

AGENDA



4:30 P.M.

CITY COUNCIL MEETING

TUESDAY, SEPTEMBER 28, 2021

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. For additional information on pulling a Consent Item, please contact the City Clerk's Office staff, preferably in advance of the Call to Order. 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:

- **It is strongly encouraged that public input on agenda items be submitted by sending an email to the City Clerk at sirvine@sedonaaz.gov in advance of the 4:30 p.m. Call To Order.**
- 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.

DUE TO CONTINUED PRECAUTIONS RELATED TO COVID-19, SEATING FOR THE PUBLIC WITHIN THE COUNCIL CHAMBERS IS LIMITED. THOSE WISHING TO COMMENT ON SCHEDULED AGENDA ITEMS MAY BE ASKED TO WAIT OUTDOORS OR IN AN ALTERNATE LOCATION IF THERE IS NOT ADEQUATE SEATING IN COUNCIL CHAMBERS. **COMMENTS IN ADVANCE OF THE 4:30 P.M. CALL TO ORDER ARE STRONGLY ENCOURAGED BY SENDING AN EMAIL TO [SIRVINE@SEDONAAZ.GOV](mailto:sirvine@sedonaaz.gov) AND WILL BE MADE PART OF THE OFFICIAL MEETING RECORD.** THE MEETING CAN BE VIEWED LIVE ON THE CITY'S WEBSITE AT WWW.SEDONAAZ.GOV OR ON CABLE CHANNEL 4.

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

2. CITY'S VISION

3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT =

- Minutes - September 14, 2021 City Council Special Meeting-Executive Session.
- Minutes - September 14, 2021 City Council Regular Meeting.
- Minutes - September 15, 2021 City Council Special Meeting.
- AB 2722 Approval of a recommendation regarding a Liquor License Agent Change/Acquisition of Control application for the Series 3 In State Microbrewery Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158274).
- AB 2723 Approval of a recommendation regarding a Liquor License Agent Change/Acquisition of Control application for the Series 7 Beer and Wine Bar Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158273).
- AB 2732 Approval of a Resolution approving the form of the lease/purchase agreement with Zions Bancorporation, N.A., Salt Lake City, Utah and authorizing the execution and delivery thereof.

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

- AB 2464 **Public hearing/discussion/possible action** regarding: 1) an Ordinance adopting proposed new wastewater capacity fees in accordance with A.R.S. § 9-511.01, and 2) a Resolution and Ordinance amending Title 13, Division I, Chapter 13.15 of the Sedona City Code (Wastewater).
- AB 2706 **Presentation/discussion** with Yavapai College President Dr. Lisa Rhine regarding a general update on activities and plans of the College.





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.



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8. REGULAR BUSINESS

- c. AB 2727 **Discussion/possible action** regarding legislative advocacy related to short-term rentals and their impact on Sedona including possible engagement of a lobbyist and authorization of possible transfer of contingency funds of up to \$75,000. 
- d. AB 2733 **Discussion/possible action** regarding approval of a Resolution establishing the need and public purpose for right-of-way and easements necessary for the Forest Road Extension Project. 
- e. AB 2705 **Discussion/possible action** regarding approval of a revised statement related to the statewide congressional and legislative redistricting process and alternatives. 
- f. AB 2571 **Discussion/possible direction** regarding issues surrounding the COVID-19 pandemic and the City's response. 
- g. **Reports/discussion** regarding Council assignments.
- h. **Discussion/possible action** regarding future meeting/agenda items.

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: 09/23/2021

By: DJ

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 materials 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
Vultee Conference Room, Sedona City Hall,
106 Roadrunner Drive, Sedona, Arizona
Tuesday, September 14, 2021, 2:00 p.m.**

1. Call to Order

Mayor Moriarty called the meeting to order at 2:01 p.m.

2. Roll Call

Council Present: Mayor Sandy Moriarty, Vice Mayor Scott Jablow, Councilor Kathy Kinsella, Councilor Tom Lamkin, Councilor Holli Ploog, Councilor Jon Thompson, Councilor Jessica Williamson.

Staff in attendance: City Manager Karen Osburn, City Attorney Kurt Christianson, Deputy City Manager Joanne Keene, Director of Public Works/City Engineer Andy Dickey, Associate Engineer Bob Welch, City Clerk Susan Irvine.

3. Special Business

Motion: Councilor Williamson moved to enter into Executive Session at 2:04 p.m. Seconded by Councilor Ploog. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

- a. **Discussion and consultation with the City's attorney for legal advice and with the City's representatives to consider the City's position and instruct its attorney and representatives regarding negotiations for the acquisition of real property, contemplated litigation, and related purchase agreements for the Forest Road extension project. This matter is brought in executive session pursuant to A.R.S. § 38-431.03(A)(3), (4), and (7).**
- b. **Discussion and consultation to consider its position and instruct its attorneys and designated representatives regarding contract negotiations and negotiations for the purchase, sale, or lease of real property located at 54 Bowstring Drive. This matter is brought in executive session pursuant to A.R.S. § 38-431.03(A)(4) & (7).**
- c. **Discussion and consultation to consider its position and instruct its attorneys and designated representatives regarding contract negotiations and negotiations for the purchase, sale, or lease of real property located at 125 W SR 89A. This matter is brought in executive session pursuant to A.R.S. § 38-431.03(A)(4) & (7).**
- d. **Discussion and consultation with the City's attorney for legal advice and to consider the City's position and instruct its attorney regarding pending litigation and settlement discussion in the Sabrina Beram v. City of Sedona case. This matter is brought in executive session pursuant to A.R.S. § 38-431.03(A)(3) and (4).**
- e. **Discussion/consideration regarding the employment, assignment, and appointment of the City Magistrate Judge including review of applications and the interview process. This matter is brought in executive session**

pursuant to A.R.S. § 38-431.03(A)(1).

- f. Discussion and consultation regarding personnel matters, specifically to discuss City Attorney Kurt Christianson's annual evaluation. This matter is brought in executive session pursuant to A.R.S. 38-431.03(A)(1).

Reconvened in open session at 4:19 p.m.

- g. Return to open session. Discussion/possible action regarding executive session items.

Motion: Councilor Ploog moved to approve a 4% increase in salary for the City Attorney retroactive to his anniversary date. Councilor Kinsella seconded the motion. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

4. Adjournment

Mayor Moriarty adjourned the meeting at 4:20 p.m.

I certify that the above are the true and correct actions of the Special City Council Meeting held on September 14, 2021.

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, September 14, 2021, 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 Scott Jablow, Councilor Kathy Kinsella, Councilor Tom Lamkin, Councilor Holli Ploog, Councilor Jon Thompson, Councilor Jessica Williamson.

Staff Present: City Manager Karen Osburn, Deputy City Manager Joanne Keene, City Attorney Kurt Christianson, Director of Financial Services Cherie Wright, Director of Public Works/City Engineer Andy Dickey, Associate Engineer Bob Welch, Economic Development Director Molly Spangler, Director of Community Development Jess McNeely, Principal Planner Cynthia Lovely, Deputy Chief Stephanie Foley, Lieutenant Karl Waak, Community Services Officer Gene Kurz, Police Records Clerk II Jamie Rivero, Police Records Clerk I Marcy Garner, City Clerk Susan Irvine.

2. City's Vision/Moment of Art

The City's Vision was read by Councilor Thompson.

Nancy Lattanzi introduced Diann Kincaid a photographer, poet, painter, and writer. Ms. Kincaid is the author of "Shadow Chasing in Sedona", a book that documents shadows of cowboys, Native Americans, horses, Kachina spirits, frontier folk, animals, and birds that she has captured on the Sedona red rocks. Ms. Kincaid presented a slideshow and poem from her book.

3. Consent Items

- a. **Minutes - August 10, 2021 City Council Special Meeting - Executive Session.**
- b. **Minutes - August 10, 2021 City Council Special Meeting.**
- c. **Minutes - August 10, 2021 City Council Regular Meeting.**
- d. **Minutes - August 11, 2021 City Council Special Meeting - Executive Session.**
- e. **Minutes - August 11, 2021 City Council Special Meeting.**
- f. **Approval of Proclamation, Constitution Week, September 17-23, 2021.**
- g. **AB 2717 Approval of a recommendation regarding an application for a Series 12 Restaurant Liquor License for Mradaa Cuisine of India located at 1910 W Hwy 89A, #102, Sedona, AZ (File# 154206).**
- h. **AB 2721 Approval of a contract with Albert Holler & Associates in the amount of \$72,000 annually to perform sales tax audits on behalf of the City.**
- i. **AB 2724 Approval of the appointment of Judges Paul Schlegel and Michael Goimarac as Magistrates Pro Tem for the Sedona Municipal Court.**

Motion: Councilor Kinsella moved to approve consent items 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, and 3i. **Seconded by Vice Mayor Jablow. Vote:** Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

4. Appointments – None.

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

Vice Mayor Jablow advised that Parks & Recreation has the following events taking place: Red Dirt concerts every Friday in September at Posse Grounds Pavilion; Music Morning with Annette the 1st and 3rd Thursdays 9:00 a.m. at Sunset Park; Story Time in the Park on Wednesdays 9:00 a.m. at Sunset Park; Yappy Hour on Thursdays at 9:00 a.m. at Posse Grounds Park; Open Gym on Tuesdays and Thursdays at 7:00 p.m. at West Sedona School; and tennis lessons and Mondays and Wednesdays at Posse Grounds Park. Councilor Kinsella stated that a Human Library will take place on September 19th at 10:00 a.m. at the Sedona Public Library. Councilor Ploog stated that the grid maps for redistricting were released today and Sedona is split into 2 different legislative districts. Comments related to the redistricting can be made by the public online. Karen Osburn introduced Jess McNeely the new Director of Community Development. Deputy Chief Foley introduced Karl Waak who has returned to the Sedona Police Department as a Lieutenant. Both were welcomed to the City of Sedona team.

6. Public Forum

Jennifer Strait, Sedona, advised that they would like to see the Dells used for a seven-layer food forest and affordable housing.

Shamis Teh, Sedona, Sedona Greenhouse Program, stated that they would like to use the Dells property for sustainable food production to eventually supply all local residents and restaurant.

Steve Schliebs, Sedona, spoke about the implementation of the Climate Action Plan, wants to know what the City is doing with the budgeted funds, and wondered if the allocated funds were enough.

7. Proclamations, Recognitions, and Awards

a. Presentation of Proclamation, Constitution Week, September 17-23, 2021.

Mayor Moriarty read the Proclamation and presented it to Carol LaPorte.

8. Regular Business

a. AB 2682 Discussion/possible direction regarding the City's participation with the Yavapai County Broadband Final Mile Initiative.

Introduction by Molly Spangler. Presentation by Executive Director of Yavapai County Education Service Agency (YCESA) Stan Goligoski and Karen Osburn.

Questions and comments from Council.

By majority consensus, Council directed staff to come back to Council with an IGA with Yavapai County to provide the required matching ARPA funds of \$494,000.

Break at 5:50 p.m. Reconvened at 6:11 p.m.

b. AB 2691 Discussion/possible direction regarding the Uptown Community Focus Area (CFA) Plan.

Presentation by Cynthia Lovely, Jess McNeely, and Karen Osburn.

Questions and comments from Council.

By majority consensus, Council directed staff to discontinue processing of this CFA and to address this and the CFA concept during the Community Plan update process.

- c. AB 2726 Discussion/possible direction regarding operational changes within Sedona Recycles and possible resulting changes to the City's provider agreement with Sedona Recycles.**

Introduction by Councilor Thompson. Presentation by Sedona Recycles Board President Doug Copp.

Questions and comments from Council.

By majority consensus, Council agreed that Sedona Recycles should make operational changes as needed for the success of their business and that staff should bring back the necessary changes to the service agreement.

- d. AB 2571 Discussion/possible direction regarding issues surrounding the COVID-19 pandemic and the City's response.**

Presentation by Karen Osburn.

Questions and comments from Council.

Presentation and discussion only. No action taken.

- e. Reports/discussion regarding Council assignments – None.**
- f. Discussion/possible action regarding future meeting/agenda items.**

Mayor Moriarty advised that there is a special meeting tomorrow at 3:00 p.m.

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 7:52 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on September 14, 2021.

Susan L. Irvine, CMC, City Clerk

Date

**Action Minutes
Special City Council Meeting
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Wednesday, September 15, 2021, 3:00 p.m.**

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

Mayor Moriarty called the meeting to order at 3:00 p.m.

2. Roll Call

Council Present: Mayor Sandy Moriarty, Vice Mayor Scott Jablow, Councilor Kathy Kinsella, Councilor Tom Lamkin, Councilor Holli Ploog, Councilor Jon Thompson, Councilor Jessica Williamson.

Staff Present: City Manager Karen Osburn, Deputy City Manager Joanne Keene, City Attorney Kurt Christianson, Public Works Director/City Engineer Andy Dickey, Associate Engineer Bob Welch, Deputy Chief Stephanie Foley, Director of Community Development Jess McNeely, Senior Planner Mike Raber, Planning Manager Cari Meyer, Deputy City Clerk Cherise Fullbright.

3. Special Business

- a. AB 2702 Public hearing/discussion/possible action regarding a City-initiated application for a Major Community Plan Amendment to the Future Land Use Map from Single-family Low Density to Commercial and a Zone Change from RS-18 (Single-family Residential) to M3 (Mixed Use Activity Center) to allow for the development of a parking garage in Uptown Sedona. The property consists of two parcels totaling 1.24 acres along the north side of Forest Road (430 and 460 Forest Road). APN: 401-16-100 and 401-16-071. Applicant: City of Sedona. Case Number: PZ21-00003 (Major CPA, ZC).**

Presentation by Mike Raber, Andy Dickey, Bob Welch, Kurt Christianson, and Karen Osburn.

Questions and comments from Council.

Opened the public hearing at 4:26 p.m.

The following spoke regarding this item: Tom Gilomen, Sedona, Gala Fraftson, Sedona, Steve Schliebs, Sedona, Robert O'Donnell, Sedona, Janet Sabitino on behalf of herself & Linda Goldsmith, Sedona, John Davis, Village of Oak Creek, Candace Strauss, Sedona, Jen Farnsworth, Sedona, Jennifer Strait, Sedona, Peggy Chaikin, Sedona, Al Comello, Sedona, Steve Segner, Sedona.

Closed the public hearing and brought back to Council at 5:00 p.m.

Additional questions and comments from Council.

Due to an unexpected fire alarm, Council took a break at 6:07 p.m. and reconvened at 6:18 p.m.

Additional questions and comments from Council.

Motion: Councilor Lamkin moved to approve Resolution No. 2021-21, amending the Sedona Community Plan Future Land Use Map by re-designating the subject property from Single-family Low Density Residential to Commercial as amended.

Seconded by Councilor Williamson. Vote: Motion carried with six (6) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Williamson) and one (1) opposed (Thompson).

Motion: Councilor Williamson moved to approve Ordinance 2021-05 , regarding case number PZ 21-00003 (ZC), rezoning the property identified herein from its present designation of RS-18 (Single-family Residential) to M3 (Mixed Use Activity Center), based on conformance with the requirements for approval of a zone change, consistency and conformance with the Sedona Community Plan and subject to all applicable ordinance requirements subject to the following Condition #1: That within one year, the applicant provide Council with a completed traffic impact study, with mitigation measures if necessary, demonstrating that the current level of service letter grade at the intersection of SR 89A and Forest Rd will not be lowered as a result of the construction of the uptown parking garage. Seconded by Councilor Lamkin. Vote: Motion carried with six (6) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Williamson) and one (1) opposed (Thompson).

b. Discussion/possible action regarding future meetings/agenda items.

Karen Osburn confirmed that the discussion regarding the Sedona Community Plan is tentatively scheduled for October 12, 2021.

4. 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.

5. Adjournment

Mayor Moriarty adjourned the meeting at 6:30 p.m. without objection.

I certify that the above are the true and correct actions of the Special City Council Meeting held on September 15, 2021.

Cherise Fullbright, Deputy City Clerk

Date



**CITY COUNCIL
AGENDA BILL**

**AB 2722
September 28, 2021
Consent Items**

Agenda Item: 3d

Proposed Action & Subject: Approval of a recommendation regarding a Liquor License Agent Change/Acquisition of Control application for the Series 3 In State Microbrewery Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158274).

