed before June 1, 2011 if:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
2. After August 1, 2014, any development fees collected under this subsection are used solely for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued before June 1, 2011 to finance construction of the facility.

S. Through August 1, 2014, a development fee adopted before January 1, 2012 may be used to finance construction of a facility and may be pledged to repay debt service obligations if:

1. The facility that is being financed is a facility that is described under subsection T, paragraph 7, subdivisions (a) through (g) of this section.
2. The facility was included in an infrastructure improvements plan adopted before June 1, 2011.
3. The development fees are used for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued to finance construction of the necessary public services or facility expansions identified in the infrastructure improvement plan.

T. For the purposes of this section:

1. "Dedication" means the actual conveyance date or the date an improvement, facility or real or personal property is placed into service, whichever occurs first.

2. "Development" means:

(a) The subdivision of land.

(b) The construction, reconstruction, conversion, structural alteration, relocation or enlargement of any structure that adds or increases the number of service units.

(c) Any use or extension of the use of land that increases the number of service units.

3. "Facility expansion" means the expansion of the capacity of an existing facility that serves the same function as an otherwise new necessary public service in order that the existing facility may serve new development. Facility expansion does not include the repair, maintenance, modernization or expansion of an existing facility to better serve existing development.

4. "Final approval" means:

(a) For a nonresidential or multifamily development, the approval of a site plan or, if no site plan is submitted for the development, the approval of a final subdivision plat.

(b) For a single family residential development, the approval of a final subdivision plat.

5. "Infrastructure improvements plan" means a written plan that identifies each necessary public service or facility expansion that is proposed to be the subject of a development fee and otherwise complies with the requirements of this section, and may be the municipality's capital improvements plan.
6. "Land use assumptions" means projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the general plan of the municipality.
7. "Necessary public service" means any of the following facilities that have a life expectancy of three or more years and that are owned and operated by or on behalf of the municipality:
- (a) Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities.
 - (b) Wastewater facilities, including collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.
 - (c) Storm water, drainage and flood control facilities, including any appurtenances for those facilities.
 - (d) Library facilities of up to ten thousand square feet that provide a direct benefit to development, not including equipment, vehicles or appurtenances.
 - (e) Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.
 - (f) Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.
 - (g) Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.
 - (h) Any facility that was financed and that meets all of the requirements prescribed in subsection R of this section.
8. "Qualified professional" means a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience.
9. "Service area" means any specified area within the boundaries of a municipality in which development will be served by necessary public services or facility expansions and within which a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the infrastructure improvements plan.
10. "Service unit" means a standardized measure of consumption, use, generation or discharge attributable to an individual unit of development calculated pursuant to generally accepted engineering or planning standards for a particular category of necessary public services or facility expansions.

Parks & Recreation			
Revenues	FY 2016-17	FY 2017-18	Total
System Development Fees	\$407,782	\$131,282	\$539,064
Interest Income	13,458	0	13,458
Other Earnings	14,801	11,775	26,576
Total Revenues	436,041	143,057	579,098
Expenditures			
Projects	123,653	245,830	369,483
Bonds	0	0	0
Loans	0	0	0
Total Expenditures	123,653	245,830	369,483

Parks & Recreation			
Development	FY 2016-17	FY 2017-18	Total
Single Family Residential ⁽¹⁾	149	38	187
Multifamily Residential ⁽¹⁾	0	45	45
Lodging ⁽¹⁾	121	0	121
Industrial ⁽²⁾	0	0	0
Commercial ⁽²⁾	0	7	7
Office ⁽²⁾	0	2	2
Institutional ⁽²⁾	0	0	0

(1) Dwelling units

(2) 1,000 Square feet

General Government Facilities and Equipment			
Revenues	FY 2016-17	FY 2017-18	Total
System Development Fees	\$3,598	\$388	\$3,986
Interest Income	0	1	1
Other Earnings	0	32,861	32,861
Total Revenues	3,598	33,250	36,848
Expenditures			
Projects	0	0	0
Bonds	21,198	10,214	31,412
Loans	0	0	0
Total Expenditures	21,198	10,214	31,412

General Government Facilities and Equipment			
Development	FY 2016-17	FY 2017-18	Total
Single Family Residential ⁽¹⁾	149	38	187
Multifamily Residential ⁽¹⁾	0	45	45
Industrial ⁽²⁾	0	0	0
Commercial ⁽²⁾	128	7	135
Office ⁽²⁾	2	2	4
Institutional ⁽²⁾	0	0	0

(1) Dwelling units

(2) 1,000 Square feet

Roadways and Transportation			
Revenues	FY 2016-17	FY 2017-18	Total
System Development Fees	\$146,502	\$41,344	\$187,846
Interest Income	5,977	2,532	8,509
Other Earnings	0	214,167	214,167
Total Revenues	152,479	258,043	410,522
Expenditures			
Projects	658,000	3,290	661,290
Bonds	0	0	0
Loans	0	0	0
Total Expenditures	658,000	3,290	661,290

Roadways and Transportation			
Development	FY 2016-17	FY 2017-18	Total
Single Family Residential ⁽¹⁾	149	38	187
Multifamily Residential ⁽¹⁾	0	45	45
Industrial ⁽²⁾	0	0	0
Commercial ⁽²⁾	128	7	135
Office ⁽²⁾	2	2	4
Institutional ⁽²⁾	0	0	0

(1) Dwelling units

(2) 1,000 Square feet

Law Enforcement			
Revenues	FY 2016-17	FY 2017-18	Total
System Development Fees	\$41,898	\$18,907	\$60,805
Interest Income	58	206	264
Other Earnings	0	0	0
Total Revenues	41,956	19,113	61,069
Expenditures			
Projects	0	3,015	3,015
Bonds	0	0	0
Loans	0	0	0
Total Expenditures	0	3,015	3,015

Law Enforcement			
Development	FY 2016-17	FY 2017-18	Total
Single Family Residential ⁽¹⁾	149	38	187
Multifamily Residential ⁽¹⁾	0	45	45
Industrial ⁽²⁾	0	0	0
Commercial ⁽²⁾	128	7	135
Office ⁽²⁾	2	2	4
Institutional ⁽²⁾	0	0	0

(1) Dwelling units

(2) 1,000 Square feet

Dry Creek Wash			
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Revenues	FY 2016-17	FY 2017-18	Total
System Development Fees	\$421	\$711	\$1,132
Interest Income	499	410	909
Other Earnings	0	0	0
Total Revenues	920	1,121	2,041

Expenditures

Projects	0	0	0
Bonds	0	0	0
Loans	0	0	0
Total Expenditures	0	0	0

All Storm Drainage			
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Development	FY 2016-17	FY 2017-18	Total
Very Low Density Residential ⁽¹⁾	0	0	0
Low Density Residential ⁽¹⁾	3	5	8
Medium Density Residential ⁽¹⁾	17	18	35
High Density Residential ⁽¹⁾	0	0	0
Multifamily Residential ⁽¹⁾	0	0	0
Mobile Home ⁽¹⁾	0	0	0
Non-Residential ⁽²⁾	19,866	3,990	23,856
Lodging ⁽³⁾	0	0	0