Department City Clerk
Time to Present N/A
Total Time for Item
Other Council Meetings N/A
Exhibits Liquor License Application is available for review in the City Clerk's office.

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	Recommend approval of the Liquor License Agent Change/Acquisition of Control application.	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: State liquor laws require Sedona's City Council to forward a recommendation for approval or denial of applications for liquor licenses.

Oak Creek Brewing Co has submitted a Liquor License application for an acquisition of control for the Series 3 In State Microbrewery Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158274). This is required by Arizona Department of Liquor Licenses and Control if a person other than those persons originally licensed acquires control over a license or licensee. The responsible person is required to file this notice within thirty business days after the acquisition of control and include a list of officers, directors, or other controlling persons. Oak Creek Brewing Co had a change in members, and as a result, the structure is different than it was in the existing liquor license. There are no changes, with the exception of the change in the responsible persons for the liquor license.

On receipt of notice of an acquisition of control, the State forwards the notice to the local governing body. The local governing body may protest the acquisition of control within sixty days based on the capability, reliability, and qualification of the person(s) acquiring control.

If the Director of the Arizona Department of Liquor Licenses and Control does not receive any protests, the Director may protest the acquisition of control or approve the acquisition of control based on the capability, reliability, and qualification of the person(s) acquiring control. Any protest shall be set for a hearing before the State hearing board. Any transfer shall be approved or disapproved within one hundred five days of the filing of the notice of acquisition of control. The person(s) who has acquired control of a license or licensee has the burden of an original application at the hearing, and the board shall make its determination pursuant to Section 4 202 and this section with respect to capability, reliability, and qualification.

Community Development, Finance, the Sedona Police Department (SPD), and Sedona Fire District (SFD) have conducted a review of the application and did not note any objections regarding its approval.

Community Plan Consistent: Yes - No - Not Applicable

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Recommend denial of the Liquor License Agent Change/Acquisition of Control application for the Series 3 In State Microbrewery Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158274). Reasons for a recommendation of denial would need to be specified.

MOTION

I move to: recommend approval of the Liquor License Agent Change/Acquisition of Control application for the Series 3 In State Microbrewery Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158274).



**CITY COUNCIL
AGENDA BILL**

**AB 2723
September 28, 2021
Consent Items**

Agenda Item: 3e

Proposed Action & Subject: Approval of a recommendation regarding a Liquor License Agent Change/Acquisition of Control application for the Series 7 Beer and Wine Bar Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158273).

Department City Clerk

Time to Present N/A

Total Time for Item

Other Council Meetings N/A

Exhibits Liquor License Application is available for review in the City Clerk's office.

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	Recommend approval of the Liquor License Agent Change/Acquisition of Control application for the Series 7 Beer and Wine Bar Liquor License.	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: State liquor laws require Sedona's City Council to forward a recommendation for approval or denial of applications for liquor licenses.

Oak Creek Brewing Co has submitted a Liquor License application for an acquisition of control for the Series 7 Beer and Wine Bar Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158273). This is required by Arizona Department of Liquor Licenses and Control if a person other than those persons originally licensed acquires control over a license or licensee. The responsible person is required to file this notice within thirty business days after the acquisition of control and include a list of officers, directors, or other controlling persons. Oak Creek Brewing Co had a change in members, and as a result, the structure is different than it was in the existing liquor license. There are no changes, with the exception of the change in the responsible persons for the liquor license.

On receipt of notice of an acquisition of control, the State forwards the notice to the local governing body. The local governing body may protest the acquisition of control within sixty days based on the capability, reliability, and qualification of the person(s) acquiring control.

If the Director of the Arizona Department of Liquor Licenses and Control does not receive any protests, the Director may protest the acquisition of control or approve the acquisition of control based on the capability, reliability, and qualification of the person(s) acquiring control. Any protest shall be set for a hearing before the State hearing board. Any transfer shall be approved or disapproved within one hundred five days of the filing of the notice of acquisition of control. The person(s) who has acquired control of a license or licensee has the burden of an original application at the hearing, and the board shall make its determination pursuant to Section 4 202 and this section with respect to capability, reliability, and qualification.

Community Development, Finance, the Sedona Police Department (SPD), and Sedona Fire District (SFD) have conducted a review of the application and did not note any objections regarding its approval.

Community Plan Consistent: Yes - No - Not Applicable

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Recommend denial of the Liquor License Agent Change/Acquisition of Control application for the Series 7 Beer and Wine Bar Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158273). Reasons for a recommendation of denial would need to be specified.

MOTION

I move to: recommend approval of the Liquor License Agent Change/Acquisition of Control application for the Series 7 Beer and Wine Bar Liquor License for Oak Creek Brewing Co, 2050 Yavapai Drive, Sedona, AZ (File #158273).



**CITY COUNCIL
AGENDA BILL**

**AB 2732
September 28, 2021
Consent Items**

Agenda Item: 3f
Proposed Action & Subject: Approval of a resolution approving the form of the lease/purchase agreement with Zions Bancorporation, N.A., Salt Lake City, Utah and authorizing the execution and delivery thereof.

Department Financial Services
Time to Present N/A
Total Time for Item
Other Council Meetings May 11, 2021, August 10, 2021
Exhibits A. Resolution
 B. Lease Purchase Agreement
 C. Escrow Agreement

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	147,135.28 (FY2023-FY2027 annual lease purchase payments)
City Manager's Recommendation	Approve the Resolution approving the form of the lease/purchase agreement with Zions Bancorporation.	Amount Budgeted	
		\$	(lease purchase payments to begin in FY2023)
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: At the August 10, 2021 Council meeting, Council approved the lease purchase of 5 trailhead shuttle transit vehicles through Zions Bank. This agenda item is a formality as Zions Bank is requiring a Council Resolution for execution of the agreement.

Community Plan Consistent: Yes - No - Not Applicable

One of the six major outcomes of the Community Plan is to reduce traffic. In this section the Plan articulates what the community should look and feel like in 2020 and beyond. It envisions a robust transit system that offers residents and visitors an alternative to driving. Using transit is also one of six vision themes of the Plan.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

The use of public transit reduces the number of passenger vehicle miles traveled, which results in overall lower carbon emissions. According to the City's Climate Action Plan (CAP) the second largest source of greenhouse gas emissions in Sedona is from the combustion of fossil fuels in vehicles and equipment. Within the transportation sector, the use of gasoline and diesel passenger vehicles by residents and visitors contribute the most to transportation emissions. Strategies for these emissions focus on transitioning to electric and other low-carbon fuels and transitioning to alternative modes of travel such as carpooling, *public transit*, biking, and walking. One of the specific CAP strategies is improve and increase transit ridership.

Board/Commission Recommendation: **Applicable** - **Not Applicable**

Alternative(s): N/A

MOTION

I move to: approve Resolution No. 2021-___, approving the form of the lease/purchase agreement with Zions Bancorporation, N.A., Salt Lake City, Utah and authorizing the execution and delivery thereof.

RESOLUTION NO. 2021-__

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING A LEASE PURCHASE AGREEMENT WITH ZIONS BANCORPORATION, N.A., FOR FUNDS TO BE USED BY THE CITY TO LEASE/PURCHASE SHUTTLE BUSES; PROVIDING AUTHORIZATION FOR THE MAYOR TO EXECUTE AND DELIVER SAID AGREEMENT.

WHEREAS, the City of Sedona (“City”) has determined that the leasing of the shuttle buses as described in the Lease Purchase Agreement is for a valid public purpose and is essential to the operations of the City; and

WHEREAS, the City Council has reviewed the form of the Lease Purchase Agreement and has found the terms and conditions thereof acceptable; and

WHEREAS, the City has taken the necessary steps to comply with legal bidding requirements to arrange for the leasing of such property.

NOW THEREFORE BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SEDONA, ARIZONA AS FOLLOWS:

SECTION 1. That it is deemed in the best interest of the City of Sedona and the citizens thereof that the Lease Purchase Agreement for leasing/purchasing of shuttle buses be entered into, which agreement is now on file in the office of the City Clerk.

SECTION 2. That Mayor or designee is authorized to execute and deliver said Lease Purchase Agreement in substantially the form presented on behalf of the City. That City officers are authorized to may make such changes to the Lease Purchase Agreement and related documents and certificates as such officers deem necessary and to fulfill all obligations under the terms of the Lease Purchase Agreement.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 28th day of September, 2021.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

ARIZONA FIXED EQUIPMENT LEASE

Long Name of Entity: City of Sedona
Address: 102 Roadrunner Drive
City, State Zip: Sedona, AZ 86336
Attention: Cherie Wright

Public Finance Office:

County: Coconino
Amount: 710,125.00
Rate: 1.19
Maturity Date: October 1, 2026
First Pmt Date: October 1, 2022
Payment Dates: October 1
Auto Extend: 5
Governing Body: City Council
Resolution Date: September, 2021
Dated Date: October, 2021
Day: 1st
State: **Arizona**

\$710,125.00
City of Sedona
Lease Purchase Agreement

1. Lease/Purchases Agreement of the City of Sedona
2. Exhibit A. Calculation of Interest Component
3. Exhibit B. Description of Leased Property
4. Exhibit C. Resolution of Governing Body
5. Exhibit D. Opinion of Lessee's Counsel
6. Exhibit E. Security Documents
7. Exhibit F. Delivery and Acceptance Certificate
8. Exhibit G. Escrow Agreement
9. Form 8038-G
10. Wire Transfer Request

LEASE/PURCHASE AGREEMENT

Dated as of October 1, 2021

by and between

ZIONS BANCORPORATION, N.A.,
as Lessor

and

CITY OF SEDONA,
as Lessee

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LEASE/PURCHASE AGREEMENT

THIS LEASE/PURCHASE AGREEMENT, dated as of October 1, 2021, by and between ZIONS BANCORPORATION, N.A., a national banking association duly organized and existing under the laws of the United States of America, as lessor (the “Bank” or “Lessor”), and City of Sedona (the “Lessee”), a public agency of the State of Arizona (the “State”), duly organized and existing under the Constitution and laws of the State, as lessee;

W I T N E S S E T H:

WHEREAS, the Lessee desires to finance the acquisition of the equipment and/or other personal property described as the “Leased Property” in Exhibit B (the “Leased Property”) by entering into this Lease/Purchase Agreement with the Bank (the “Lease”); and

WHEREAS, the Bank agrees to lease the Leased Property to the Lessee upon the terms and conditions set forth in this Lease, with rental to be paid by the Lessee equal to the Lease Payments hereunder; and

WHEREAS, it is the intent of the parties that the original term of this Lease, and any subsequent renewal terms, shall not exceed 12 months, and that the payment obligation of the Lessee shall not constitute a general obligation under State law; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

SECTION 1.1 Definitions and Rules of Construction. Unless the context otherwise requires, the capitalized terms used herein shall, for all purposes of this Lease, have the meanings specified in the definitions below. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Lease, refer to this Lease as a whole.

“Acquisition Amount” means \$710,125.00 and is the amount represented by Lessee to be sufficient to acquire the Leased Property and pay any ancillary costs associated therewith.

“Advance” shall have the meaning set forth in Section 2.1(l)(i)(D) hereof.

“Bank” shall have the meaning set forth in the Preamble hereof.

“Business Day” means any day except a Saturday, Sunday, or other day on which banks in Salt Lake City, Utah or the State are authorized to close.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commencement Date” means the date this Lease is executed by the Bank and the Lessee and shall be the date on which the Acquisition Amount is deposited with the Escrow Agent.

“Escrow Account” means the fund established and held by the Escrow Agent pursuant to the Escrow Agreement.

“Escrow Agent” means the Escrow Agent identified in the Escrow Agreement, and its successors and assigns.

“Escrow Agreement” means the Escrow Agreement dated October 1, 2021 executed by Lessee, Bank and the Escrow Agent, pursuant to which the Escrow Account is established and administered. A copy of the Escrow Agreement shall be found in Exhibit G.

“Event of Nonappropriation” shall have the meaning set forth in Section 3.2 hereof.

“Governing Body” means the governing body of the Lessee.

“Lease Payments” means the rental payments described in Exhibit A hereto.

“Lease Payment Date” shall have the meaning set forth in Section 3.4(a) hereof.

“Leased Property” shall have the meaning set forth in the Whereas clauses hereof.

“Lessee” shall have the meaning set forth in the Preamble hereof.

“Net Proceeds” means insurance or eminent domain proceeds received with respect to the Leased Property less expenses incurred in connection with the collection of such proceeds.

“Obligation Instrument” shall have the meaning set forth in Section 2.1(c) hereof.

“Original Term” shall have the meaning set forth in Section 3.2 hereof.

“Permitted Encumbrances” means, as of any particular time: (i) liens for taxes and assessments, if any, not then delinquent, or which the Lessee may, pursuant to provisions of Section 5.3 hereof, permit to remain unpaid; (ii) this Lease; (iii) any contested right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law to the extent permitted under Section 5.4(b) hereof; (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the execution date of this Lease and which the Lessee hereby certifies will not materially impair the use of the Leased Property by the Lessee; and (v) other rights, reservations, covenants, conditions or restrictions established following the date of execution of this Lease and to which the Bank and the Lessee consent in writing.

“Rebate Exemption” shall have the meaning set forth in Section 2.1(l)(ii)(A) hereof.

“Regulations” shall have the meaning set forth in Section 2.1(l)(i) hereof.

“Renewal Term” shall have the meaning set forth in Section 3.2 hereof.

“Scheduled Term” shall have the meaning set forth in Section 3.2 hereof.

“State” shall have the meaning set forth in the Preamble hereof.

“Term” or “Term of this Lease” means the Original Term and all Renewal Terms provided for in this Lease under Section 3.2 until this Lease is terminated as provided in Section 3.3 hereof.

SECTION 1.2 Exhibits. Exhibits A, B, C, D, E, F and G attached to this Lease are by this reference made a part of this Lease.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1 Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants to the Bank as follows:

(a) Due Organization and Existence. The Lessee is a public agency of the State duly organized and existing under the Constitution and laws of the State.

(b) Authorization; Enforceability. The Constitution and laws of the State authorize the Lessee to enter into this Lease and to enter into the transactions contemplated by, and to carry out its obligations under, this Lease. The Lessee has duly authorized, executed and delivered this Lease in accordance with the Constitution and laws of the State. This Lease constitutes the legal, valid and binding special obligation of the Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) No Conflicts or Default; Other Liens or Encumbrances. Neither the execution and delivery of this Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby (i) conflicts with or results in a breach of the terms, conditions, provisions, or restrictions of any existing law, or court or administrative decree, order, or regulation, or agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, **including without limitation any agreement or instrument pertaining to any bond, note, lease, certificate of participation, debt instrument, or any other obligation of the Lessee** (any such bond, note, lease, certificate of participation, debt instrument, and other obligation being referred to herein as an “Obligation Instrument”), (ii) constitutes a default under any of the foregoing, or (iii) results in the creation or imposition of any pledge, lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessee, or upon the Leased Property except for Permitted Encumbrances.

By way of example, and not to be construed as a limitation on the representations set forth in the immediately preceding paragraph:

(A) no portion of the Leased Property is pledged to secure any Obligation Instrument; and

(B) the interests of the Lessor in the Leased Property hereunder do not violate the terms, conditions or provisions of any restriction or revenue pledge in any agreement or instrument pertaining to any Obligation Instrument.

If any Obligation Instrument existing on the date of execution of this Lease creates any pledge, lien, charge or encumbrance on any revenues, property or assets associated with the Leased Property that is higher in priority to the Bank’s interests therein under this Lease, the Bank hereby subordinates its interests therein, but only to the extent required pursuant to such existing Obligation Instrument.

(d) Compliance with Open Meeting Requirements. The Governing Body has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Lessee's execution of this Lease was authorized.

(e) Compliance with Bidding Requirements. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property pursuant to this Lease, or the Governing Body and the Lessee have complied with all such procurement and public bidding laws as may be applicable hereto.

(f) No Adverse Litigation. There are no legal or governmental proceedings or litigation pending, or to the best knowledge of the Lessee threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling, or finding might adversely affect the transaction contemplated in or the validity of this Lease.