(1) Dwelling units

(2) Square feet

(3) Per Room

Coffee Pot Wash			
Revenues	FY 2016-17	FY 2017-18	Total
System Development Fees	\$9,565	\$8,726	\$18,291
Interest Income	357	(26)	331
Other Earnings	0	0	0
Total Revenues	9,922	8,700	18,622
Expenditures			
Projects	57,999	1,508	59,507
Bonds	0	0	0
Loans	0	0	0
Total Expenditures	57,999	1,508	59,507

All Storm Drainage			
Development	FY 2016-17	FY 2017-18	Total
Very Low Density Residential ⁽¹⁾	0	0	0
Low Density Residential ⁽¹⁾	3	5	8
Medium Density Residential ⁽¹⁾	17	18	35
High Density Residential ⁽¹⁾	0	0	0
Multifamily Residential ⁽¹⁾	0	0	0
Mobile Home ⁽¹⁾	0	0	0
Non-Residential ⁽²⁾	19,866	3,990	23,856
Lodging ⁽³⁾	0	0	0

(1) Dwelling units

(2) Square feet

(3) Per Room

Soldiers Pass Wash			
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Revenues	FY 2016-17	FY 2017-18	Total
System Development Fees	\$8,974	\$5,718	\$14,692
Interest Income	132	178	310
Other Earnings	0	0	0
Total Revenues	9,106	5,896	15,002

Expenditures

Projects	29,078	16,165	45,243
Bonds	0	0	0
Loans	0	0	0
Total Expenditures	29,078	16,165	45,243

All Storm Drainage			
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Development	FY 2016-17	FY 2017-18	Total
Very Low Density Residential ⁽¹⁾	0	0	0
Low Density Residential ⁽¹⁾	3	5	8
Medium Density Residential ⁽¹⁾	17	18	35
High Density Residential ⁽¹⁾	0	0	0
Multifamily Residential ⁽¹⁾	0	0	0
Mobile Home ⁽¹⁾	0	0	0
Non-Residential ⁽²⁾	19,866	3,990	23,856
Lodging ⁽³⁾	0	0	0

(1) Dwelling units

(2) Square feet

(3) Per Room

Oak Creek Wash			
	FY 2016-17	FY 2017-18	Total
Revenues			
System Development Fees	\$0	\$0	\$0
Interest Income	22	38	60
Other Earnings	0	0	0
Total Revenues	22	38	60
Expenditures			
Projects	0	4,604	4,604
Bonds	0	0	0
Loans	0	0	0
Total Expenditures	0	4,604	4,604

All Storm Drainage			
Development	FY 2016-17	FY 2017-18	Total
Very Low Density Residential ⁽¹⁾	0	0	0
Low Density Residential ⁽¹⁾	3	5	8
Medium Density Residential ⁽¹⁾	17	18	35
High Density Residential ⁽¹⁾	0	0	0
Multifamily Residential ⁽¹⁾	0	0	0
Mobile Home ⁽¹⁾	0	0	0
Non-Residential ⁽²⁾	19866	3,990	23,856
Lodging ⁽³⁾	0	0	0
(1) Dwelling units			
(2) Square feet			
(3) Per Room			

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Single Family	Parks & Recreation	7/13/2016	\$3,627	\$3,627	\$0.00	
	2	Single Family	Parks & Recreation	7/27/2016	3,627	3,627	0.00	
	3	Single Family	Parks & Recreation	8/2/2016	3,627	3,627	0.00	
	4	Single Family	Parks & Recreation	8/9/2016	3,627	3,627	0.00	
	5	Single Family	Parks & Recreation	8/24/2016	3,627	3,627	0.00	
	6	Single Family	Parks & Recreation	9/13/2016	3,627	3,627	0.00	
	7	Single Family	Parks & Recreation	10/27/2016	3,627	3,627	0.00	
	8	Single Family	Parks & Recreation	12/21/2016	3,627	3,627	0.00	
	9	Single Family	Parks & Recreation	1/26/2017	3,627	3,627	0.00	
	10	Single Family	Parks & Recreation	2/7/2017	3,627	3,627	0.00	
	11	Single Family	Parks & Recreation	2/21/2017	3,627	3,627	0.00	
	12	Single Family	Parks & Recreation	3/7/2017	3,627	3,627	0.00	
	13	Single Family	Parks & Recreation	3/13/2017	3,627	3,627	0.00	

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Single Family	Law Enforcement	7/13/2016	\$511	\$511	\$0.00	
	2	Single Family	Law Enforcement	7/27/2016	511	511	0.00	
	3	Single Family	Law Enforcement	8/2/2016	511	511	0.00	
	4	Single Family	Law Enforcement	8/9/2016	511	511	0.00	
	5	Single Family	Law Enforcement	8/24/2016	511	511	0.00	
	6	Single Family	Law Enforcement	9/13/2016	511	511	0.00	
	7	Single Family	Law Enforcement	10/27/2016	511	511	0.00	
	8	Single Family	Law Enforcement	12/21/2016	511	511	0.00	
	9	Single Family	Law Enforcement	1/26/2017	511	511	0.00	
	10	Single Family	Law Enforcement	2/7/2017	511	511	0.00	
	11	Single Family	Law Enforcement	2/21/2017	511	511	0.00	
	12	Single Family	Law Enforcement	3/7/2017	511	511	0.00	
	13	Single Family	Law Enforcement	3/13/2017	511	511	0.00	

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Single Family	Transportation	7/13/2016	\$1,216	\$1,216	\$0.00	
	2	Single Family	Transportation	7/27/2016	1,216	1,216	0.00	
	3	Single Family	Transportation	8/2/2016	1,216	1,216	0.00	
	4	Single Family	Transportation	8/9/2016	1,216	1,216	0.00	
	5	Single Family	Transportation	8/24/2016	1,216	1,216	0.00	
	6	Single Family	Transportation	9/13/2016	1,216	1,216	0.00	
	7	Single Family	Transportation	10/27/2016	1,216	1,216	0.00	
	8	Single Family	Transportation	12/21/2016	1,216	1,216	0.00	
	9	Single Family	Transportation	1/26/2017	1,216	1,216	0.00	
	10	Single Family	Transportation	2/7/2017	1,216	1,216	0.00	
	11	Single Family	Transportation	2/21/2017	1,216	1,216	0.00	
	12	Single Family	Transportation	3/7/2017	1,216	1,216	0.00	
	13	Single Family	Transportation	3/13/2017	1,216	1,216	0.00	

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Medium Density	Coffee Pot Wash	7/13/2016	\$1,026	\$1,026	\$0.00	
	2	Medium Density	Dry Creek Wash	7/27/2016	53	53	0.00	
	3	Medium Density	Coffee Pot Wash	8/2/2016	1,026	1,026	0.00	
	4	Medium Density	Coffee Pot Wash	8/9/2016	1,026	1,026	0.00	
	5	Medium Density	Soldier Pass Wash	10/27/2016	1,243	1,243	0.00	
	6	Medium Density	Soldier Pass Wash	1/26/2017	1,243	1,243	0.00	
	7	Medium Density	Coffee Pot Wash	2/7/2017	1,026	1,026	0.00	
	8	Low Density	Soldier Pass Wash	3/7/2017	1,989	1,989	0.00	
	9	Medium Density	Dry Creek Wash	3/13/2017	53	53	0.00	

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Multifamily	Parks & Recreation	8/20/2018	\$42,068	\$42,068	\$0.00	13 units
	2	Multifamily	Parks & Recreation	8/20/2018	51,776	51,776	0.00	16 units
	3	Multifamily	Parks & Recreation	8/20/2018	51,776	51,776	0.00	16 units

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Multifamily	General Government	8/20/2018	\$2,249	\$2,249	\$0.00	13 units
	2	Multifamily	General Government	8/20/2018	2,768	2,768	0.00	16 units
	3	Multifamily	General Government	8/20/2018	2,768	2,768	0.00	16 units

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Multifamily	Law Enforcement	8/20/2018	\$6,058	\$6,058	\$0.00	13 units
	2	Multifamily	Law Enforcement	8/20/2018	7,456	7,456	0.00	16 units
	3	Multifamily	Law Enforcement	8/20/2018	7,456	7,456	0.00	16 units

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Multifamily	Transportation	8/20/2018	\$12,402	\$12,402	\$0.00	13 units
	2	Multifamily	Transportation	8/20/2018	15,264	15,264	0.00	16 units
	3	Multifamily	Transportation	8/20/2018	15,264	15,264	0.00	16 units

Residential								
	Sample No.	Development Type	Fee Category	Receipt Date	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	High Density Residential	Dry Creek Wash	4/19/2018	\$27	\$27	\$0.00	
	2	High Density Residential	Dry Creek Wash	4/19/2018	27	27	0.00	
	3	High Density Residential	Dry Creek Wash	4/19/2018	27	27	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Lodging	General Government	n/a	\$2,178	\$2,178	\$0.00	121 rooms
	2	Commercial	General Government	12,913	1,033	1,033	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Office	General Government	1,595	\$223	\$223	\$0.00	
	2	Commercial	General Government	4,899	391	391	0.00	
	3	Commercial	General Government	2,388	191	191	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Lodging	Law Enforcement	n/a	\$15,367	\$15,367	\$0.00	121 rooms
	2	Commercial	Law Enforcement	12,913	8,135	8,135	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Office	Law Enforcement	1,595	\$399	\$399	\$0.25	
	2	Commercial	Law Enforcement	4,889	3,080	3,080	0.00	
	3	Commercial	Law Enforcement	2,388	1,504	1,504	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Lodging	Transportation	n/a	\$70,180	\$70,180	\$0.00	121 rooms
	2	Commercial	Transportation	12,913	34,349	34,349	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Office	Transportation	1,595	\$1,834	\$1,834	\$0.00	
	2	Commercial	Transportation	4,889	13,005	13,005	0.00	
	3	Commercial	Transportation	2,388	6,352	6,352	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2016-17	1	Lodging	Parks and Recreation	n/a	\$281,809	\$281,809	\$0.00	121 rooms
	2	Non-Residential	Coffee Pot Wash	14,823	1,927	1,927	0.00	

Non-Residential								
	Sample No.	Development Type	Fee Category	Square Feet	Assessed Fee	Adopted Fee	Difference	Notes
FY 2017-18	1	Non-Residential	Dry Creek Wash	1,595	\$3	\$3	\$0.00	
	2	Non-Residential	Dry Creek Wash	4,899	49	49	0.00	
	3	Non-Residential	Coffee Pot Wash	2,388	284	284	0.00	



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**CITY COUNCIL
AGENDA BILL**

**AB 2514
August 13, 2019
Regular Business**

Agenda Item: 8d
Proposed Action & Subject: Discussion/possible direction regarding items for consideration by the League Resolutions Committee for possible inclusion in the 2020 League legislative program.

Department City Attorney
Time to Present 5 minutes
Total Time for Item 30 minutes
Other Council Meetings None
Exhibits A. 2019 League Conference Resolution Packet

City Attorney Approval	Reviewed 8/6/2019 SDC	Expenditure Required
		\$ 0
City Manager's Recommendation	N/A	Amount Budgeted
		\$ 0
		Account No. N/A (Description)
		Finance <input checked="" type="checkbox"/> Approval

SUMMARY STATEMENT

Background: Each year, the League of Arizona Cities and Towns (League) meets, through its Resolutions Committee, to discuss proposals that have been advanced by one of several Policy Committees.

The five (5) Policy Committees are: 1) Budget, Finance, and Economic Development (BFED); 2) General Administration, Human Resources and Elections (GAHRE); 3) Neighborhoods, Sustainability, and Quality of Life (NSQL); 4) Public Safety, Military Affairs and Courts (PSMAC); and 5) Transportation, Infrastructure, and Public Works (TIPW). Each Policy Committee meets quarterly on an as-needed basis when there are issues brought forward by Committee members for discussion. The Policy Committees ultimately vote on whether to move any proposal forward for consideration at the Annual Conference.

This year, there were six (6) Resolutions voted out of their respective Policy Committees. City staff has reviewed the Resolutions and identified nothing in the way of a negative operational impact to the City of Sedona. Additionally, the League staff has identified one (1) policy Resolution that they would like to have considered by the Resolutions Committee.

The purpose of this item is to discuss any questions or concerns that the Council may have regarding any of the Policy Committee or League staff Resolutions. The Council may provide direction on positions that it wishes to take on any proposed Resolution.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: for discussion and possible direction only.

July 10, 2019

Dear Mayor,

Correspondence of July 9, 2019 sent from League staff on my behalf, announced Jenn Daniels, Mayor of Gilbert and a member of the League's Executive Committee, will serve as chairwoman of the Resolutions Committee at the League Annual Conference.

The chairs of five League Policy Committees will present the Resolutions discussed in their respective committees to the Resolutions Committee at the Annual Conference. League Staff will present the staff resolution.

Included in this packet you will find:

- Resolutions Committee Calendar
- Resolutions Committee Procedures
- Policy Committee Reports and Resolutions
- Proposed League Staff Resolution

As the first order of business at the conference, the Resolutions Committee will meet on **Tuesday, August 20, 2019 at 1:30 p.m.** Lunch will be available starting at **12:30 p.m.** The actions of the full Resolutions Committee will be formally adopted at the League's Annual Business Meeting on **Thursday August 22, 2019 at 4:00 p.m.**

If you have not accepted your appointment or designated a council representative to serve your city/town on the 2019 Resolutions Committee, please make that appointment [here](#).

We look forward to having all member cities and towns participate on the Resolutions Committee. If you have any questions or comments regarding the Resolutions Committee, your appointment or the resolutions submittal process, please do not hesitate to contact the League office.

Sincerely,



Mayor Christian Price, Maricopa
League President

Enclosures

cc (via email): Managers, Clerks without Managers, Intergovs

2019 Resolutions Committee Calendar

- April:** Mayor Daniels appointed as 2019 Resolutions Committee chair
- April-June:** Policy Committees meet
- July 9:** League sends email requesting mayors or council designees register to represent their city/town on Resolutions Committee
- July 10:** League sends out resolutions packet to membership
- August 20:** Resolutions Committee Meeting at the League Annual Conference in Tucson
- August 22:** Resolutions ratified at the Annual Business Meeting

League of Arizona Cities and Towns Resolutions Committee Procedures

1. Resolutions Committee Appointment

The President shall appoint the Chairman at least two (2) months prior to the Annual Conference and appoint members of the Resolutions Committee. Only one elected official from each city or town shall be appointed to the Committee and shall cast the vote of such city or town. Municipal staff are ineligible to serve on the committee.