(g) Opinion of Lessee's Counsel. The letter attached to this Lease as Exhibit D is a true opinion of Lessee's counsel.

(h) Governmental Use of Leased Property. During the Term of this Lease, the Leased Property will be used solely by the Lessee, and only for the purpose of performing one or more governmental or proprietary functions of the Lessee consistent with the permissible scope of the Lessee's authority, and the Leased Property will not be subject to any direct or indirect private business use.

(i) Other Representations and Covenants. The representations, covenants, warranties, and obligations set forth in this Article are in addition to and are not intended to limit any other representations, covenants, warranties, and obligations set forth in this Lease.

(j) No Nonappropriations. The Lessee has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any municipal lease of the same general nature as this Lease, or under any of its bonds, notes, or other obligations of indebtedness for which its revenues or general credit are pledged.

(k) No Legal Violation. The Leased Property is not, and at all times during the Term of this Lease will not be in violation of any federal, state or local law, statute, ordinance or regulation.

(l) General Tax and Arbitrage Representations and Covenants.

(i) The certifications and representations made by the Lessee in this Lease are intended, among other purposes, to be a certificate permitted in Section 1.148-2(b) of the Treasury Regulations promulgated pursuant to Section 148 of the Code (the "Regulations"), to establish the reasonable expectations of the Lessee at the time of the execution of this Lease made on the basis of the facts, estimates and circumstances in existence on the date hereof. The Lessee further certifies and covenants as follows:

(A) The Lessee has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as an issuer which may certify bond issues.

(B) To the best knowledge and belief of the Lessee, there are no facts, estimates or circumstances that would materially change the conclusions, certifications or representations set forth in this Lease, and the expectations herein set forth are reasonable.

(C) The Scheduled Term of this Lease does not exceed the useful life of the Leased Property, and the weighted average term of this Lease does not exceed the weighted average useful life of the Leased Property.

(D) Each advance of funds by the Bank to finance Leased Property under this Lease (each an "Advance") will occur only when and to the extent that the Lessee has reasonably determined and identified the nature, need, and cost of each item of Leased Property pertaining to such Advance.

(E) No use will be made of the proceeds of this Lease or any such Advance, or any funds or accounts of the Lessee which may be deemed to be proceeds of this Lease or any such Advance, which use, if it had been reasonably expected on the date of the execution of this Lease or of any such Advance, would have caused this Lease or any such Advance to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code.

(F) The Lessee will at all times comply with the rebate requirements of Section 148(f) of the Code as they pertain to this Lease, to the extent applicable.

(G) In order to preserve the status of this Lease and the Advances as other than "private activity bonds" as described in Sections 103(b)(1) and 141 of the Code, as long as this Lease and any such Advances are outstanding and unpaid:

(I) none of the proceeds from this Lease or the Advances or any facilities or assets financed therewith shall be used for any "private business use" as that term is used in Section 141(b) of the Code and defined in Section 141(b)(6) of the Code;

(II) the Lessee will not allow any such "private business use" to be made of the proceeds of this Lease or the Advances or any facilities or assets financed therewith; and

(III) none of the Advances or Lease Payments due hereunder shall be secured in whole or in part, directly or indirectly, by any interest in any property used in any such "private business use" or by payments in respect of such property and shall not be derived from payments in respect of such property.

(H) The Lessee will not take any action, or omit to take any action, which action or omission would cause the interest component of the Lease Payments to be ineligible for the exclusion from gross income as provided in Section 103 of the Code.

(I) The Lessee is a "governmental unit" within the meaning of Section 141(b)(6) of the Code.

(J) The obligations of the Lessee under this Lease are not federally guaranteed within the meaning of Section 149(b) of the Code.

(K) This Lease and the Advances to be made pursuant hereto will not reimburse the Lessee for any expenditures incurred prior to the date of this Lease and do not constitute a "refunding issue" as defined in Section 1.150-1(d) of the

Regulations, and no part of the proceeds of this Lease or any such Advances will be used to pay or discharge any obligations of the Lessee the interest on which is or purports to be excludable from gross income under the Code or any predecessor provision of law.

(L) In compliance with Section 149(e) of the Code relating to information reporting, the Lessee will file or cause to be filed with the Internal Revenue Service Center, Ogden, UT 84201, within fifteen (15) days from the execution of this Lease, IRS Form 8038-G or 8038-GC, as appropriate, reflecting the total aggregate amount of Advances that can be made pursuant to this Lease.

(M) None of the proceeds of this Lease or the Advances to be made hereunder will be used directly or indirectly to replace funds of the Lessee used directly or indirectly to acquire obligations at a yield materially higher than the yield on this Lease or otherwise invested in any manner. No portion of the Advances will be made for the purpose of investing such portion at a materially higher yield than the yield on this Lease.

(N) Inasmuch as Advances will be made under this Lease only when and to the extent the Lessee reasonably determines, identifies and experiences the need therefor, and will remain outstanding and unpaid only until such time as the Lessee has moneys available to repay the same, the Lessee reasonably expects that (I) the Advances will not be made sooner than necessary; (II) no proceeds from the Advances will be invested at a yield higher than the yield on this Lease; and (III) the Advances and this Lease will not remain outstanding and unpaid longer than necessary.

(O) The Lessee will either (i) spend all of the moneys advanced pursuant to this Lease immediately upon receipt thereof, without investment, on the portion of the Leased Property that is to be financed thereby; or (ii) invest such moneys at the highest yield allowable and practicable under the circumstances until they are to be spent on the portion of the Leased Property that is to be financed thereby, and track, keep records of, and pay to the United States of America, all rebatable arbitrage pertaining thereto, at the times, in the amounts, in the manner, and to the extent required under Section 148(f) of the Code and the Treasury Regulations promulgated in connection therewith. At least five percent (5%) of the total amount of moneys that are expected to be advanced pursuant to this Lease are reasonably expected to have been expended on the Leased Property within six (6) months from the date of this Lease. All moneys to be advanced pursuant to this Lease are reasonably expected to have been expended on the Leased Property no later than the earlier of: (I) the date twelve (12) months from the date such moneys are advanced; and (II) the date three (3) years from the date of this Lease.

(P) This Lease and the Advances to be made hereunder are not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the regulations promulgated in connection therewith (I) enabling the Lessee to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (II) overburdening the tax-exempt bond market, as those terms are used in Section 1.148-10(a)(2) of the Regulations.

(Q) To the best of the knowledge, information and belief of the Lessee, the above expectations are reasonable. On the basis of the foregoing, it is not

expected that the proceeds of this Lease and the Advances to be made hereunder will be used in a manner that would cause this Lease or such Advances to be "arbitrage bonds" under Section 148 of the Code and the regulations promulgated thereunder, and to the best of the knowledge, information and belief of the Lessee, there are no other facts, estimates or circumstances that would materially change the foregoing conclusions.

(ii) Arbitrage Rebate Under Section 148(f) of the Code. With respect to the arbitrage rebate requirements of Section 148(f) of the Code, either (check applicable box):

(A) Lessee Qualifies for Small Issuer Exemption from Arbitrage Rebate. The Lessee hereby certifies and represents that it qualifies for the exception contained in Section 148(f)(4)(D) of the Code from the requirement to rebate arbitrage earnings from investment of proceeds of the Advances made under this Lease (the "Rebate Exemption") as follows:

(1) The Lessee has general taxing powers.

(2) Neither this Lease, any Advances to be made hereunder, nor any portion thereof are private activity bonds as defined in Section 141 of the Code ("Private Activity Bonds").

(3) Ninety-five percent (95%) or more of the net proceeds of the Advances to be made hereunder are to be used for local government activities of the Lessee (or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Lessee).

(4) Neither the Lessee nor any aggregated issuer has issued or is reasonably expected to issue any tax-exempt obligations other than Private Activity Bonds (as those terms are used in Section 148(f)(4)(D) of the Code) during the current calendar year, including the Advances to be made hereunder, which in the aggregate would exceed \$5,000,000 in face amount, or \$15,000,000 in face amount for such portions, if any, of any tax-exempt obligations of the Lessee and any aggregated issuer as are attributable to construction of public school facilities within the meaning of Section 148(f)(4)(D)(vii) of the Code.

For purposes of this Section, "aggregated issuer" means any entity which (a) issues obligations on behalf of the Lessee, (b) derives its issuing authority from the Lessee, or (c) is subject to substantial control by the Lessee.

The Lessee hereby certifies and represents that it has not created, does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 148(f)(4)(D)(i)(IV) of the Code.

Accordingly, the Lessee will qualify for the Rebate Exemption granted to governmental units issuing less than \$5,000,000 under Section 148(f)(4)(D) of the Code (\$15,000,000 for the financing of public school facilities construction as described above), and the Lessee shall be treated as meeting the requirements of Paragraphs (2) and (3) of Section 148(f) of the Code relating to the required rebate of arbitrage earnings to the United States with respect to this Lease and the Advances to be made hereunder.

- or -

(B) Lessee Will Keep Records of and Will Rebate Arbitrage. The Lessee does not qualify for the small issuer Rebate Exemption described above, and the Lessee hereby certifies and covenants that it will account for, keep the appropriate records of, and pay to the United States, the rebate amount, if any, earned from the investment of gross proceeds of this Lease and the Advances to be made hereunder, at the times, in the amounts, and in the manner prescribed in Section 148(f) of the Code and the applicable Regulations promulgated with respect thereto.

(m) Small Issuer Exemption from Bank Nondeductibility Restriction. Based on the following representations of the Lessee, the Lessee hereby designates this Lease and the interest components of the Lease Payments hereunder as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code: (i) this Lease and the Lease Payments hereunder are not private activity bonds within the meaning of Section 141 of the Code; (ii) the Lessee reasonably anticipates that it, together with all “aggregated issuers,” will not issue during the current calendar year obligations (other than those obligations described in clause (iii) below) the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code which, when aggregated with this Lease, will exceed an aggregate principal amount of \$10,000,000; (iii) and notwithstanding clause (ii) above, the Lessee and its aggregated issuers may have issued in the current calendar year and may continue to issue during the remainder of the current calendar year private activity bonds other than qualified 501(c)(3) bonds as defined in Section 145 of the Code. For purposes of this subsection, “aggregated issuer” means any entity which (a) issues obligations on behalf of the Lessee, (b) derives its issuing authority from the Lessee, or (c) is subject to substantial control by the Lessee. The Lessee hereby certifies and represents that it has not created, does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code.

(n) Reports to State. The Lessee has duly authorized and executed this Lease in accordance with A.R.S. section 35-501 and has filed with the State of Arizona all reports required thereunder relating to this Lease.

SECTION 2.2 Representations, Covenants and Warranties of the Bank. The Bank is a national banking association, duly organized, existing and in good standing under and by virtue of the laws of the United States of America, has the power to enter into this Lease, is possessed of full power to own and hold real and personal property, and to lease and sell the same, and has duly authorized the execution and delivery of this Lease. This Lease constitutes the legal, valid and binding obligation of the Bank, enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

ARTICLE III

AGREEMENT TO LEASE; TERM OF LEASE; LEASE PAYMENTS

SECTION 3.1 Lease. The Bank hereby leases the Leased Property to the Lessee, and the Lessee hereby leases the Leased Property from the Bank, upon the terms and conditions set forth herein.

Concurrently with its execution of this Lease, the Lessee shall deliver to the Bank fully completed documents substantially in the forms attached hereto as Exhibits B, C, D E, F and G hereto.

SECTION 3.2 Term. The Term of this Lease shall commence on the date of execution of this Lease, which is also the date on which the Acquisition Amount is deposited with the Escrow Agent, including delivery to the Bank by the Lessee of fully completed documents in the forms set forth in Exhibits B, C, D, E, F and G attached hereto, and continue until the end of the fiscal year of Lessee in effect at the Commencement Date (the "Original Term"). Thereafter, this Lease will be extended for 5 successive additional periods of one year coextensive with Lessee's fiscal year, except for the last such period which may be less than a full fiscal year, (each, a "Renewal Term") subject to an Event of Nonappropriation as described herein below in this Section 3.2 and in Section 3.3 (a), (c) or (e) with the final Renewal Term ending on October 1, 2026, unless this Lease is terminated as hereinafter provided. The Original Term together with all scheduled Renewal Terms shall be referred to herein as the "Scheduled Term" irrespective of whether this Lease is terminated for any reason prior to the scheduled commencement or termination of any Renewal Term as provided herein.

If Lessee does not appropriate funds for the payment of Lease Payments due for any Renewal Term in the adopted budget of the Lessee for the applicable fiscal year (an "Event of Nonappropriation"), this Lease will terminate upon the expiration of the Original or Renewal Term then in effect and Lessee shall notify Bank of such termination at least ten (10) days prior to the expiration of the Original or Renewal Term then in effect.

SECTION 3.3 Termination. This Lease will terminate upon the earliest of any of the following events:

- (a) upon the expiration of the Original Term or any Renewal Term of this Lease following an Event of Nonappropriation;
- (b) the exercise by Lessee of any option to purchase granted in this Lease by which Lessee purchases all of the Leased Property;
- (c) a default by Lessee and Bank's election to terminate this Lease under Article VII herein; or
- (d) the expiration of the Scheduled Term of this Lease, the Lessee having made payment of all Lease Payments accrued to such date.
- (e) Lessee may terminate this Lease at any time pursuant to A.R.S. § 38-511, to the extent applicable.

SECTION 3.4 Lease Payments.

(a) Time and Amount. During the Term of this Lease and so long as this Lease has not terminated pursuant to Section 3.3, the Lessee agrees to pay to the Bank, its successors and assigns, as annual rental for the use and possession of the Leased Property, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit A, to be due and payable in arrears on each payment date identified in Exhibit A (or if such day is not a Business Day, the next succeeding Business Day) specified in Exhibit A (the "Lease Payment Date").

(b) Rate on Overdue Payments. In the event the Lessee should fail to make any of the Lease Payments required in this Section, the Lease Payment in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount

was originally payable at the rate equal to the original interest rate payable with respect to such Lease Payments.

(c) Additional Payments. Any additional payments required to be made by the Lessee hereunder, including but not limited to Sections 4.1, 5.3, and 7.4 of this Lease, shall constitute additional rental for the Leased Property.

SECTION 3.5 Possession of Leased Property Upon Termination. Upon termination of this Lease pursuant to Sections 3.3 (a), (c) or (e), the Lessee shall transfer the Leased Property to the Bank in such manner as may be specified by the Bank, and the Bank shall have the right to take possession of the Leased Property by virtue of the Bank's ownership interest as lessor of the Leased Property, and the Lessee at the Bank's direction shall ship the Leased Property to the destination designated by the Bank by loading the Leased Property at the Lessee's cost and expense, on board such carrier as the Bank shall specify.

SECTION 3.6 No Withholding. Notwithstanding any dispute between the Bank and the Lessee, in connection with this Lease or otherwise, including a dispute as to the failure of any portion of the Leased Property in use by or possession of the Lessee to perform the task for which it is leased, the Lessee shall make all Lease Payments when due and shall not withhold any Lease Payments pending the final resolution of such dispute.

SECTION 3.7 Lease Payments to Constitute a Current Obligation of the Lessee. Notwithstanding any other provision of this Lease, the Lessee and the Bank acknowledge and agree that the obligation of the Lessee to pay Lease Payments hereunder constitutes a current special obligation of the Lessee payable exclusively from current and legally available funds and shall not in any way be construed to be an indebtedness of the Lessee within the meaning of any constitutional or statutory limitation or requirement applicable to the Lessee concerning the creation of indebtedness. The Lessee has not hereby pledged the general tax revenues or credit of the Lessee to the payment of the Lease Payments, or the interest thereon, nor shall this Lease obligate the Lessee to apply money of the Lessee to the payment of Lease Payments beyond the then current Original Term or Renewal Term, as the case may be, or any interest thereon.

SECTION 3.8 Net Lease. This Lease shall be deemed and construed to be a "net-net-net lease" and the Lessee hereby agrees that the Lease Payments shall be an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever, except as expressly provided herein.