2. Duties

The Resolutions Committee shall adopt statements of policy amending the annual Municipal Policy Statement, special resolutions and such other resolutions of courtesy, commendation or appreciation as the Committee deems appropriate.

3. Submission of Resolutions

- A. Except as otherwise provided, all proposed resolutions submitted by a city or town, including resolutions of courtesy, commendation or appreciation, must be considered by the Policy Committees by submitting the resolution to the Chairman of the Committee or to the League office. The resolutions process allows cities and towns to submit policy ideas to the League at any time during the year without the requirement of a co-sponsoring city or town. If approved by a policy committee, League staff will draft the resolution for presentation to the full Resolutions Committee. Sponsoring cities and towns, or other interested stakeholders may be consulted to provide more information on the idea and may be invited to speak to the issue at one of the policy committee meetings. Submissions received after July 6 may not be processed in time for the Annual Conference.
- B. Except in the case of emergency as determined by the Chair of the Resolutions Committee, no resolutions submitted by a city or town after the deadline specified in subsection A of this section or that have not been vetted by the Policy Committees may be considered.
- C. League staff may submit resolutions for consideration by the full Resolutions Committee if there are issues that have not been addressed through the policy committee process.

4. Resolutions Committee Process

- A. The President shall assign submissions to the relevant Policy Committee. The Policy Committees will review submissions and develop pertinent resolutions for consideration by the Resolutions Committee. Except for the provisions of subsection 3, only resolutions advanced by the Policy Committees shall be discussed at the Annual Conference Resolutions Committee.
- B. Resolutions shall be amended according to the process established by the Chairman of the Committee.
- C. The completed resolutions will go to the full Resolutions Committee at the Annual Conference for consideration. The chairs of each policy committee will be responsible

for presenting the resolutions and their committee activities to the full Resolutions Committee. Notice shall be given to each member at least four weeks in advance of the meeting.

5. Final Report

After the Resolutions Committee meeting, the Chairman of the Committee or a designee shall report to the entire league membership at the Annual Business Meeting those resolutions adopted by the Committee. Resolutions adopted by the Committee shall be formally adopted by the membership at the Annual Business Meeting and become the basis for the annual Municipal Policy Statement.

Policy Committee Reports

The following policy committee reports and resolutions are arranged in alphabetical order. The recommended resolutions are categorized by their respective committee initials and numbered according to the order in which they were approved.

Budget, Finance and Economic Development – BFED

General Administration, Human Resources and Elections – GAHRE

Neighborhoods, Sustainability and Quality of Life – NSQL

Public Safety, Military Affairs and the Courts – PSMAC

Transportation, Infrastructure and Public Works – TIPW

Number	Resolution	Sponsor	Notes
BFED 1	Further study and explore legislation to address the property tax code regarding “salvage” property valuations and establish a revolving fund available to cities and towns to fund blight abatement efforts.	Superior	
GAHRE 1	Allow governing bodies the ability to address security measures for emergency situations as part of an executive session during a council meeting.	Avondale	
GAHRE 2	Allow governing bodies to use newspapers printed and published in their county when state statute requires or allows the publication of a notice in a newspaper.	Buckeye	
TIPW 1	Support federal legislation enacting the Nogales Wastewater Fairness Act that will apportion the costs for the operation and maintenance of the Nogales International Wastewater Treatment Plant and the International Outfall Interceptor based on the average daily volume of wastewater originating from Nogales, Arizona and Nogales, Sonora.	Nogales	
NSQL 1	Amend statute to allow local regulation of investor-owned short-term home rentals.	Sedona	
NSQL 2	Support legislation for Arizona to ratify the Equal Rights Amendment.	Quartzsite	
League Staff 1	Support appropriations for the Heritage Fund.	League	

These are the only items that will be voted on. The other submissions that did not move forward as resolutions will be explained at the Resolutions Committee.

Chair’s Report of the Budget, Finance and Economic Development Policy Committee

Mayor Daryl Seymore, Show Low

Resolutions Committee Meeting, League Annual Conference

On **May 31, 2019**, the Budget, Finance and Economic Development committee (BFED) convened to discuss one policy issue submitted by the town of Superior. Below is a summary of the issue considered:

1. Blight remediation. **Superior (Policy Issue 1)**

Below is a summary of the committee discussion and recommendations:

Todd Pryor, Superior town manager, submitted **Policy Issue 1** regarding commercial property blight remediation. Mr. Pryor explained the issue of dilapidated commercial structures in Superior and other Copper Corridor communities has been an ongoing issue for several years and there is lack of resources to fully-address the problems. Property speculators have bought many parcels in the downtown area of Superior and have left the buildings vacant and in disrepair. He also highlighted that property tax laws have incentivized these property speculators to leave the buildings vacant rather than keep them up to code and in use. The town lacks standing on the State Equalization Board to appeal the “salvage” tax rates that are set for these properties, which has resulted in loss of revenue to the town that already lacks resources to abate blighted and deteriorated properties. Mr. Pryor shared examples of how other states have addressed similar issues.

After discussion and questions, Councilmember Joyce Clark (Glendale) moved to further study and explore legislation that will 1) address the property tax code regarding “salvage” property valuation and 2) establish a revolving fund available to cities and towns to fund abatement efforts in their communities. The motion passed unanimously.

Policy Issue	Disposition by Committee
1 Blight remediation	Resolution BFED 1

Daryl Seymore
Mayor of Show Low
Chair, Budget, Finance and Economic Development

BFED 1

League of Arizona Cities & Towns Resolution

Further study and explore legislation to address the property tax code regarding “salvage” property valuations and establish a revolving fund available to cities and towns to fund blight abatement efforts.

A. Purpose and Effect of Resolution

Communities throughout the state have been working to revitalize blighted and vacant properties in their downtown areas to spur economic growth following the Great Recession or after a major industry has left. Some communities, particularly in the Copper Corridor region, have had difficulty abating blighted properties because many of them were purchased by speculators that allow the buildings to fall into disrepair, become a health and safety hazard for the public and surrounding property owners, and degrade the commercial building stock of the community. Attempts to work with property owners to abate the issues have not been successful for a few common reasons: 1) tax laws allowing property speculators to receive a low tax rate, or “salvage rate,” for distressed properties; and 2) small cities and towns do not have resources available, like larger cities, to manage professional code enforcement and pursue legal remedies to hold property owners accountable. For these reasons, speculators have no incentive to repair, sell, or improve the property to become productive again, leaving these communities with few resources to bring their housing and commercial stock back into productivity.

B. Relevance to Municipal Policy

Any changes to state law would benefit communities throughout the state who are addressing similar issues.

C. Fiscal Impact to Cities and Towns

No anticipated fiscal impact to cities and towns, however, any legislative remedies may ease the costs associated with blight abatement and incentivize owners to improve their property to become productive again and improve the unequal property tax collections.