SECTION 3.9 Offset. Lease Payments or other sums payable by Lessee pursuant to this Lease shall not be subject to set-off, deduction, counterclaim or abatement and Lessee shall not be entitled to any credit against such Lease Payments or other sums for any reason whatsoever, including, but not limited to: (i) any accident or unforeseen circumstances; (ii) any damage or destruction of the Leased Property or any part thereof; (iii) any restriction or interference with Lessee's use of the Leased Property; (iv) any defects, breakdowns, malfunctions, or unsuitability of the Leased Property or any part thereof; or (v) any dispute between the Lessee and the Bank, any vendor or manufacturer of any part of the Leased Property, or any other person.

ARTICLE IV

INSURANCE

SECTION 4.1 Insurance. Lessee, at Bank's option, will either self-insure, or at Lessee's cost, will cause casualty insurance and property damage insurance to be carried and maintained on the Leased Property, with all such coverages to be in such amounts sufficient to cover the value of the Leased Property at the commencement of this Lease (as determined by the purchase price paid for the Leased Property), and public liability insurance with respect to the Leased Property in the amounts required by law, but in no event with a

policy limit less than \$1,000,000 per occurrence. All insurance shall be written in such forms, to cover such risks, and with such insurers, as are customary for public entities such as the Lessee. A combination of self-insurance and policies of insurance may be utilized. If policies of insurance are obtained, Lessee will cause Bank to be a loss payee as its interest under this Lease may appear on such property damage insurance policies, and an additional insured on a primary and noncontributory basis on such public liability insurance in an amount equal to or exceeding the minimum limit stated herein. Subject to Section 4.2, insurance proceeds from insurance policies or budgeted amounts from self-insurance as relating to casualty and property damage losses will, to the extent permitted by law, be payable to Bank in an amount equal to the then outstanding principal and accrued interest components of the Lease Payments at the time of such damage or destruction as provided by Section 8.1. Lessee will deliver to Bank the policies or evidences of insurance or self-insurance satisfactory to Bank, together with receipts for the applicable premiums before the Leased Property is delivered to Lessee and at least thirty (30) days before the expiration of any such policies. By endorsement upon the policy or by independent instrument furnished to Bank, such insurer will agree that it will give Bank at least thirty (30) days' written notice prior to cancellation or alteration of the policy. Lessee will carry workers compensation insurance covering all employees working on, in, or about the Leased Property, and will require any other person or entity working on, in, or about the Leased Property to carry such coverage, and will furnish to Bank certificates evidencing such coverages throughout the Term of this Lease.

SECTION 4.2 Damage to or Destruction of the Leased Property. If all or any part of the Leased Property is lost, stolen, destroyed, or damaged, Lessee will give Bank prompt notice of such event and will, to the extent permitted by law, repair or replace the same at Lessee's cost. If such lost, stolen, destroyed or damaged Leased Property is equipment, it shall be repaired or replaced within thirty (30) days after such event. If such lost, stolen, destroyed or damaged Leased Property is other than equipment, it shall be repaired or replaced within one hundred eighty (180) days after such event. Any replaced Leased Property will be substituted in this Lease by appropriate endorsement. All insurance proceeds received by Bank under the policies required under Section 4.1 with respect to the Leased Property lost, stolen, destroyed, or damaged, will be paid to Lessee if the Leased Property is repaired or replaced by Lessee as required by this Section. If Lessee fails or refuses to make the required repairs or replacement, such proceeds will be paid to Bank to the extent of the then remaining portion of the Lease Payments to become due during the Scheduled Term of this Lease less that portion of such Lease Payments attributable to interest which will not then have accrued as provided in Section 8.1. No loss, theft, destruction, or damage to the Leased Property will impose any obligation on Bank under this Lease, and this Lease will continue in full force and effect regardless of such loss, theft, destruction, or damage. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss, theft, destruction, or damage to the Leased Property and for injuries or deaths of persons and damage to property however arising, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such damage to property be to Lessee's property or to the property of others.

ARTICLE V

COVENANTS

SECTION 5.1 Use of the Leased Property. The Lessee represents and warrants that it has an immediate and essential need for the Leased Property to carry out and give effect to the public purposes of the Lessee, which need is not temporary or expected to diminish in the foreseeable future, and that it expects to make immediate use of all of the Leased Property.

The Lessee hereby covenants that it will install, use, operate, maintain, and service the Leased Property in accordance with all vendors' instructions and in such a manner as to preserve all warranties and guarantees with respect to the Leased Property.

The Lessor hereby assigns to the Lessee, without recourse, for the Term of this Lease, all manufacturer warranties and guaranties, express or implied, pertinent to the Leased Property, and the Lessor directs the Lessee to obtain the customary services furnished in connection with such warranties and guaranties at the Lessee's expense; provided, however, that the Lessee hereby agrees that it will reassign to the Lessor all such warranties and guaranties in the event of termination of this Lease pursuant to Sections 3.3(a) or 3.3(c).

SECTION 5.2 Interest in the Leased Property and this Lease. Upon expiration of the Term as provided in Section 3.3(b) or 3.3(d) hereof, all right, title and interest of the Bank in and to all of the Leased Property shall be transferred to and vest in the Lessee, without the necessity of any additional document of transfer.

SECTION 5.3 Maintenance, Utilities, Taxes and Assessments.

(a) **Maintenance; Repair and Replacement.** Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all repair and maintenance of the Leased Property shall be the responsibility of the Lessee, and the Lessee shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property excepting ordinary wear and tear, and the Lessee hereby covenants and agrees that it will comply with all vendors' and manufacturers' maintenance and warranty requirements pertaining to the Leased Property. In exchange for the Lease Payments herein provided, the Bank agrees to provide only the Leased Property, as hereinbefore more specifically set forth.

(b) **Tax and Assessments; Utility Charges.** The Lessee shall also pay or cause to be paid all taxes and assessments, including but not limited to utility charges, of any type or nature charged to the Lessee or levied, assessed or charged against any portion of the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

(c) **Contests.** The Lessee may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; provided that prior to such nonpayment it shall furnish the Bank with the opinion of an independent counsel acceptable to the Bank to the effect that, by nonpayment of any such items, the interest of the Bank in such portion of the Leased Property will not be materially endangered and that the Leased Property will not be subject to loss or forfeiture. Otherwise, the Lessee shall promptly pay such taxes, assessments or charges or make provisions for the payment thereof in form satisfactory to the Bank.

SECTION 5.4 Modification of the Leased Property.

(a) **Additions, Modifications and Improvements.** The Lessee shall, at its own expense, have the right to make additions, modifications, and improvements to any portion of the Leased Property if such improvements are necessary or beneficial for the use of such portion of the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage any portion of the Leased Property or cause it to be used for purposes other

than those authorized under the provisions of State and federal law or in any way which would impair the exclusion from gross income for federal income tax purposes of the interest components of the Lease Payments; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is not substantially less than the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

(b) No Liens. Except for Permitted Encumbrances, the Lessee will not permit (i) any liens or encumbrances to be established or remain against the Leased Property or (ii) any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any additions, modifications or improvements made by the Lessee pursuant to this Section; provided that if any such mechanic's lien is established and the Lessee shall first notify or cause to be notified the Bank of the Lessee's intention to do so, the Lessee may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Bank with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Bank. The Bank will cooperate fully in any such contest.

SECTION 5.5 Permits. The Lessee will provide all permits and licenses necessary for the ownership, possession, operation, and use of the Leased Property, and will comply with all laws, rules, regulations, and ordinances applicable to such ownership, possession, operation, and use. If compliance with any law, rule, regulation, ordinance, permit, or license requires changes or additions to be made to the Leased Property, such changes or additions will be made by the Lessee at its own expense.

SECTION 5.6 Bank's Right to Perform for Lessee. If the Lessee fails to make any payment or to satisfy any representation, covenant, warranty, or obligation contained herein or imposed hereby, the Bank may (but need not) make such payment or satisfy such representation, covenant, warranty, or obligation, and the amount of such payment and the expense of any such action incurred by the Bank, as the case may be, will be deemed to be additional rent payable by the Lessee on the Bank's demand.

SECTION 5.7 Bank's Disclaimer of Warranties. The Bank has played no part in the selection of the Leased Property, the Lessee having selected the Leased Property independently from the Bank. The Bank, at the Lessee's request, has acquired or arranged for the acquisition of the Leased Property and shall lease the same to the Lessee as herein provided, the Bank's only role being the facilitation of the financing of the Leased Property for the Lessee. **THE BANK MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE LESSEE OF THE LEASED PROPERTY, OR ANY PORTION THEREOF. THE LESSEE ACKNOWLEDGES THAT THE BANK IS NOT A MANUFACTURER OR VENDOR OF ALL OR ANY PORTION OF THE LEASED PROPERTY, AND THAT THE LESSEE IS LEASING THE LEASED PROPERTY AS IS.** In no event shall the Bank be liable for incidental, direct, indirect, special or consequential damages, in connection with or arising out of this Lease, for the existence, furnishing, functioning or Lessee's use and possession of the Leased Property.

SECTION 5.8 Indemnification. To the extent permitted by applicable law, the Lessee hereby agrees to indemnify and hold harmless the Bank, its directors, officers, shareholders, employees, agents, and successors from and against any loss, claim, damage, expense, and liability resulting from or attributable to the acquisition, construction, or use of the Leased Property. Notwithstanding the foregoing, the Bank shall not be indemnified for any liability resulting from the gross negligence or willful misconduct of the Bank.

SECTION 5.9 Inclusion for Consideration as Budget Item. During the Term of this Lease, the Lessee covenants and agrees that it shall give due consideration, in accordance with applicable law, as an item for expenditure during its annual budget considerations, of an amount necessary to pay Lease Payments for the Leased Property during the next succeeding Renewal Term. Nothing herein shall be construed to direct or require that Lessee take or direct that any legislative act be done, or that the Governing Body of Lessee improperly or unlawfully delegate any of its legislative authority.

SECTION 5.10 Annual Financial Information. During the Term of this Lease, the Lessee covenants and agrees to provide the Bank as soon as practicable when they are available: (i) a copy of the Lessee's final annual budget for each fiscal year; (ii) a copy of the Lessee's most recent financial statements; and (iii) any other financial reports the Bank may request from time to time.

ARTICLE VI

ASSIGNMENT AND SUBLEASING

SECTION 6.1 Assignment by the Bank. The parties hereto agree that all rights of Bank hereunder may be assigned, transferred or otherwise disposed of, either in whole or in part, including without limitation transfer to a trustee pursuant to a trust arrangement under which the trustee issues certificates of participation evidencing undivided interests in this Lease and/or the rights to receive Lease Payments hereunder, provided that notice of any such assignment, transfer or other disposition is given to Lessee.

SECTION 6.2 Assignment and Subleasing by the Lessee. The Lessee may not assign this Lease or sublease all or any portion of the Leased Property unless both of the following shall have occurred: (i) the Bank shall have consented to such assignment or sublease; and (ii) the Bank shall have received assurance acceptable to the Bank that such assignment or sublease: (A) is authorized under applicable state law, (B) will not adversely affect the validity of this Lease, and (C) will not adversely affect the exclusion from gross income for federal income tax purposes of the interest components of the Lease Payments.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.1 Events of Default Defined. The following shall be "events of default" under this Lease and the terms "events of default" and "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) Payment Default. Failure by the Lessee to pay any Lease Payment required to be paid hereunder by the corresponding Lease Payment Date.

(b) Covenant Default. Failure by the Lessee to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto other than as referred to in clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Bank; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Bank shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(c) Bankruptcy or Insolvency. The filing by the Lessee of a case in bankruptcy, or the subjection of any right or interest of the Lessee under this Lease to any execution, garnishment or

attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

The foregoing provisions of this Section 7.1 are subject to the provisions of Section 3.2 hereof with respect to nonappropriation.

SECTION 7.2 Remedies on Default. Whenever any event of default referred to in Section 7.1 hereof shall have happened and be continuing, the Bank shall have the right, at its sole option without any further demand or notice to take one or any combination of the following remedial steps:

(a) take possession of the Leased Property by virtue of the Bank's ownership interest as lessor of the Leased Property;

(b) hold the Lessee liable for the difference between (i) the rents and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term, as appropriate, and (ii) the rent paid by a lessee of the Leased Property pursuant to such lease; and

(c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Lease, the Security Documents (defined in Section 9.3), the Escrow Agreement or as a secured party in any or all of the Leased Property or the Escrow Account hereunder.

(d) terminate the Escrow Agreement and apply the proceeds in the Escrow Account to the Lease Payments due hereunder.

SECTION 7.3 No Remedy Exclusive. No remedy conferred herein upon or reserved to the Bank is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

SECTION 7.4 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will pay on demand to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

SECTION 7.5 Waiver of Certain Damages. With respect to all of the remedies provided for in this Article VII, the Lessee hereby waives any damages occasioned by the Bank's repossession of the Leased Property upon an event of default.

ARTICLE VIII

PREPAYMENT OF LEASE PAYMENTS IN PART

SECTION 8.1 Extraordinary Prepayment from Net Proceeds. To the extent, if any, required pursuant to Section 4.1 the Lessee shall be obligated to purchase the Leased Property by prepaying the Lease Payments in whole or in part on any date, from and to the extent of any Net Proceeds or other moneys pursuant to Article IV hereof. The Lessee and the Bank hereby agree that in the case of such prepayment of the Lease Payments in part, such Net Proceeds or other moneys shall be credited toward the Lessee's obligations hereunder pro rata among Lease Payments so that following prepayment, the remaining annual Lease Payments will be proportional to the initial annual Lease Payments.

SECTION 8.2 Option to Purchase Leased Property. Subject to the terms and conditions of this Section, the Bank hereby grants an option to the Lessee to purchase all or a portion of the Leased Property by paying on any date a price equal to the portion of the outstanding principal component of the Lease Payments that is allocable to such portion of the Leased Property that is being so purchased, without premium, plus the accrued interest component of such portion of the Lease Payments to such payment date. To exercise this option, the Lessee must deliver to the Bank written notice specifying the date on which the Leased Property is to be purchased (the "Closing Date"), which notice must be delivered to the Bank at least thirty (30) days prior to the Closing Date specified therein. The Lessee may purchase the Leased Property pursuant to the option granted in this Section only if the Lessee has made all Lease Payments when due (or has remedied any defaults in the payment of Lease Payments, in accordance with the provisions of this Lease) and all other warranties, representations, covenants, and obligations of the Lessee under this Lease have been satisfied (or all breaches thereof have been waived by the Bank in writing).

Upon the expiration of the Scheduled Term of this Lease and provided that all conditions of the immediately preceding paragraph have been satisfied (except those pertaining to notice), the Lessee shall be deemed to have purchased the Leased Property (without the need for payment of additional moneys) and shall be vested with all rights and title to the Leased Property.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 Notices. Unless otherwise specifically provided herein, all notices shall be in writing addressed to the respective party as set forth below (or to such other address as the party to whom such notice is intended shall have previously designated by written notice to the serving party), and may be personally served, telecopied, or sent by overnight courier service or United States mail:

If to Bank:

ZIONS BANCORPORATION, N.A.
One South Main Street, 17th Floor
Salt Lake City, Utah 84133
Attention: Kirsi Hansen

If to the Lessee:

City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
Attention: Cherie Wright

Such notices shall be deemed to have been given: (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted by 4:00 p.m. (Salt Lake City time) on a Business Day or, if not, on the next succeeding Business Day; (c) if delivered by overnight courier, two Business Days after delivery to such courier properly addressed; or (d) if by United States mail, four Business Days after depositing in the United States mail, postage prepaid and properly addressed.

SECTION 9.2 System of Registration. The Lessee shall be the Registrar for this Lease and the rights to payments hereunder. The Bank shall be the initial Registered Owner of rights to receive payments hereunder. If the Bank transfers its rights to receive payments hereunder, the Registrar shall note on this Lease the name and address of the transferee.