D. Fiscal Impact to the State

There is no anticipated fiscal impact to the state to further study this issue.

E. Contact Information:

Sponsoring City or Town: Superior

Name: Todd Pryor, town manager

Phone: (520) 689-5752

Email: manager@superioraz.gov

League Staff: Tom Savage

Chair's Report of the General Administration, Human Resources and Elections Committee

Mayor Anna Tovar, Tolleson

Resolutions Committee Meeting, League Annual Conference

On **May 31, 2019 and June 28, 2019**, the General Administration, Human Resources and Elections Committee (GAHRE) convened to discuss four policy issues submitted by Avondale, Buckeye, Bullhead City and Payson. Below is a summary of the issues considered by GAHRE:

1. Modify the ARS dealing with write-in candidates to include the requirement that a write-in candidate is only allowed in a municipal general (or run-off) election if there are less than two candidates on the ballot for each council seat to be filled and then only up to a maximum of two candidates on the ballot for each council seat to be filled. **Payson (Policy Issue 1)**
2. Resolve concerns with the Department of Economic Security's (DES) Business Enterprise Program regarding vending machines in city and county buildings. **Bullhead City (Policy Issue 2)**
3. Allow governing bodies the ability to address security measures for emergency situations as part of an executive session during a council meeting. **Avondale (Policy Issue 3)**
4. Allow governing bodies to use newspapers printed and published in their county when state statute requires or allows the publication of a notice in a newspaper. **Buckeye (Policy Issue 4)**

Below is a summary of the committee discussion and recommendations:

The town of Payson submitted **Policy Issue 1** that would prohibit write-in candidates in a municipal general (or run-off) election if there are already two candidates on the ballot for each council seat to be filled and then only up to a maximum of two candidates on the ballot for each council seat to be filled.

The town of Payson explained that in the last municipal primary election for town council there were seven candidates for three council seats. Two of the candidates were elected outright in the primary and the next two candidates with the highest vote totals were slated to go to the general election for a run-off. After the canvass of the votes, an additional citizen decided to run as a write-in candidate in the general election against the two candidates who had participated in the primary election. The write-in candidate ended up winning the election with a plurality, but not a majority, of the votes cast. This was caused by there being more than two candidates for one position in the run-off election.

The committee agreed with the town that the insertion of a write-in candidate into a situation where two candidates from the primary election were already on the ballot created a situation where a winning candidate could be seated on the council without receiving a majority of the votes cast at the election, and that was a cause for concern. However, it was pointed out that a bill related to write-in candidates (based on a court decision in Kingman) was passed by the legislature

this year to ensure that in state statute the process for write-in candidates to be placed on the ballot in city and town elections be the same as the process for state elections. HB2134 was signed by the governor and will become effective on August 27 of this year. The committee unanimously decided, based on concerns about conflating this issue with HB2134, to give the League staff direction to communicate about this specific issue with members of the Legislature and Governor's Office to solicit feedback and pursue this item in a future legislative session.

The city of Bullhead City proposed **Policy Issue 2** to allow cities and towns to end their contracts with the Department of Economic Security (DES) and the Business Enterprise Program related to vending machine facilities in city and town buildings. The city felt that the original intent of the program was to allow visually impaired individuals an opportunity for employment through the servicing of these vending machines in public buildings. However, program reports show that since 2010 no person employed under the program had a visual disability. Furthermore, cities and towns pay the cost for housing, electricity and water for the machines and receive no reimbursement. In many instances, there has been no monitoring of the machines and food has been allowed to spoil with no one to contact to take care of the problem.

The committee discussed working with DES to address the issues. The committee felt that before cities and towns attempt to receive statutory authority to get out of a state program that League staff should work with that agency to make improvements. The committee voted unanimously to authorize League staff to work with DES to seek the following from them:

- DES should cover the cost associated with vending machines (water, housing, electricity etc.)
- Allow some oversight and authority by local health departments to insure food is regularly changed out to preserve the quality of the product and protect the consumer.
- A reliable customer support line should be made available to swiftly resolve any issues with the machine itself or the product within the machine.
- Allow an audit of the program to occur and reevaluate who this program is truly benefiting.
- If DES has failed to cooperate and work with cities and towns to make the changes listed after year one, cities and towns should reserve the right to begin the process of ending their agreement with DES through legislative action.

The city of Avondale proposed **Policy Issue 3** to allow cities and towns to change statute related to executive sessions. Recently, the city manager wanted to conduct a review of procedures utilized in the event of an active shooter incident during an executive session of the city council meeting. Furthermore, the manager wanted to discuss with the council the findings of a security audit and discuss steps to be implemented to further secure public buildings. However, it was determined that state statutes related to executive session did not allow for this type of discussion to occur. The manager and the council both felt that because of the sensitive nature of these documents warranted the ability for the council to discuss them in an executive session setting.

After thorough discussion by the committee concerning the pressing need for these types of audits to be conducted and documents to be produced, they voted unanimously to give statutory authority

to cities and towns to address security measures for emergency situations as part of an executive session during a council meeting.

The city of Buckeye proposed **Policy Issue 4** to allow governing bodies to use newspapers printed and published in their county when state statute requires or allows the publication of a notice in a newspaper. Current statute requires that when public notices are statutorily required to be published in a newspaper, the publication must “take place in a newspaper printed and published within the territorial limits thereof. If no such newspaper is printed and published within the limits thereof, publication may be made in a newspaper printed and published in the county in which the district, city or town is located.”

The city explained to the committee a situation where they’re forced to use a newspaper with significantly less circulation and with a substantially higher publishing fee to publish their public notices. The committee was also made aware that this situation is not unique to Buckeye. The committee discussion centered on the idea that the reason for publication of notices was to increase transparency of government for citizens. They believed that it seems counterintuitive to pay more money for less coverage. The committee voted unanimously to seek a change to state statute allowing governing bodies to use newspapers printed and published in their county when state statute requires or allows the publication of a notice in a newspaper.

The table below summarizes the GAHRE Committee’s actions:

Policy Issue	Disposition by Committee
1 Write-In-Candidates	Educate Legislators and Governor’s Office
2 BEP Program Changes	Work with DES to make changes
3 Emergency Measures in Executive Committee	Resolution GAHRE 1
4 Newspaper Publishing Requirements	Resolution GAHRE 2

Anna Tovar
Mayor of Tolleson
Chair, General Administration, Human Resources and Elections Committee

GAHRE 1

League of Arizona Cities & Towns Resolution

Allow governing bodies the ability to address security measures for emergency situations as part of an executive session during a council meeting.

A. Purpose and Effect of Resolution

State statute allows city and town councils to convene in executive session for “discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law. Because documents related to public building security and other emergency situations are not required to be maintained as confidential by state or federal law, these documents cannot be reviewed by council in an executive session. This resolution proposes to amend statute to allow these documents to be reviewed in an executive session.

B. Relevance to Municipal Policy

City and town elected officials are faced with the reality of security issues, such as “active shooter” situations as part of their governance duties. Because of the sensitive nature of these plans and policies, the council should be allowed to keep documents related to security response measures confidential so that they can be reviewed by the council in executive session.

C. Fiscal Impact to Cities and Towns

No fiscal impact to cities and towns.

D. Fiscal Impact to the State

No fiscal impact to the state.

E. Contact Information

Sponsoring City or Town: Avondale

Name: Jessica Blazina, Government Relations Director

Phone: 623-333-1612 Email: jblazina@avondaleaz.gov

League Staff: Tom Belshe

GAHRE 2

League of Arizona Cities & Towns Resolution

Allow governing bodies to use newspapers printed and published in their county when state statute requires or allows the publication of a notice in a newspaper.

A. Purpose and Effect of Resolution

State statute requires certain public notices to be published in a newspaper and the publication must “take place in a newspaper printed and published within the territorial limits thereof. If no newspaper is printed and published within the limits thereof, publication may be made in a newspaper printed and published in the county in which the district, city or town is located” (Arizona Rev. Statutes § 39-204(C)). There are situations in the state where a city or town is forced to use a newspaper with significantly less circulation and with a substantially higher fees to publish public notices. Cities and towns should be allowed to have their public notices reach more citizens and do so at the most reasonable price available.

B. Relevance to Municipal Policy

Statutorily required publication of notices in a newspaper is meant to create transparency in government. By requiring publication of these notices in papers with very limited circulation, an important public policy purpose is thwarted.

C. Fiscal Impact to Cities and Towns

Publication cost savings could be significant for affected cities and towns.

D. Fiscal Impact to the State

No fiscal impact to the state.

E. Contact Information

Sponsoring City or Town: Buckeye
Name: George Diaz, Government Relations Manager
Phone: 623-349-6996 Email: gdiaz@buckeyeaz.gov
League Staff: Tom Belshe

Chair's Report of the Neighborhoods, Sustainability, and Quality of Life Policy Committee

Mayor Sandy Moriarty, Chair

Resolutions Committee Meeting, League Annual Conference

The Neighborhoods, Sustainability, and Quality of Life Policy Committee (NSQL) convened on **April 25, May 30, and June 27, 2019** to discuss three policy issues submitted by committee members for consideration. Below is a summary of the policy issues considered by NSQL:

1. Advocate for local regulation of investor-owned short-term rentals (STR's). – **Sedona (Policy Issue 1)**
2. Advocate for an open space preservation/scientific and cultural facilities special district. – **Gilbert (Policy Issue 2)**
3. Advocate for Arizona to ratify the Equal Rights Amendment to the US Constitution. – **Quartzsite (Policy Issue 3)**

Below is a summary of the committee discussion and the recommendations:

The city of Sedona submitted **Policy Issue 1** in response to resident complaints and negative impacts that short-term rentals have had on Sedona and other northern Arizona communities that were not addressed this year in HB2672 vacation rentals; short-term rentals; regulation, which came from a League resolution adopted last year. The negative impacts described include public safety hazards (e.g. fires, decks collapsing), a loss of tranquility in residential areas due to increased traffic, as well as a marked reduction in available housing and in the economic benefits derived from hotels and other revenue and job generating businesses in tourism dependent communities.

At the first meeting, League staff reviewed the legislative history of HB2672 and HB2728 short-term rentals; regulation, sponsored by Representative Isela Blanc, which was modeled on a resolution approved by the Greater Arizona Mayors Association but did not receive a hearing during session. HB2728 would have defined short-term rentals as transient lodging and allow local governments to regulate them as such. The committee also discussed political challenges of getting any changes to the original "Airbnb" bill (SB1350) due to the incredible growth in the availability and popularity of short-term rentals, the narrow focus of some legislators on an individual's property rights rather than the rights of neighbors, and the governor's support for the "sharing economy". The committee voted to move Policy Issue 1 forward for consideration at the annual conference but agreed to meet again for further discussion on the issue. League staff also requested that Sedona provide a list of regulations which apply to hotels which should be applied to short-term rentals.

At the May 30 meeting the committee reviewed the governor's signing letter and discussed what implications the passage and approval of HB2672 had on Policy Issue 1. The committee agreed that the letter indicated that additional changes to the short-term rental statutes will need to be simple, direct and easy to justify. The committee once again reviewed the issues that communities are having with short-term rentals, as well as the list of regulations that apply to hotels but not

short-term rentals. The committee then discussed different approaches to address the problems described such as regulating “investor-owned” short-term rentals differently than homes that are used as someone’s primary or secondary residence at some point during the year. The committee agreed to continue looking at different approaches that would help Sedona and other communities.

At the final meeting of the committee on June 27 Sedona provided a presentation that included maps of their community and other communities and the proliferation of STR’s. The committee discussed the prospects of passing additional STR legislation a year immediately following the passage of HB2672 addressing nuisance properties as well as the governor’s signing letter indicating his reticence in signing additional legislation that might pose an impediment to his “sharing economy.” A two-part League approach was put forward: 1) explore legislative opportunities allowing municipalities to regulate investor-owned STR’s differently than owner-occupied STR’s; and 2) gather data on the abundance of STR’s within Arizona cities and towns and present that data to the governor and Legislature so they have a better sense of the challenges in our communities.

The town of Gilbert submitted **Policy Issue 2**, which had been discussed by the committee the previous year and was held for further study. The proposal calls for changing statute to allow special districts that can fund the construction, maintenance, and operation of facilities for regional attractions such as the Superstition Mountains, as well as scientific and cultural facilities. The proposal is modeled on a special district in Denver that funds scientific and cultural facilities, as well as open space preservation.

At the first meeting staff from the town of Gilbert and the League shared the ideas and information that had been gathered since the previous year’s discussion. Staff recommended that the district be funded through a secondary property tax rather than a sales tax (Denver district is funded by sales tax), that the district boundaries be drawn by the group that plans to circulate petitions for the initiative or based on an economic impact study rather than being coterminous with each participating city’s boundaries, and that the district be allowed to fund both initial construction and ongoing operational costs. The committee was asked to identify regional attractions that could benefit from development through a district like the one being proposed. The committee agreed that the policy need further refinement and voted to continue developing the policy.

At the second meeting staff from the town of Gilbert provided additional information about how Denver’s Science and Cultural Facilities District is structured. Councilmembers Korte and Whitehead from Scottsdale shared information about a project in one of Scottsdale’s preserves that did not move forward but which might have benefited from such a district. The committee continued to discuss what the best governance and finance structure would be for the special district and agreed to continue refining the proposal before moving it forward.

At the June 27 meeting the town of Gilbert provided an updated document that narrowed the scope of the Preservation, Acquisition, Restoration, and Conservation (PARC) District and asked for feedback on the proposal over the interim. Feedback will then be utilized in any future legislative efforts toward legislation authorizing the formation of said district.

The town of Quartzsite submitted **Policy Issue 3** for consideration at the June 27 meeting. At the meeting Councilmember Lynda Goldberg (Quartzsite) presented the request that the League of

Arizona Cities and Towns support legislative efforts for Arizona to ratify the Equal Rights Amendment.

By way of background Congress passed the ERA in 1972 prohibiting discrimination based upon sex with a deadline of 1979 for 38 states to ratify the amendment. By 1979 35 states had ratified the ERA. Short of the 38 states required, Congress extended the deadline for ratification to 1982 but none of the remaining states acted prior to the deadline. Since 1972 five states have attempted to rescind their votes to ratify the ERA but legal questions remain whether a state can rescind ratification. In the event Arizona were to pass the ERA there would be no effect on the proposed constitutional amendment unless the Congress elected to again extend the deadline for ratification.