SECTION 9.3 Instruments of Further Assurance. To the extent, if any, that the Bank's interest in the Leased Property as Lessor under this Lease is deemed to be a security interest in the Leased Property, then the Lessee shall be deemed to have granted, and in such event the Lessee does hereby grant, a security interest in the Leased Property and any moneys and investments held from time to time in the Escrow Account to the Bank, which security interest includes proceeds, and this Lease shall constitute a security agreement under applicable law. Concurrently with the execution of this Lease, the Lessee has executed, delivered, and filed and/or recorded all financing statements, UCC forms, mortgages, deeds of trust, notices, filings, and/or other instruments, in form required for filing and/or recording thereof, as are required under applicable law to fully perfect such security interest of the Bank in the Leased Property (collectively, "Security Documents"). Attached hereto as Exhibit E are copies of all such Security Documents. The Lessee will do, execute, acknowledge, deliver and record, or cause to be done, executed, acknowledged, delivered and recorded, such additional acts, notices, filings and instruments as the Bank may require in its sole discretion to evidence, reflect and perfect the title, ownership, leasehold interest, security interest and/or other interest of the Bank in and to any part or all of the Leased Property, promptly upon the request of the Bank.

SECTION 9.4 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Bank and the Lessee and their respective successors and assigns.

SECTION 9.5 Amendments. This Lease may be amended or modified only upon the written agreement of both the Bank and the Lessee.

SECTION 9.6 Section Headings. Section headings are for reference only and shall not be used to interpret this Lease.

SECTION 9.7 Severability. In the event any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, to the extent permitted by law, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 9.8 Entire Agreement. This Lease and the attached Exhibits constitute the entire agreement between the Bank and the Lessee and supersedes any prior agreement between the Bank and the Lessee with respect to the Leased Property, except as is set forth in an Addendum, if any, which is made a part of this Lease and which is signed by both the Bank and the Lessee.

SECTION 9.9 Execution in Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.10 Arbitration. To the extent permitted by law, any dispute, controversy or claim arising out of or based upon the terms of this Lease or the transactions contemplated hereby shall be settled exclusively and finally by binding arbitration. Upon written demand for arbitration by any party hereto, the parties to the dispute shall confer and attempt in good faith to agree upon one arbitrator. If the parties have not agreed upon an arbitrator within thirty (30) days after receipt of such written demand, each party to the dispute shall appoint one arbitrator and those two arbitrators shall agree upon a third arbitrator. Any arbitrator or arbitrators appointed as provided in this section shall be selected from panels maintained by, and the binding arbitration shall be conducted in accordance with the commercial arbitration rules of, the American Arbitration Association (or any successor organization), and such arbitration shall be binding upon the parties. The arbitrator or arbitrators shall have no power to add or detract from the agreements of

the parties and may not make any ruling or award that does not conform to the terms and conditions of this Lease. The arbitrator or arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages. Judgment upon an arbitration award may be entered in any court having jurisdiction. The prevailing party in the arbitration proceedings shall be awarded reasonable attorney fees and expert witness costs and expenses.

SECTION 9.11 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 9.12 Immigration. To the extent applicable and except as stated below, pursuant to the provisions of the Section 41-4401 of the Arizona Revised Statutes, and in accordance with federal law and Bank's practice, Bank hereby warrants and certifies that Bank complies with the Immigration Reform and Control Act of 1986 and employment with the Bank is contingent on the successful completion of the I-9 verification process and the E-Verify requirements of Section 23-214(A) of the Arizona Revised Statutes. Such employment with Bank is not contingent on any of the other requirements of Section 23-214(A). Bank does not knowingly employ any individuals in the United States who are not legally authorized to work in the United States. For associate confidentiality reasons, Bank generally does not disclose or allow the inspection of its personnel records of its associates to third parties, including I-9 or e-Verify documentation. However, if there are concerns about an individual's eligibility to perform work in connection with this Agreement, please contact Lessor in accordance with Section 9.1 of this Agreement and Lessor will investigate and respond to these concerns.

SECTION 9.13 Boycotting Israel. Pursuant to Section 35-393 et seq., Arizona Revised Statutes, Bank hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If it is determined that Bank's certification above is false or that it has breached such agreement, Lessee may impose remedies as provided by law.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the Bank has caused this Lease to be executed in its name by its duly authorized officer, and the Lessee has caused this Lease to be executed in its name by its duly authorized officer, as of the date first above written.

ZIONS BANCORPORATION, N.A., as Lessor

By: _____
Authorized Officer

CITY OF SEDONA, as Lessee

By: _____

Title

EXHIBIT A

FIXED RATE

LEASE PAYMENT DEBT SERVICE SCHEDULE*

1. Interest. Interest components payable on the principal amount outstanding have been computed at the rate of one and nineteen hundredths percent (1.19 %) per annum calculated based on twelve 30-day months during a 360-day year.

2. Payment Dates and Amounts.

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/01/2021	-	-	-	-	-
10/01/2022	138,684.79	1.190%	8,450.49	147,135.28	147,135.28
10/01/2023	140,335.14	1.190%	6,800.14	147,135.28	147,135.28
10/01/2024	142,005.12	1.190%	5,130.15	147,135.27	147,135.27
10/01/2025	143,694.99	1.190%	3,440.29	147,135.28	147,135.28
10/01/2026	145,404.96	1.190%	1,730.32	147,135.28	147,135.28
Total	\$710,125.00	-	\$25,551.39	\$735,676.39	-

EXHIBIT B

DESCRIPTION OF THE LEASED PROPERTY

Five (5) 2020 Starcraft Allstar 25' E450 Shuttle Buses

(VIN #s will follow once production of the buses are further along)

EXHIBIT C

RESOLUTION OF GOVERNING BODY

A resolution approving the form of the Lease/Purchase Agreement with ZIONS BANCORPORATION, N.A., Salt Lake City, Utah and authorizing the execution and delivery thereof.

Whereas, The City Council (the “Governing Body”) of City of Sedona (the “Lessee”) has determined that the leasing of the property described in the Lease/Purchase Agreement (the “Lease/Purchase Agreement”) presented at this meeting is for a valid public purpose and is essential to the operations of the Lessee; and

Whereas, the Governing Body has reviewed the form of the Lease/Purchase Agreement and has found the terms and conditions thereof acceptable to the Lessee; and

Whereas, either there are no legal bidding requirements under applicable law to arrange for the leasing of such property under the Lease/Purchase Agreement, or the Governing Body has taken the steps necessary to comply with the same with respect to the Lease/Purchase Agreement.

Be it resolved by the Governing Body of City of Sedona as follows:

SECTION 1. The terms of said Lease/Purchase Agreement are in the best interests of the Lessee for the leasing of the property described therein.

SECTION 2. The appropriate officers and officials of the Lessee are hereby authorized and directed to execute and deliver the Lease/Purchase Agreement in substantially the form presented to this meeting and any related documents and certificates necessary to the consummation of the transactions contemplated by the Lease/Purchase Agreement for and on behalf of the Lessee. The officers and officials of the Lessee may make such changes to the Lease/Purchase Agreement and related documents and certificates as such officers and officials deem necessary or desirable, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The officers and officials of the Governing Body and the Lessee are hereby authorized and directed to fulfill all obligations under the terms of the Lease/Purchase Agreement.

Adopted and approved this _____ day of _____, 2021.

By _____

Print Name _____

Title _____

Attest:

By _____

Print Name _____

Title _____

STATE OF ARIZONA

)

) ss.

COUNTY OF COCONINO

)

I, _____ hereby certify that I am the duly qualified and acting
_____ of City of Sedona (the "Lessee").
(Title)

I further certify that the above and foregoing instrument constitutes a true and correct copy of the minutes of a regular meeting of the governing body including a Resolution adopted at said meeting held on September 28, 2021, as said minutes and Resolution are officially of record in my possession, and that a copy of said Resolution was deposited in my office on _____, 2021.

In witness whereof, I have hereunto set my hand on behalf of the Lessee this _____ day of _____, 2021.

By _____

Print Name _____

Title _____

EXHIBIT D
Opinion of Lessee's Counsel

To: ZIONS BANCORPORATION, N.A.
One South Main Street, 17th Floor
Salt Lake City, Utah 84133

As counsel for City of Sedona (“Lessee”), I have examined duly executed originals of the Lease/Purchase Agreement (the “Lease”) dated this 1st day of October, 2021, between the Lessee and ZIONS BANCORPORATION, N.A., Salt Lake City, Utah (“Bank”), and the proceedings taken by Lessee to authorize and execute the Lease (the “Proceedings”). Based upon such examination as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a body corporate and politic, legally existing under the laws of the State of Arizona (the “State”).
2. The Lease and the Proceedings have been duly adopted, authorized, executed, and delivered by Lessee, and do not require the seal of Lessee to be effective, valid, legal, or binding.
3. The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Proceedings were adopted and the Lessee's execution of the Lease was authorized.
4. The Lease is a legal, valid, and binding obligation of Lessee, enforceable against Lessee in accordance with its terms except as limited by the state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws of general application affecting the enforcement of creditor's rights generally.
5. Either there are no usury laws of the State applicable to the Lease, or the Lease is in accordance with and does not violate all such usury laws as may be applicable.
6. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property (as defined in the Lease) from the Bank under the Lease, or the acquisition and leasing of the Leased Property from the Bank under the Lease comply with all such procurement and public bidding laws as may be applicable.
7. There are no legal or governmental proceedings or litigation pending or, to the best of my knowledge, threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of the Lease.
8. The adoption, execution and/or delivery of the Lease and the Proceedings, and the compliance by the Lessee with their provisions, will not conflict with or constitute a breach of or default under any court decree or order or any agreement, indenture, lease or other instrument or any existing law or administrative regulation, decree or order to which the Lessee is subject or by which the Lessee is or may be bound.
9. Although we are not opining as to the ownership of the Leased Property or the priority of liens thereon, it is also our opinion that the Security Documents attached as Exhibit E to the Lease are sufficient in substance, form, and description, and indicated place, address, and method of filing and/or recording, to completely and fully perfect the security interest in every portion of the Leased Property granted under the Lease, and no other filings and/or recordings are necessary to fully perfect said security interest in the Leased Property.

Attorney for Lessee

EXHIBIT E

SECURITY DOCUMENTS

[Attach Certificates of Title showing ZIONS BANCORPORATION, N.A. as the lien holder]

EXHIBIT F

DELIVERY AND ACCEPTANCE CERTIFICATE

To: ZIONS BANCORPORATION, N.A.
One South Main Street, 17th Floor
Salt Lake City, Utah 84133

Reference is made to the Lease/Purchase Agreement between the undersigned (“Lessee”), and ZIONS BANCORPORATION, N.A. (the “Bank”), dated October 1, 2021 , (the “Lease”) and to that part of the Leased Property described therein which comprises personal property (collectively, the “Equipment”). In connection therewith we are pleased to confirm to you the following:

1. All of the Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that the Bank is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The vehicle identification number for each item of Equipment which is set forth on Exhibit “B” to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Lessee:

CITY OF SEDONA

By: _____
(Authorized Signature)

Date: _____

FORM OF ESCROW AGREEMENT

This Escrow Agreement (this “Agreement”) dated October 1, 2021, by and among ZIONS BANCORPORATION, N.A., a national banking association (hereinafter referred to as “Lessor”), CITY OF SEDONA, a body politic and corporate of the State of Arizona (hereinafter referred to as “Lessee”), and ZIONS BANCORPORATION, National Association, a national banking association (hereinafter referred to as “Escrow Agent”).

Reference is made to that certain Lease/Purchase Agreement, dated October 1, 2021, between Lessor and Lessee (hereinafter referred to as the “Lease”), covering the acquisition and lease of certain Leased Property described therein (the “Leased Property”). It is a requirement of the Lease that the Acquisition Amount be deposited with the Escrow Agent hereunder for the purpose of providing a mechanism for the application of such amounts to the payment of Leased Property costs.

The parties agree as follows:

1. Creation of Escrow Account.

(a) There is hereby created a special trust fund to be known as the “City of Sedona Escrow Account” (the “Escrow Account”) to be held in trust by the Escrow Agent for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof. On the date hereof, from proceeds of the Lease, Lessor has caused the amount of \$710,125.00 to be transferred to Escrow Agent for deposit into the Escrow Account.

(b) The Escrow Agent shall invest and reinvest moneys on deposit in the Escrow Account in Qualified Investments in accordance with written instructions received from Lessee. Lessee shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Escrow Agent for the reinvestment of any maturing investment. Accordingly, neither the Escrow Agent nor Lessor shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Escrow Account, and Lessee agrees to and does hereby release the Escrow Agent and Lessor from any such liability, cost, expenses, loss or claim. Interest on the Escrow Account shall become part of the Escrow Account, and gains and losses on the investment of the moneys on deposit in the Escrow Account shall be borne by the Escrow Account. The Escrow Agent shall have no discretion whatsoever with respect to the management, disposition or investment of the Escrow Account and is not a trustee or a fiduciary to Lessee. The Escrow Agent shall not be responsible for any market decline in the value of the Escrow Account and has no obligation to notify Lessor and Lessee of any such decline or take any action with respect to the Escrow Account, except upon specific written instructions stated herein. For purposes of this agreement, “Qualified Investments” means any investments which meet the requirements of the investment of public funds by Lessee in accordance with applicable Arizona law and any applicable policy that the governing body of the Lessee has adopted with respect to the investment of public funds.

(c) Lessee covenants that all investments of amounts deposited in the Escrow Account or other fund containing gross proceeds of the Lease will be acquired, disposed of and valued at the fair market value thereof. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”) will be valued at their present value. Terms used in this subsection (c) shall have the meanings given them in the applicable provisions of the Code.

(d) Unless the Escrow Account is earlier terminated in accordance with the provisions of paragraph (e) below, amounts in the Escrow Account shall be disbursed by the Escrow Agent in payment of amounts described in Section 2 hereof upon receipt of written authorization(s) from Lessor, as is more fully described in Section 2 hereof. If the amounts in the Escrow Account are insufficient to pay such amounts, Lessee shall provide any balance of the funds needed to complete the acquisition of the Leased Property. Any moneys remaining in the Escrow Account on or after the date on which Lessee executes the Delivery and Acceptance Certificate shall be applied as provided in Section 4 hereof.

(e) The Escrow Account shall be terminated at the earliest of (i) the final distribution of amounts in the Escrow Account (including delivery to Lessor by Lessee of an executed Delivery and Acceptance Certificate contained in the Lease), or (ii) written notice given by Lessor of the occurrence of a default or non-appropriation of the Lease.

(f) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Escrow Agent, and for the disposition of the same in accordance herewith. In the event conflicting instructions as to the disposition of all or any portion of the Escrow Account are at any time given by Lessor and Lessee, the Escrow Agent shall abide by the instructions or entitlement orders given by Lessor without consent of the Lessee.

(g) Unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees to and does hereby release and indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, does to the extent permitted by law indemnify the Escrow Agent against any and all expenses; including reasonable attorneys’ fees and the cost of defending any action, suit or proceeding or resisting any claim.

(h) If Lessee and Lessor shall be in disagreement about the interpretation of the Lease, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Escrow Agent shall be reimbursed by Lessee for all costs, including reasonable attorneys’ fees, in connection with such civil action, and shall be fully

protected in suspending all or part of its activities under the Lease until a final judgment in such action is received.

(i) The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct.

(j) Lessee shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for extraordinary administration of the Escrow Account and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Escrow Account.

(k) The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation (the "Effective Date"), which shall be a date not less than 90 days after such notice is delivered to an express carrier, charges prepaid, unless an earlier resignation date and the appointment of a successor shall have been approved by the Lessee and Lessor. After the Effective Date, the Escrow Agent shall be under no further obligation except to hold the Escrow Account in accordance with the terms of this Agreement, pending receipt of written instructions from Lessor regarding further disposition of the Escrow Account.

(l) The Escrow Agent shall have no responsibilities, obligations or duties other than those expressly set forth in this Agreement and no fiduciary or implied duties, responsibilities or obligations shall be read into this Agreement.

2. Acquisition of Property.

(a) Acquisition Contracts. Lessee will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Leased Property, with moneys available in the Escrow Account. Lessee represents the estimated costs of the Leased Property are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor shall have no liability under any of the acquisition or construction contracts. Lessee shall obtain all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Leased Property, and the operation and maintenance thereof.

(b) Authorized Escrow Account Disbursements. Disbursements from the Escrow Account shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the Leased Property Costs and any delivery costs.

(c) Requisition Procedure. No disbursement from the Escrow Account shall be made unless and until Lessor has approved such requisition. Prior to disbursement from the Escrow Account there shall be filed with the Escrow Agent a requisition for such payment in the form of Disbursement Request attached hereto as Schedule 1, stating each amount to be paid and

the name of the person, firm or corporation to whom payment thereof is due. Each such requisition shall be signed by Cherie Wright (including her successors or anyone whom her successors may appoint to sign) of Lessee (an "Authorized Representative") and by Kirsi Hansen or her designees of Lessor, and shall be subject to the following:

1. Delivery to Lessor of an executed Disbursement Request in the form attached hereto as Schedule 1 certifying that:

(i)(A) an obligation in the stated amount has been incurred by Lessee, and that the same is a proper charge against the Escrow Account for costs relating to the Leased Property identified in the Lease, and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof); (B) the Leased Property relating to such obligation has been delivered, installed, is operating in a manner consistent with the manufacturer's intended use and has been inspected and finally accepted for all purposes by Lessee, and (C) Lessee has conducted such inspection and/or testing of the Leased Property relating to such obligation as it deems necessary and appropriate in order to determine the Leased Property's capability and functionality in order to accept such Leased Property; (ii) the Lessee has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made; (iii) such requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date of such certificate, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee); (iv) the Leased Property is insured in accordance with the Lease; (v) no Event of Default (nor any event which, with notice or lapse of time or both, would become an Event of Default) has occurred and is continuing and (vi) the representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof; and

2. Delivery to Lessor invoices (and proofs of payment of such invoices, if Lessee seeks reimbursement); bills of sale (if title to such Leased Property has passed to Lessee); a description, and serial and/or VIN number for each item and any additional documentation reasonably requested by Lessor;

3. Deposit to Escrow Account. Upon execution of the Lease and the satisfaction of any conditions specified in the Lease or otherwise, Lessor will cause the Acquisition Amount of \$710,125.00 to be deposited into the Escrow Account. Lessee agrees to pay any costs with respect to the Leased Property in excess of amounts available therefor in the Escrow Account and to pay delivery costs in excess of amounts available therefor in the Escrow Account; provided, however, that any amount required for either such purpose shall be payable solely from moneys that have been appropriated by Lessee for such purpose.

4. Excessive Escrow Account. Any funds remaining in the Escrow Account on or after the date on which Lessee executes the Delivery and Acceptance Certificate, or upon a

termination of the Escrow Account as otherwise provided herein, shall be delivered by the Escrow Agent to Lessor, and Lessor shall apply such funds to amounts owed under the Lease.

5. Security Interest. The Escrow Agent and Lessee acknowledge and agree that the Escrow Account and all proceeds thereof are being held by Escrow Agent for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first priority perfected security interest in the Escrow Account and all proceeds thereof, and all investments made with any amounts in the Escrow Account. If the Escrow Account or any part thereof, is converted to investments as set forth in this agreement, such investments shall be made in the name of Escrow Agent and the Escrow Agent hereby agrees to hold such investments as bailee for Lessor so that Lessor is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. Control of Escrow Account. In order to perfect Lessor's security interest by means of control in (i) the Escrow Account established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Escrow Account, (iii) all of Lessee's rights in respect of the Escrow Account, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Escrow Agent further agree as follows:

(a) All terms used in this Section 6 which are defined in the Uniform Commercial Code of the State of Arizona ("Commercial Code") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Escrow Agent will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Escrow Agent hereby represents and warrants (a) that the records of Escrow Agent show that Lessee is the sole owner of the Collateral, (b) that Escrow Agent has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Agreement, and (c) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Lessor under this Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, Escrow Agent may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Escrow Account, but will not, without the prior written consent

of Lessor, allow Lessee to withdraw any Collateral from the Escrow Account. Escrow Agent acknowledges that Lessor reserves the right, by delivery of written notice to Escrow Agent, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Escrow Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Lessor to Escrow Agent (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Lessor to Escrow Agent.

(g) Escrow Agent will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Escrow Agent will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Escrow Agent and Lessee hereby agree that any property held in the Escrow Account shall be treated as a financial asset under such section of the Commercial Code, notwithstanding any contrary provision of any other agreement to which Escrow Agent may be a party.

(i) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth in Section 7 below, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Escrow Account statements or reports issued or sent to Lessee with respect to the Escrow Account.

7. Information Required Under USA PATRIOT ACT. The parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the Escrow Agent such information as it may request, from time to time, in order for the Escrow Agent to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

8. Fee Schedule; Initial Fee. \$1,500.00, annually.

9. Miscellaneous.

(a) Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This agreement may not be amended except in writing signed by

all parties hereto. This agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below:

If to Lessor: ZIONS BANCORPORATION, N.A.
 1 South Main Street 17th Floor
 Salt Lake City, UT 84133
 Attn: Jon Dunfield, Vice President

If to Lessee: City of Sedona
 102 Roadrunner Dr.
 Sedona, AZ 86336
 Attn: Cherie Wright

If to Escrow Agent: ZIONS BANCORPORATION, National Association
 Corporate Trust Department
 6001 North 24th Street, Bldg. B
 Phoenix, AZ 85016
 Attn: April Holland, Corporate Trust Officer

(b) As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the District may, within three (3) years of the execution hereof, cancel this Agreement without penalty or further obligations, if any person significantly involved in initiating, negotiation, securing, drafting or creating this Agreement on behalf of the District is, at any time while this Agreement or any extension of this Agreement is in effect, an employee or agent of the Escrow Agent or a consultant to the Escrow Agent with respect to the subject matter of this Agreement. The cancellation shall be effective when written notice from the District is received by the Escrow Agent unless the notice specifies a later time.

In Witness Whereof, the parties have executed this Escrow Agreement as of the date first above written.

ZIONS BANCORPORATION, N.A.
as Lessor

CITY OF SEDONA
as Lessee

By: _____
_____, Vice President

By: _____
Its: _____

ZIONS BANCORPORATION, National Association
as Escrow Agent

By: _____
April Holland, Corporate Trust Officer

SCHEDULE 1

TO THE ESCROW AGREEMENT

FORM OF DISBURSEMENT REQUEST

Re: Lease/Purchase Agreement, dated October 1, 2021 (the “Lease”), between ZIONS BANCORPORATION, N.A., as Lessor, and CITY OF SEDONA, as Lessee (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease.)

In accordance with the terms of the Escrow Agreement, dated October 1, 2021 (the “Escrow Agreement”) by and among ZIONS BANCORPORATION, N.A., a national banking association (“Lessor”), CITY OF SEDONA (“Lessee”) and ZIONS BANCORPORATION, National Association, (the “Escrow Agent”), the undersigned hereby requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow Agreement for the following purposes:

PAYEE’S NAME AND ADDRESS	INVOICE NUMBER	DOLLAR AMOUNT	PURPOSE (INCLUDE SERIAL AND/OR VIN NUMBER)

The undersigned hereby certifies as follows:

(i) The date on which “acceptance” occurred with respect to the portion of the Leased Property for which disbursement is hereby requested is _____, and such portion of Leased Property is hereby accepted by Lessee for all purposes of the Lease.

(ii) An obligation in the stated amount has been incurred by Lessee, and the same is a proper charge against the Escrow Account for costs relating to the Leased Property identified in the Lease, and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof), and the Leased Property relating to such obligation has been delivered, installed, is operating in a manner consistent with the manufacturer's intended use and has been inspected and finally accepted for all purposes by Lessee. Lessee has conducted such inspection and/or testing of the Leased Property relating to such obligation as it deems necessary and appropriate in order to determine the

Leased Property's capability and functionality in order to accept such Leased Property. Attached hereto is the original invoice with respect to such obligation.

(iii) The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(iv) This requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

(v) The Leased Property is insured in accordance with the Lease.

(vi) No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the Lease has occurred and is continuing at the date hereof.

(vii) No Material Adverse Change in Lessee's financial condition shall have occurred since the date of the execution of the Lease.

(ix) The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

Dated: _____

By: _____
Authorized Representative

Disbursement of funds from the Escrow Account in accordance with the foregoing Disbursement Request hereby is authorized

ZIONS BANCORPORATION, N.A.,
as Lessor under the Lease

By: _____
Name: _____
Title: _____



**CITY COUNCIL
AGENDA BILL**

**AB 2464
September 28, 2021
Regular Business**

Agenda Item: 8a

Proposed Action & Subject: Public hearing/discussion/possible action regarding: 1) an Ordinance adopting proposed new wastewater capacity fees in accordance with A.R.S. § 9-511.01, and 2) a Resolution and Ordinance amending Title 13, Division I, Chapter 13.15 of the Sedona City Code (Wastewater).

Department Financial Services/Wastewater

Time to Present 15 minutes

Total Time for Item 45 minutes

Other Council Meetings November 13, 2018, March 26, 2019, August 13, 2019, January 29, 2020, March 24, 2020, May 25, 2021, July 27, 2021

- Exhibits**
- A. Wastewater Capacity Fee Study
 - B. Consultant's PowerPoint Presentation
 - C. Proposed Ordinance approving new wastewater capacity fees
 - D. Proposed Resolution creating a public record of changes to Chapter 13.15 of the Sedona City Code
 - E. Proposed Ordinance adopting changes to Chapter 13.15 of the Sedona City Code

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	Adopt new wastewater capacity fees and modify the City's wastewater ordinance accordingly.	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.

On August 13, 2019, the consultants presented the rate study results based on the policy direction given. During that meeting, Council asked the consultants to update the study to provide a modified water-based option, a flat rate option, and an alternative capacity fee option.

On January 29, 2020, the consultants presented additional options and Council asked that additional adjustments be made to several of the options presented. The consultants were tentatively scheduled to present those changes on May 13, 2020; however, due to the impacts of COVID-19 and constraints on City staff capacity, the study was temporarily put on hold.

On March 24, 2020, Council was asked to approve the changes to the General Fund subsidies to the Wastewater Fund as proposed by the consultants.

Evaluation of options for the monthly service fees has not been completed; however, due to the less complicated nature of the capacity fee options and the potential benefit to advancing affordable housing priorities, staff requested the consultants address the capacity fee portion of the study first. Due to the significant amount of time since the study was first created, the consultants updated the calculations with the most recent financial data available.

On May 25, 2021, Council adopted a Notice of Intention to Increase Wastewater Rates in accordance with the study recommendations and set the public hearing date for July 27, 2021. Based on this action, the City Clerk published the Notice of Intention in accordance with A.R.S. § 9-499.15. This notice was posted on the City's website for 60 days and published in the local newspaper.

On July 27, 2021, Council adopted a revised Notice of Intention to Increase Wastewater Rates to accommodate publication in the newspaper for the public hearing as required by A.R.S. § 511.01.A.2.

This item includes a Public Hearing and a request for the City Council to adopt the final ordinance changing the capacity fees and fee structure. The new rates will become effective November 1, 2021.

The consultant report for the sewer capacity fee 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 fees to wastewater fees of other cities and is attached as Exhibit B.

Policy and Other Previous Direction Provided:

During the previous Council meetings, the Council provided the following direction regarding policy decisions related to the capacity fee structure:

- Currently, the capacity fees vary by customer 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.

- 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 and a water supply fixture unit (WSFU) based methodology was recommended at the August 13, 2019 Council meeting.
- No further options were identified in the January 29, 2020 meeting specific to capacity fees, so staff requested the consultants address this portion of the study separately.

Proposed Rate Structure:

Capacity fees are charged to new development (and remodels which expand capacity) 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 future projects that add to the system capacity.

The proposed rate structure for capacity fees is based on water supply fixture units (WSFUs). WSFUs 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.

The proposed rate structure assesses capacity fees based on ranges of WSFUs up to 55.0 WSFUs and a per WSFU fee for additional WSFUs exceeding 55.0. These ranges are anticipated to accommodate up to very large single-family homes that are being built in Sedona.

Except in cases where total WSFUs are altered within 3 years of construction or within 3 years of the most recent remodel or other changes affecting total WSFUs unless otherwise approved by the chief building official, additional capacity fees would not be applicable for remodels or other changes adding 3.0 WSFUs or fewer. Excluding 3.0 WSFUs 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.

Effective Date of New Rates. If approved, the new rates would be effective November 1, 2021.

Annual Capacity Fee 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.

Changes to Chapter 13.15:

The changes proposed to the wastewater capacity fees require changes in methods and processes. Implementation of these changes requires updates to Chapter 13.15 of the Sedona City Code. Staff is proposing these Code changes along with other changes to update the Code for current practices.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

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

MOTION

1: *Adoption of Ordinance setting new wastewater capacity fees:*

(After First Reading)

I move to: approve Ordinance No. 2021-____, setting new wastewater capacity fee charges.

**2: *Adoption of an Ordinance and Resolution amending Chapter 13
(Wastewater) of the Sedona City Code.***

I move to: approve Resolution No. 2021-__, creating a public record entitled “2021 Amendments to Chapter 13.15 of the Sedona City Code, (Wastewater).”

(After First Reading)

I move to: approve Ordinance No. 2021-__, amending Chapter 13.15 Connections to Wastewater System of the Sedona City Code (Wastewater), and approving changes in the City’s wastewater rates and rate structure all as set forth in the exhibits attached to said ordinance.

City of Sedona, AZ



2021 Sewer Capacity Fee Study



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Section 1 – Executive Summary

Willdan Financial Services and Pat Walker Consulting LLC (“the Willdan Team”) was retained by the City of Sedona, Arizona (“City”) to conduct a Capacity Fee Study (“Capacity Fee Study”) for the City’s Sewer utilities (“Utility”). This report details the results of the capacity fee analysis.

1.1 Goals and Objectives

The primary goal of the Capacity Fee Study was to develop cost-based capacity fees that reflect the cost of providing sewer capacity to new development and will allow the City to meet its ongoing costs (capital), to provide the infrastructure necessary to allow new development to occur.

1.2 Findings and Recommendations

The capacity fees identified in Table 1-1 represent the cost to the City to provide infrastructure to new development connecting to the City’s sewer system. It is recommended that the City implement the identified fees and that the fees be updated annually based on a cost escalation factor such as the Engineering News Record Construction Cost Index (ENR CCI). Additionally, as significant changes occur (either new development or system capacity) we recommend a more in depth analysis be undertaken to update the City’s capacity fees.

Table 1-1 Proposed Capacity Fees	
WSFU Range	Capacity Fee
0 – 8	\$4,088
8.1 - 17	10,461
17.1 – 29	18,565
29.1 – 42	27,835
42.1 – 55	37,326
> 55 (per WSFU)	730.01

1.3 Organization of this Report

This Capacity Fee Study presents an overview of the analysis concepts employed in the development of the fees contained herein. The analysis is followed by a discussion of the data, assumptions and results associated with each component of the analysis. Finally, an appendix with detailed schedules are presented for further investigation into the data, assumptions and calculations which drive the results presented in this Capacity Fee Study. The report is organized as follows:

- Section 1 – Executive Summary



-
- Section 2 – Overview of Capacity Fees
 - Section 3 – Development of Capacity Fees
 - Appendix A – Capacity Fee Analysis

1.4 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 data. This data was used by the Willdan Team in the process of developing the 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.

1.5 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 and Ms. Roxanne Holland, PE, Wastewater Manager.



Section 2 – Overview of Capacity Fees

2.1 Introduction

Sewer 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 wastewater 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 wastewater 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 facilities, 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 growth related sewer projects from which it will directly benefit.

The infrastructure included in the proposed capacity fees are large, system level components and do not include on-site or site specific improvements.

2.2 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.

The sewer capacity fees were calculated using the buy-in method. Figure 1-1 summarizes the capacity fee calculation process.