During the June 27 meeting the committee discussed the proposal and approved a motion, by a vote of 4-2, that the League support legislative efforts for Arizona to ratify the ERA.

The table below summarizes the NSQL Committee's actions:

Policy Issue	Disposition by Committee
1 Short Term Rental Regulation	Resolution NSQL 1
2 Special District for Scientific & Cultural Facilities	Held for further study
3 Equal Rights Amendment	Resolution NSQL 2

Sandy Moriarty
Mayor of Sedona
Chair, Neighborhoods, Sustainability, and Quality of Life Policy Committee

NSQL 1

League of Arizona Cities & Towns Resolution

Amend statute to allow local regulation of investor-owned short-term home rentals.

A. Purpose and Effect of Resolution

Since the enactment of SB1350 in 2016, short-term rentals and vacation rentals have been operating in much the same manner as traditional lodging establishments (e.g. hotels, motels, bed and breakfasts), but without any of the same regulatory accountability. Short-term rentals and vacation rentals are indistinguishable in Arizona statutes from residential rental dwelling units of thirty (30) or more days. Accordingly, short-term rentals and vacation rentals are afforded the same exemptions (e.g. business license) as residential rental dwelling units even though the short-term rentals and vacation rentals are being operated like hotels.

Short-term and vacation rentals are having a substantial impact on the housing availability and affordability in parts of the state, particularly small communities. Sedona, a city of approximately 10,500 residents, has seen a significant portion of their available housing stock used as short-term rentals. Particularly, hedge fund investors have taken to buying many properties throughout the southwest United States for the sole purposes of renting those properties. Apart from limiting housing stock and affordability, these actions also impact the makeup of neighborhoods and the community. NSQL 1 proposes to 1) have League staff investigate opportunities for legislation in the 2020 Legislative session permitting cities and towns to address the proliferation of investor-owned short-term rentals; and 2) gather data on the abundance of short-term rentals throughout Arizona and seek opportunities to present that data to the Governor's Office and Legislature.

B. Relevance to Municipal Policy

Protecting the residential character of neighborhoods is a municipal responsibility and residents frequently communicate with our mayors and council members asking that they address these issues.

C. Fiscal Impact to Cities and Towns

There may be an administrative cost associated with regulating short-term rentals locally.

D. Fiscal Impact to the State

There may be an administrative cost to the state if regulation is pursued at the state-level.

E. Contact Information

Sponsor City/Town: Sedona

Name: Mayor Sandy Moriarty

Phone: (928) 204-7127

Email: smoriarty@sedonaaz.gov

League Staff: Nick Ponder

NSQL 2

League of Arizona Cities & Towns Resolution

Support legislation for Arizona to ratify the Equal Rights Amendment.

A. Purpose and Effect of Resolution

In 1921, one year after the ratification of the 19th Amendment to the U.S. Constitution guaranteeing women the right to vote, the National Woman's Party announced their intent to pursue an additional amendment to the constitution affording women the equal rights with men. While the movement received some attention at the time it did not ultimately receive the requisite votes in Congress until 1972.

Passing in 1972 the Equal Rights Amendment (ERA) to the U.S. Constitution contained the following language:

SECTION 1. Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex.

SEC. 2. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.

SEC. 3. This amendment shall take effect two years after the date of ratification.

Following its passage 35 states ratified the proposal prior to the 1979 deadline, three states short of the ¾ requirement - 38 states - for ratification. By the 1979 deadline five states (NE, TN, ID, KY, and SD) made efforts to rescind their ratification of the ERA, despite legal arguments that states cannot rescind their ratification. In 1979 Congress extended the deadline to 1982; however, the amendment failed to obtain any additional state's ratification. In recent years the ERA movement has been discussed in the 15 states who have not, at any point, ratified the ERA. In 2017 Nevada ratified the ERA followed by Illinois in 2018. In Arizona, at least eight cities and towns have adopted resolutions in 2019 encouraging the state to ratify the ERA and a resolution was introduced in the state legislature, SCR1006, proposing that Arizona ratify the ERA. If the Arizona legislature ratified the ERA there would be no effect unless Congress extended the prior deadline of 1982 for ratification and litigation retained the ratification of the five states who attempted to rescind their initial approval.

NSQL 2 proposes the League support legislative efforts for Arizona to ratify the Equal Rights Amendment to the U.S. Constitution.

B. Relevance to Municipal Policy

Ensuring equality for residents regardless of their gender.

C. Fiscal Impact to Cities and Towns

No fiscal impact to cities and towns.

D. Fiscal Impact to the State

No fiscal impact to the state.

E. Contact Information

Sponsoring City/Town: Quartzsite

Name: Councilmember Lynda Goldberg

Phone: (928) 927-4333

Email: Lynda.goldberg@quartzsiteaz.org

League Staff: Nick Ponder

Chair's Report of the Public Safety, Military Affairs, and the Courts Policy Committee

Mayor Jerry Weiers, Chair

Resolutions Committee Meeting, League Annual Conference

On **May 15, 2019**, the Public Safety, Military Affairs, and the Courts Policy Committee (PSMAC) convened to discuss one policy issue submitted for consideration.

1. Support legislation that would allow law enforcement agencies that have an officer, whom the agency has invested in by getting them through basic training, hired away within the officer's first three years to seek reimbursement from the hiring agency for the cost of getting the officer certified and ready for duty. **Kingman (Policy Issue 1)**

Below is a summary of the policy issue considered by PSMAC:

The city of Kingman submitted **Policy Issue 1**, which would allow a law enforcement agency to bill another law enforcement agency if the second agency hires an officer away from the original agency within the officer's first three years of service after the original agency paid to put the officer through basic training. The issue was raised during session by Kingman's Chief of Police Robert Devries who worked with a legislator to have a bill drafted that is a mirror of a law in Oregon. That legislation was not introduced to allow the League to hear the proposal in a policy committee during the interim before staking out a position. Under the proposal, if an officer is hired away in their first year of service, the hiring agency would pay 100% of the costs the original agency paid for tuition, equipment and salary to get the officer through basic and field training. The reimbursement would be reduced to 66% in the second year, 33% in the third year, and no longer apply in the fourth year and beyond.

During the discussion, some committee members indicated support for the measure based on feedback they had received from their city/town manager or chief of police. However, other committee members raised several concerns based on feedback/information they had received and indicated that they would not be able to support moving the proposal moving forward because of these concerns. The concerns included how the proposal would impact efforts to hire "the best" regardless of how many years of service the officer had with their original agency, the reaction that the police associations might have to the legislation, the impediment to an officer's personal and professional mobility that would be created under the proposal, and how the proposal could create tensions among cities or between cities and the counties and DPS. Mayor Weiers also discussed his experience at the state legislature and explained that during his tenure the state was losing officers to local government agencies because at that time the local agencies paid better. Other committee members also recommended using incentives to recruit and retain officers, as well as the possibility of requiring individual officers, through employment agreements, to commit to a certain number of years of service or be required to reimburse the agency that invested in their certification.