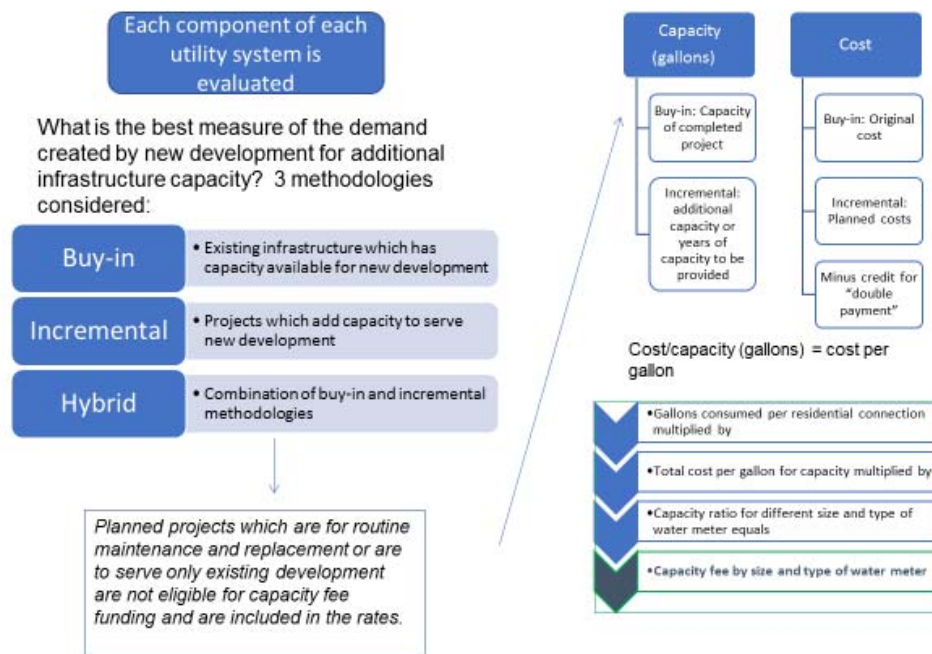


Figure 1-1 Capacity Fee Calculation Process



Section 3 – Development of Capacity Fees

3.1 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 \$171,314,754. There is currently outstanding debt that was used to purchase or construct the fixed assets of the sewer system and the debt will be repaid through monthly sewer rates. To prevent new development from paying for the assets twice (once through the capacity fee and then again through rates which pay debt service), the outstanding debt principle of \$13,300,000 is subtracted from the system value to determine a new system value for the basis of calculating capacity fees. The adjusted system value is calculated at \$158,014,754. A full list of the City’s fixed assets can be found in Appendix A, while table 3-1 provides a summary of all components of the sewer system valuation.

Description	Value
Land	\$11,209,526
Sewer Infrastructure	149,129,961
Buildings	10,225,055
Vehicles and Equipment	<u>750,211</u>
Subtotal	171,314,754
Less: Debt Service Principle	<u>(13,300,00)</u>
Total	\$158,014,754

3.2 Cost Summary

Table 3-2 summarizes the demand factors based on actual sewer flows for the City of Sedona and the cost per equivalent dwelling unit (EDU) for additional sewer capacity to identify the additional capital cost per EDU of capacity. The cost is further subdivided to a cost per Water Supply Fixture Unit (WSFU) to serve future development.



Table 3-2 Sewer Capacity Fee Calculation		
Description	Units	Value/Fee
System Value (a)		\$158,014,754
System Capacity (b)	1,600,000	
Gallons of Demand per EDU (c)	167.79	
Incremental EDUs to be Served (b / c = d)		<u>9,536</u>
Fee per EDU (a / d = e)		\$16,571
Average Supply Fixture Units per EDU (f)		22.7
Capacity Fee per WSFU (e / f)		\$730.01

3.3 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 WSFUs 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 WSFUs regardless of the type of development (residential or non-residential). Table 3-3 summarizes the proposed ranges and associated capacity fees.

Table 3-3 Proposed Capacity Fees	
WSFU Range	Capacity Fee
0 – 8	\$4,088
8.1 - 17	10,461
17.1 – 29	18,565
29.1 – 42	27,835
42.1 – 55	37,326
> 55 (per WSFU)	730.01

The fees presented in Table 3-3 represent the maximum supportable capacity fees for FY 2021-22 and should be escalated annually using the ENR CCI or similar inflationary index to reflect the increased cost of capital materials.



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

3.4 Capacity Fees Cashflows

Based on the fees identified in Section 3.3, capacity fee revenue for FY 2021-22 through FY 2028-29 is projected at \$6.50 million. Expansion capital related improvements during the same period are projected at \$6.04 million. The capacity fee cashflow can be found in Appendix A.

APPENDIX A

Capacity Fee Analysis

Sedona
Sewer Capacity Fee Model
Capacity Fee Calculation - Summary

Fee per WSFU \$730.01

<u>WSFU Range</u>	<u>Capacity Fee</u>
0 - 8	\$4,088
8.1 - 17	10,461
17.1 - 29	18,565
29.1 - 42	27,835
42.1 - 55	37,326
> 55 (per WSFU)	\$730.01

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	\$1,472	\$35,283	1.04	\$36,755	\$35,283
597395	LAND-WASTE TRTMT PLNT SED DELL	1992	1,917,849	0	1,917,849	2.33	1,917,849	1,917,849
	WW El Camino Fence	2020	14,945	114	14,831	1.00	14,945	14,831
597396	SWR EASEMENTS FOR 90-91	1991	670	0	670	2.40	670	670
597543	SWR ESMTS 91-92 FISCAL YR PURC	1992	16,047	0	16,047	2.33	16,047	16,047
597631	BREWER RD PUMP STATION LOT 1	1993	113,173	0	113,173	2.23	113,173	113,173
597632	CARROLL CYN PUMPING STATION	1991	70,717	0	70,717	2.40	70,717	70,717
597635	SEWER EASEMENTS FOR 92-93	1993	33,316	0	33,316	2.23	33,316	33,316
597636	EL CAMINO PUMP STATION	1992	70,000	0	70,000	2.33	70,000	70,000
597647	SEDONA DELLS PROP. CRT SETTLEM	1992	2,940,792	0	2,940,792	2.33	2,940,792	2,940,792
597685	VARIOUS LAND COST	1993	25,580	0	25,580	2.23	25,580	25,580
597698	EASEMENT-OAKCREEK MOBILODGE	1993	70,607	0	70,607	2.23	70,607	70,607
597700	PHILLIPPI LIFT STATIONS	1993	27,192	0	27,192	2.23	27,192	27,192
597761	SHELBY TREATMENT PLANT	1993	340,669	0	340,669	2.23	340,669	340,669
597766	SEWER EASEMENTS FOR 93-94	1994	2,616	0	2,616	2.15	2,616	2,616
597859	SEWER EASEMENTS FOR 94-95	1995	5,900	0	5,900	2.13	5,900	5,900
597999	SEWER EASEMENTS FOR 95-96	1996	5,035	0	5,035	2.07	5,035	5,035
598047	SEWER EASEMENTS 96-97	1997	56,190	0	56,190	2.00	56,190	56,190
598050	SWR - FY97-98 EASEMENTS	1998	125,188	0	125,188	1.96	125,188	125,188
598057	EASEMENTS 98/99	1999	143,769	0	143,769	1.92	143,769	143,769
598060	EASEMENTS 99/00	2000	13,222	0	13,222	1.87	13,222	13,222
598067	SEWER EASEMENTS 2000-01	2001	7,020	0	7,020	1.83	7,020	7,020
598076	SEWER EASEMENTS - FY 01-02	2002	15,508	0	15,508	1.78	15,508	15,508
598079	AREA 4 US FOREST 265 ACRES	2002	5,008,432	0	5,008,432	1.78	5,008,432	5,008,432
598083	SEWER EASEMENTS - FY 02-03	2003	9,179	0	9,179	1.74	9,179	9,179
598207	SEWER EASEMENTS FY03-04	2004	121,530	0	121,530	1.63	121,530	121,530
598210	SEWER EASEMENTS FY04-05	2005	11,655	0	11,655	1.56	11,655	11,655
598220	SEWER EASEMENTS FY 2005-06	2005	5,413	0	5,413	1.56	5,413	5,413
598228	SEWER EASEMENTS FY 06/07	2007	2,146	0	2,146	1.46	2,146	2,146
Sewer Infrastructure								
201559005	Wastewater Fence	2015	53,505	14,161	39,344	1.16	62,005	47,843
597811	PLANT BUILDINGS 1991-1994	1994	5,793,968	3,012,816	2,781,152	2.15	5,793,968	2,781,152
598054	PLANT IMPROVEMENTS 95-96	1996	3,871,039	1,858,492	2,012,547	2.07	3,871,039	2,012,547
598055	PLANT IMPROVEMENTS 97-98	1998	545,126	239,911	305,215	1.96	545,126	305,215
201659003	Gate Valve at Carroll Canyon Lift Station	2016	53,835	11,689	42,145	1.10	59,443	47,753
201659004	WWTP Effluent Mgt Optimization	2015	168,382	42,096	126,286	1.16	195,131	153,036
201659005	WWTP Filter System Upgrades (Bar Screen)	2016	22,657	4,535	18,122	1.10	25,017	20,483
201659006	WWTP Filter System Upgrades (Centrifuge)	2016	139,450	27,910	111,540	1.10	153,977	126,067
201659007	WWTP Newcastle Lift Station Upgrade	2015	65,740	16,435	49,305	1.16	76,184	59,749
201659008	WWTP Bear Wallow Lift Station Electr. Improvements	2016	72,623	14,833	57,789	1.10	80,188	65,355
2017590004	WW Treatment Plant A+ Upgrade	2016	5,583,398	1,052,916	4,530,481	1.10	6,165,048	5,112,131
2018590006	Force Main Condition Assessment - Sewer Line	2018	22,500	905	21,595	1.04	23,389	22,484
2018590010	Injection Wells 1 & 2 and Point of Compliance Well	2018	5,940,750	594,900	5,345,850	1.04	6,175,491	5,580,591
2018590011	WWTP Bar Screens	2018	704,084	70,506	633,578	1.04	731,905	661,399
59.8275	Wetlands Improvements	2012	143,116	57,268	85,849	1.25	178,788	121,520
59.8276	Sedona Dells Wetland Improvements	2012	2,613,861	1,045,930	1,567,931	1.25	3,265,360	2,219,430
598003	WW PLANT IMPROVEMENTS	1996	4,184,850	2,009,153	2,175,697	2.07	8,658,619	6,649,466
598004	WASTEWATER LINES	1993	12,746,244	6,883,489	5,862,755	2.23	28,447,855	21,564,366
598005	WW LINE ADDITIONS	1994	634,356	329,891	304,465	2.15	1,363,959	1,034,068
598014	WASTEWATER LINES (B)	1993	12,746,244	6,883,489	5,862,755	2.23	28,447,855	21,564,366
598038	WW PLANT AND PROJECTS 95-96	1996	174,268	83,667	90,602	2.07	360,568	276,902
598053	WW PROJECTS FY97-98	1998	4,283,645	1,885,242	2,398,403	1.96	8,413,890	6,528,648
598059	WASTEWATER PROJECTS FY 98-99	1999	5,598,469	2,351,932	3,246,537	1.92	10,744,182	8,392,251
598062	WASTEWATER PROJECT 99/00	2000	8,947,469	3,579,908	5,367,561	1.87	16,724,187	13,144,280
598071	WW PROJECTS 2000-2001	2001	920,578	349,915	570,663	1.83	1,687,871	1,337,956
598080	WW LINES FY 2002 (ADDITIONS)	2002	4,514,833	1,625,808	2,889,025	1.78	8,029,745	6,403,938
598086	WW LINES FY 2003 (ADDITIONS)	2003	2,705,787	920,249	1,785,538	1.74	4,699,462	3,779,213
598092	WW LINES FY 2004 (ADDITIONS)	2004	1,825,889	584,475	1,241,415	1.63	2,984,040	2,399,565
598213	WW LINES (ADDITIONS) FY04-05	2005	3,867,146	1,160,547	2,706,598	1.56	6,039,105	4,878,557
598222	WW Lines (Additions) FY 05-06	2006	4,248,357	1,189,984	3,058,372	1.50	6,373,357	5,183,373
598223	WW Lines (Additions) FY 06/07	2007	6,766,923	1,760,110	5,006,813	1.46	9,876,465	8,116,353
598242	WW Lines (Additions) FY 07/08	2008	4,734,430	1,136,761	3,597,669	1.40	6,624,783	5,488,022
598251	WW EFFLUENT FY 08/09	2008	48,366	11,608	36,758	1.40	67,677	56,069
598253	WW LINES FY 08/09	2008	6,501,201	1,560,288	4,940,913	1.40	9,096,987	7,536,699
598256	WW EFFLUENT FY 09/10	2009	150,067	33,013	117,054	1.36	203,615	170,602