The committee voted to not move the proposal forward but authorized League staff to seek input from the police associations, the counties and DPS on what approaches might work and to collect

data on the problem to further assess how widespread the problem is and what agencies have been most affected.

Policy Issue	Disposition by Committee
1 Reimbursement for Public Safety Poaching	Held for further study

Jerry Weiers,
Mayor of Glendale
Chair, Public Safety, Military Affairs, and the Courts Policy Committee

Chair’s Report of the Transportation, Infrastructure and Public Works Policy Committee

Mayor Bob Rivera, Thatcher

Resolutions Committee Meeting, League Annual Conference

On **May 31, 2019**, the Transportation, Infrastructure and Public Works committee (TIPW) convened to discuss one policy issue submitted by Nogales. Below is a summary of the issue considered:

1. Nogales International Wastewater Issue. **Nogales (Policy Issue 1)**

Below is a summary of the committee discussion and recommendations:

John Kissinger, assistant city manager, Nogales, explained **Policy Issue 1** regarding cost sharing for the International Outfall Interceptor used to convey raw sewage from Nogales, Sonora to the Nogales International Wastewater Treatment Plant (NIWWTP) in Rio Rico, north of Nogales, Arizona. He explained the ongoing dispute with the federal government, specifically the United States International Boundary Water Commission (IBWC), that is requiring the city to pay approximately 23% of the operating costs for the of the plant and the IOI that is not commensurate with the cost to treat the city’s sewage flow into the system. Approximately 92% of the treated sewage flow originates in Mexico; IBWC bills a fixed charge that does not include the increased treatment costs to treat the sewage from Mexico, nor does it consider the average daily volume of sewage that originates from Nogales, Arizona. He also explained that repairs are necessary for the IOI, which has been breached on several occasions leading to raw sewage flowing into the Santa Cruz River. The city contends the costs to repair and maintain the system should be allocated based on usage.

The city is working with Arizona’s congressional delegation to propose legislation to address this issue and is requesting support from the League of the bill in Congress.

After discussion and questions, Councilmember Susan Clancy (Cave Creek) moved to approve the policy issue as a resolution to be considered at the annual conference. The motion was approved unanimously.

The table below summarizes the BFED Committee’s actions:

Policy Issue	Disposition by Committee
1 Nogales International Wastewater Issue	Resolution TIPW 1

Bob Rivera
Mayor of Thatcher
Chair, Transportation, Infrastructure and Public Works

TIPW 1

League of Arizona Cities & Towns Resolution

Support federal legislation enacting the Nogales Wastewater Fairness Act that will apportion the costs for the operation and maintenance of the Nogales International Wastewater Treatment Plant and the International Outfall Interceptor based on the average daily volume of wastewater originating from Nogales, Arizona and Nogales, Sonora.

A. Purpose and Effect of Resolution

A 1944 international treaty with Mexico established the International Outfall Interceptor (IOI) and the Nogales International Wastewater Treatment Plant (NIWTP) to convey and treat sewage from Nogales, Sonora, Mexico and Nogales, AZ, through the 9-mile IOI to the NIWTP in Rio Rico, AZ. Approximately 12-15 million gallons daily (mgd) of sewage is conveyed by the IOI, of which Nogales, Arizona contributes on average 8% or 1.7 mgd; the remaining 92% of sewage originates in Mexico. The introduction of metals, industrial waste, contaminants and flood water in Mexico has resulted in abnormal deterioration and breaches of the IOI and the flow of raw sewage and contaminants through Nogales, Arizona and into local rivers, watersheds, and the Santa Cruz River as far down as Tucson. The increasing number and severity of breaches of the IOI is serious and alarming, and the estimated cost to repair is \$30M to \$48M.

The United States International Boundary and Water Commission, charged with overseeing binational water, wastewater and flood control issues, manages the NIWTP and bills the cities of Nogales, AZ and Nogales, Sonora for the operations and maintenance of the NIWTP and IOI. Nogales, AZ is billed a fixed percentage of 23% of total operations and maintenance costs, which is not commensurate with the city's use of the infrastructure, and requires the taxpayers of Nogales, AZ to pay to maintain the capacity and O&M for the infrastructure that is used by Nogales, Sonora. Legislation introduced by Senators Martha McSally and Kyrsten Sinema, *S. 1783 Nogales Wastewater Fairness Act*, will require the operations and maintenance costs billed to Nogales, AZ for the NIWTP and IOI be based on the average daily volume of wastewater originating from the city, rather than a fixed rate.

B. Relevance to Municipal Policy

Without legislation addressing the allocation of O&M costs, Nogales, AZ will continue to pay for and maintain capacity city residents are not using, on behalf of Nogales, Sonora.

C. Fiscal Impact to Cities and Towns

If the Nogales Wastewater Fairness Act is enacted, Nogales, AZ would only be required to pay for the O&M on the treatment plant and IOI that is commensurate with the cost to treat the city's sewage flow into the system, resulting in reduced costs for the city.

D. Fiscal Impact to the State

There is no fiscal impact to the state General Fund.

E. Contact Information

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League of Arizona Cities & Towns Resolution

Support appropriations for the Heritage Fund.

A. Purpose and Effect of Resolution

The Arizona State Parks (ASP) Heritage Fund was created by voter initiative in 1990, passing with an almost two-to-one vote. A portion of Lottery proceeds went to projects around Arizona. Unfortunately, state budget cuts during the recession eliminated the Fund and the appropriations. During the 2019 legislative session Senate Bill 1241 passed, restoring the Fund in statute, but without any appropriation. This Resolution seeks direct appropriations made to the Fund.

B. Relevance to Municipal Policy

The combined total of Arizona State Parks Heritage Fund grants and matching funds between 1991 and 2008 totaled \$86,707,396. Grants included Local, Regional, and State Parks Grants; Historic Preservation Grants; and Trails Grants, all administered by Arizona State Parks & Trails. Arizona's local, regional, and state parks and recreation facilities are economic development generators that encourage the spending of tourist dollars and the attraction of businesses, thereby improving quality of life, strengthening community cohesion, and increasing property values. Historic preservation initiatives in our rural and urban areas promote economic development by creating jobs, revitalizing historic areas, increasing property values, and promoting heritage tourism. The ASP Heritage Fund enabled important projects in every county and legislative district in Arizona. Fifty-six percent of all grants went to communities outside of the Phoenix, Tucson, and Flagstaff metropolitan areas.

C. Fiscal Impact to Cities and Towns

There is expected to be a positive gain to municipalities. (See B.)

D. Fiscal Impact to the State

Initially the state would have to invest with an appropriation. However, the return on that investment will more than pay for itself. Nationally, historic preservation programs and incentives have quantifiably proven the catalytic nature of historic preservation investment - an average of \$26.43 in private reinvestment for every dollar spent on historic preservation projects and \$3 of tax revenue created for every \$1 of tax credit awarded.

Arizona state and local parks and trails bring tourist dollars, private investment and tax revenue to their respective areas and the state.

In 2007, the last full year the ASP Heritage Fund existed, the Fund created 224 jobs, \$3,341,954 in tax revenue, and had a \$26,099,170 economic impact.