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)
598264	WW LINES FY 09/10	2009	3,862,051	849,651	3,012,400	1.36	5,240,131	4,390,480
598266	WW LINES FY 10/11	2011	836,273	167,292	668,981	1.28	1,072,126	904,834
598267	WW EFFLUENT FY 10/11	2011	396,377	79,293	317,084	1.28	508,167	428,874
598274	Effluent Injection Well Pumping	2011	201,354	34,556	166,798	1.28	258,141	223,585
598280	Air/Solar Drying Bed Improve.	2011	166,873	28,409	138,464	1.28	213,936	185,527
	Manhole Replacement - WWRP Interceptor	2019	77,452	1,715	75,738	1.02	79,133	77,419
	Mystic Hills/Chapel Lift Station	2020	2,483,598	0	2,483,598	1.00	2,484,025	2,484,025
	Tertiary Filters	2020	1,660,481	0	1,660,481	1.00	1,660,766	1,660,766
	WW Admin Bldg Remodel/Expansion	2019	387,726	12,662	375,064	1.02	396,141	383,479
	WW Grit Classifier Replacement	2020	124,415	0	124,415	1.00	124,436	124,436
	Park Place Sewer Line 435 ft	2020	77,430	0	77,430	1.00	77,443	77,443
	Reduction for Replaced Assets	2019	(5,532,288)	0	(5,532,288)	1.02	(5,652,355)	(5,652,355)
Buildings								
2018590003	WWP Operator Building Remodel	2018	30,609	2,469	28,140	1.04	31,818	29,350
2018590004	Steel Plates for Dumpster Travel Way	2018	34,755	2,902	31,852	1.04	36,128	33,226
2018590007	WW Roof Replacement - El Camino	2018	10,185	875	9,310	1.04	10,587	9,712
2018590008	WW Roof Replacement - Carol Canyon	2018	17,825	1,532	16,293	1.04	18,529	16,998
598070	TREATMENT PLANT UPGRADE 2001	2001	3,328,560	1,265,196	2,063,363	1.83	6,102,884	4,837,688
598082	10000 GAL WATER TANK AND EQUIP	2002	17,220	12,240	4,980	1.78	30,626	18,386
	WW Headworks Rebuild (Bar Screens)	2018	6,014	550	5,463	1.04	6,251	5,701
598250	WW PLANT UPGRADE FY 08/09	2008	200,655	96,315	104,341	1.40	280,772	184,458
598252	WW PUMP STATION IMP. 08/09	2008	1,604,277	770,053	834,224	1.40	2,244,830	1,474,777
598255	WW PLANT UPGRADE FY09/10	2009	349,910	153,948	195,961	1.36	474,767	320,818
598257	WW PUMP STATION IMP 09/10	2009	1,846,760	812,574	1,034,186	1.36	2,505,732	1,693,158
598265	WW PLANT UPGRADE FY10/11	2011	961,139	384,521	576,617	1.28	1,232,207	847,686
598268	WW PUMP STATION IMP 10/11	2011	853,891	341,615	512,276	1.28	1,094,713	753,098
Equipment and Vehicles								
201359001	3 Phase Generator for Chapel Pump Station	2013	21,605	21,605	0	1.22	21,605	0
201359002	Fairbanks Morse Pump	2012	8,300	8,300	0	1.25	8,300	0
	Fairbanks Morse Pump - Poco#1	2020	7,706	619	7,087	1.00	7,706	7,087
	Fairbanks Morse Pump - Poco#2	2020	7,891	562	7,329	1.00	7,891	7,329
	Fairbanks Morse Pump Mystic	2020	7,611	525	7,086	1.00	7,611	7,086
201359003	Flygt Pump/Vendor JCH	2013	12,893	10,767	2,126	1.22	12,893	2,126
201359004	K2 Iggy System	2013	48,092	48,092	0	1.22	48,092	0
201459001	Landia Mixer	2014	18,666	18,666	0	1.19	18,666	0
201459003	60 REOZJD Kohler Generator for Uptown Pump Station	2014	26,304	26,304	0	1.19	26,304	0
201459004	WW Alarm/Back O Beyond Replacement Pump Stations	2014	352,317	352,317	0	1.19	352,317	0
201459005	6' X 10' Cargo Trailer	2013	6,299	6,299	0	1.22	6,299	0
201559001	FLYGT Model NP 3102 Pump	2015	7,579	6,319	1,260	1.16	7,579	1,260
201559002	IND Pump 6" DV150-3SA 4045D SK w/Trailer	2015	28,005	23,350	4,654	1.16	28,005	4,654
201559003	2015 Ford Super-Duty F-25 4WD Reg Cab	2015	35,000	35,000	0	1.16	35,000	0
201559004	EZGO RXV 2010 Golf Cart	2015	5,265	5,265	0	1.16	5,265	0
201659001	WIMS LABCAL Software with SCADA Interfaces	2016	9,726	8,357	1,369	1.10	9,726	1,369
201659002	OmniSite Alarm System	2016	9,761	6,543	3,218	1.10	9,761	3,218
2017590001	2015 GMC SIERRA K2500 EXT CAB	2016	35,000	34,234	766	1.10	35,000	766
2017590002	2016 FORD F250	2016	32,031	31,431	601	1.10	32,031	601
2017590003	2007 FORD F750 2000GALLON WATER TRUCK	2016	35,904	20,798	15,106	1.10	35,904	15,106
2018590001	2017 Ford Escape - Wastewater	2017	24,989	23,278	1,711	1.07	24,989	1,711
2018590002	Caterpillar C18 PGAM 600KW Generator for WWTP	2017	169,244	71,408	97,836	1.07	169,244	97,836
2018590005	Caterpillar C7.1PGABR 125KW Generator	2018	42,799	14,521	28,278	1.04	42,799	28,278
2018590009	Caterpillar Skidsteer Model 226D	2018	38,947	13,054	25,893	1.04	38,947	25,893
221048	2006 Dodge Dakota	2006	20,171	20,171	0	1.50	20,171	0
597713	PLANT MACHINERY AND EQUIPMENT	1993	4,546	4,546	0	2.23	4,546	0
597810	PLANT MACHINERY/EQUIPMENT	1992	3,194,046	3,194,046	0	2.33	3,194,046	0
597820	WALLACE TRI-ADJUSTABLE GANTRY	1994	5,056	5,056	0	2.15	5,056	0
597824	ELECTRIC HOIST	1994	2,505	2,505	0	2.15	2,505	0
597866	CALL OUT SYSTEM - RACO VERBATI	1994	4,450	4,450	0	2.15	4,450	0
598002	HOIST	1994	3,522	3,522	0	2.15	3,522	0
598026	586 SOUNDPRO/DOCKING STATION	1995	2,600	2,600	0	2.13	2,600	0
598039	JOHN DEERE TRACTOR	1995	25,925	25,925	0	2.13	25,925	0
598042	SEWER - AS BUILT	1997	14,880	14,880	0	2.00	14,880	0
598045	BAND SAW/HOIST/PRESS	1996	2,688	2,688	0	2.07	2,688	0
598046	BURCH LIFT DISC. HARROW	1996	2,753	2,753	0	2.07	2,753	0
598051	2 TON CHAIN HOIST	1998	5,200	5,200	0	1.96	5,200	0
598052	FAIRBANK IMPELLERS	1998	4,471	4,471	0	1.96	4,471	0
598056	POTABLE WATER PUMP	1998	5,547	5,547	0	1.96	5,547	0
598063	EFFLUENT PUMP	2000	7,837	7,837	0	1.87	7,837	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)
598065	DIGITAL IMAGERY AERIAL MAPPING	2001	2,500	2,500	0	1.83	2,500	0
598068	IP TELEPHONY SYSTEM	2001	30,810	30,810	0	1.83	30,810	0
598069	CITYVIEW LICENSES	2000	6,487	6,487	0	1.87	6,487	0
598073	PLAN/SPECS WORK STATION	2002	5,137	5,137	0	1.78	5,137	0
598078	FLYGT SUBMERSIBLE PUMPS AND CONT	2002	17,220	17,220	0	1.78	17,220	0
598081	2 FAIRBANKS MORSE SUB PUMPS	2002	21,592	21,592	0	1.78	21,592	0
598084	CENTRIFUGAL PUMP - REPLACEMENT	2003	6,952	6,952	0	1.74	6,952	0
598085	FAIRBANKS-MORSE PUMP REBUILD	2003	3,497	3,497	0	1.74	3,497	0
598203	CONDENSING UNIT BREWER ROAD	2003	3,440	3,440	0	1.74	3,440	0
598204	CONDENSING UNIT EL CAMINO PS	2004	2,485	2,485	0	1.63	2,485	0
598205	GRINDER PUMP-FOOTHILLS SOUTH	2003	3,271	3,271	0	1.74	3,271	0
598206	POLYMER PUMP FOR CENTRIFUGE	2004	8,478	8,478	0	1.63	8,478	0
598214	WW Sewer Line Inspec Camera	2006	8,267	8,267	0	1.50	8,267	0
598215	WW Submersible Pump FY 05-06	2005	6,418	6,418	0	1.56	6,418	0
598216	WW Jet Rodder FY 2005-06	2005	37,814	37,814	0	1.56	37,814	0
598217	Centrifugal Trash Pump FY05-06	2005	3,918	3,918	0	1.56	3,918	0
598218	Trails End Subm. Pump 05-06	2006	19,350	19,350	0	1.50	19,350	0
598224	Canon CR-180 Document Scanner	2006	20,800	20,800	0	1.50	20,800	0
598225	5 Fairbanks Morse Pump	2006	31,098	31,098	0	1.50	31,098	0
598226	Vac-Con Vacuum Truck	2007	290,104	290,104	0	1.46	290,104	0
598229	Wells Cargo Road Force Trailer	2006	7,510	7,510	0	1.50	7,510	0
598230	WW Confined Space Equipment	2007	32,478	32,478	0	1.46	32,478	0
598231	WW Aerial Mapping FY 06/07	2007	95,750	95,750	0	1.46	95,750	0
598232	WW Computer Hardware FY 06/07	2007	3,433	3,433	0	1.46	3,433	0
598233	2008 FORD RANGER SUPERCAB	2007	16,161	16,161	0	1.46	16,161	0
598236	2008 BOBCAT UTILITY VEHICLE	2007	14,306	14,306	0	1.46	14,306	0
598239	RAS Pump	2007	15,264	15,264	0	1.46	15,264	0
598240	SUBMERSIBLE SEWAGE PUMP-FLGYT	2008	11,456	11,456	0	1.40	11,456	0
598243	2008 FORD ESCAPE	2008	18,468	18,468	0	1.40	18,468	0
598244	SUBMERSIBLE SEWAGE PUMP-FLGYT	2008	4,471	4,471	0	1.40	4,471	0
598245	WAS Actuator AND Valve	2008	8,917	8,917	0	1.40	8,917	0
598246	WEIRWASHER SPRAY SYSTEM	2008	33,596	33,596	0	1.40	33,596	0
598247	UTILITY TRACTOR 5625 W/ LOADER	2008	44,291	44,291	0	1.40	44,291	0
598248	2009 JEEP WRANGLER	2008	31,239	31,239	0	1.40	31,239	0
598258	Kaman Infrared Camera WWTP	2010	5,428	5,428	0	1.32	5,428	0
598259	WWTP REPLACEMENT MIXER	2010	13,900	13,900	0	1.32	13,900	0
598260	WWTP REPLACEMENT MIXER #2	2010	14,250	14,250	0	1.32	14,250	0
598261	SUBMERSIBLE SEWAGE PUMP	2009	12,500	12,500	0	1.36	12,500	0
598262	COMPRESSOR A/C UNIT WWTP	2010	7,304	7,304	0	1.32	7,304	0
598263	2010 FORD F250 COLLECT. VEH	2010	30,975	30,975	0	1.32	30,975	0
598269	Sampler - SD900 AWRS 2.5 Galln	2010	6,207	6,207	0	1.32	6,207	0
598270	Sludge Pump - Gorman Rupp	2011	9,986	9,986	0	1.28	9,986	0
598272	Mixer - WWTP	2011	14,200	14,200	0	1.28	14,200	0
	2019 Ford F-250 Wastewater	2019	29,170	5,994	23,176	1.02	29,170	23,176
	Ford Transit CCTV	2020	252,529	32,287	220,243	1.00	252,529	220,243
	Mystic LS Caterpillar Generator	2019	61,225	9,953	51,272	1.02	61,225	51,272
	WW Air Burner T24	2019	63,931	5,751	58,180	1.02	63,931	58,180
	WW Truxor Cattail Cutter	2019	108,490	15,654	92,836	1.02	108,490	92,836
	WW VCam6 camera system	2019	10,513	1,574	8,938	1.02	10,513	8,938
	WWTP 800A Transfer Switch	2020	12,551	178	12,373	1.00	12,551	12,373
	DRI FLIR SYSTEMS - Flir Camera One-time	2019	6,974	1,647	5,328	1.02	6,974	5,328
	HPC 2500 Amp Breaker	2019	11,850	1,991	9,859	1.02	11,850	9,859
	WILO Basin mixer frame & equipment	2019	15,017	2,530	12,487	1.02	15,017	12,487
	WW - Replace FLYGT Pumps	2019	27,777	5,378	22,399	1.02	27,777	22,399
	WW AV Flow Meter	2019	6,387	1,318	5,069	1.02	6,387	5,069
	Flygt Pump for Painted Cliffs	2019	10,510	1,277	9,234	1.02	10,510	9,234
	VacCon Truck Hydrostatic Pump Replacement	2019	7,694	913	6,781	1.02	7,694	6,781
	John Deer Gator	2018	18,136	10,418	7,718	1.04	18,136	7,718
598278	Turbidity Analyzer	2012	4,691	4,691	0	1.25	4,691	0
			<u>\$142,535,112</u>	<u>\$52,601,880</u>	<u>\$89,933,232</u>		<u>\$223,916,633</u>	<u>\$171,314,754</u>

Sedona
 Sewer Capacity Fee Model
 Summary of System Assets

Item	Replacement Cost New Less Depreciation (RCNLD)
Assets	
Fixed Assets	\$171,314,754

Total Assets	171,314,754
Add: Borrowing Costs (Growth)	0
Less: Principle (Non-Growth)	13,300,000

Net System Value	\$158,014,754

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	\$11,211,112	\$11,209,526	\$11,211,112	\$11,209,526
Sewer Infrastructure	116,134,895	72,556,487	192,708,370	149,129,961
Buildings	9,261,799	5,417,008	14,069,846	10,225,055
Equipment and Vehicles	5,927,306	750,211	5,927,306	750,211
Total Fixed Assets	142,535,112	89,933,232	223,916,633	171,314,754
Net Debt Service (add growth interest, less non-growth principle)	(13,300,000)	(13,300,000)	(13,300,000)	(13,300,000)
Total Assets	129,235,112	76,633,232	210,616,633	158,014,754
Number of Single Family Equivalent Units	9,536	9,536	9,536	9,536
Proposed Capacity Fee per Single Family Unit	\$13,553	\$8,037	\$22,088	\$16,571
Current Capacity Fee per Single Family Unit	\$10,634	\$10,634	\$10,634	\$10,634
Change	\$2,919	(\$2,597)	\$11,454	\$5,937

Total Capacity	1,600,000
Average Sewer Flows per Single Family Unit (gpd)	<u>167.79</u>
Total Single Family Equivalent Units	9,536
Fee per Single Family Unit	\$16,571
Water Supply Fixture Units per Single Family Unit	<u>22.70</u>
Fee per Water Supply Fixture Unit	\$730.01

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	<u>568</u>
Total Accounts	4,653
Gallons per Account per Day	167.79

City of Sedona
Projected Capacity Fee Results
 Fiscal Years 2022 - 2029

Line No.	Description	2022	2023	2024	2025	2026	2027	2028	2029
<u>Sources of Funds</u>									
1	<u>Beginning-of-Year Cash</u>	\$1,597,355	\$2,265,841	\$3,008,311	\$3,795,066	\$4,602,198	\$5,246,266	\$4,153,090	\$2,349,695
<u>Total Revenues</u>									
2	Capacity Fees	\$728,486	\$742,469	\$786,755	\$807,132	\$828,037	\$849,483	\$871,485	\$894,056
3	Total Total Revenues	728,486	742,469	786,755	807,132	828,037	849,483	871,485	894,056
<u>Non-Operating Expenses</u>									
4	Capital Improvements	60,000	-	-	-	170,385	1,799,209	2,477,360	1,532,688
5	Existing Debt Service	-	-	-	-	-	-	-	-
6	New Debt Service	-	-	-	-	-	-	-	-
7	Total Non-Operating Expenses	60,000	0	0	0	170,385	1,799,209	2,477,360	1,532,688
8	Net Cashflow	668,486	742,469	786,755	807,132	644,068	(1,093,176)	(1,803,395)	(760,833)
9	<u>End-of-Year Cash</u>	\$2,265,841	\$3,008,311	\$3,795,066	\$4,602,198	\$5,246,266	\$4,153,090	\$2,349,695	\$1,588,862



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*CITY OF
SEDONA, ARIZONA*

WASTEWATER RATE STUDY BRIEFING

Presented by **Kevin Burnett**
Pat Walker



PRESENTATION CONTENTS

- Introduction
- Review purpose of study
- Overview of capacity fees
- Fee calculation components
- Proposed capacity fees
- Next steps

PURPOSE OF THE CAPACITY FEE STUDY

- Update City's sewer capacity fees to:
 - Recognize the impact new development places on the system
 - Ensure growth is paying it's proportionate share of costs
 - Provide funding for ongoing growth-related costs

Capacity Fees

- One-time payments
- Reflect the demands and costs created by new development for utility capacity
- Will be used to fund outstanding debt service and applicable infrastructure capacity that will benefit new development as well as make system overall more robust
- Must be a rational nexus between the amount of the fee and the cost to serve new development
- Policy; Growth pays for Growth

CAPACITY FEE REVISIONS

Based on direction from Council and further discussion with Staff, the capacity fee approach has been revised

- Current approach assesses fees based on development type
- Previously presented fees based on meter size and square footage

CAPACITY FEE REVISIONS

- Proposed was developed based on use for an average single family home
 - The fee for a single family unit was further subdivided into a cost per Water Supply Fixture Unit (WSFU) based on number of WSFUs for and average single family home
 - WSFU ranges were developed in recognition of the capacity needs of various home sizes in Sedona

FEE CALCULATION

- Buy-In Approach:
 - Fee is based on cost of value of existing sewer system and the system's capacity

SYSTEM VALUATION

- Identified original cost of fixed assets and determined their replacement cost
 - Subtracted accumulated depreciation from replacement cost
- Included growth related fund balances that have been accrued over time
- Subtracted debt principal to be paid through rate revenue in the future

SYSTEM VALUATION

Component	Value
Asset Valuation	\$223,616,633
Less: Accumulated Depreciation	52,601,880
Less: Rate Related Debt Service (principal)	<u>13,300,000</u>
Current System Value	\$158,014,754

UNITS TO BE SERVED

- Based on use per single family unit (SFU)
 - Average flows per residential customer is 167.79 gpd
 - 167.79 gpd = 1 SFU

UNITS TO BE SERVED

Metric	Capacity
Capacity (gpd)	1,600,000
Use per SFU (gpd)	<u>167.79</u>
SFUs to be Served	9,536

FEE CALCULATION

Component	Metric
System Value	\$158,014,754
Units to be Served	<u>9,536</u>
Fee per SFU	\$16,571
Typical Water Supply Fixture Units per WSFU	<u>22.70</u>
Fee per Water Supply Fixture Unit	\$730.01

CAPACITY FEES

	Fee
Current	Varies by Development Type ⁽¹⁾
0 – 8 WSFUs	\$4,088
8.1 – 17 WSFUs	10,461
17.1 – 29 WSFUs	18,565
29.1 – 42 WSFUs	27,835
42.1 – 55 WSFUs	37,326
> 55 WSFUs (per WSFU)	730.01

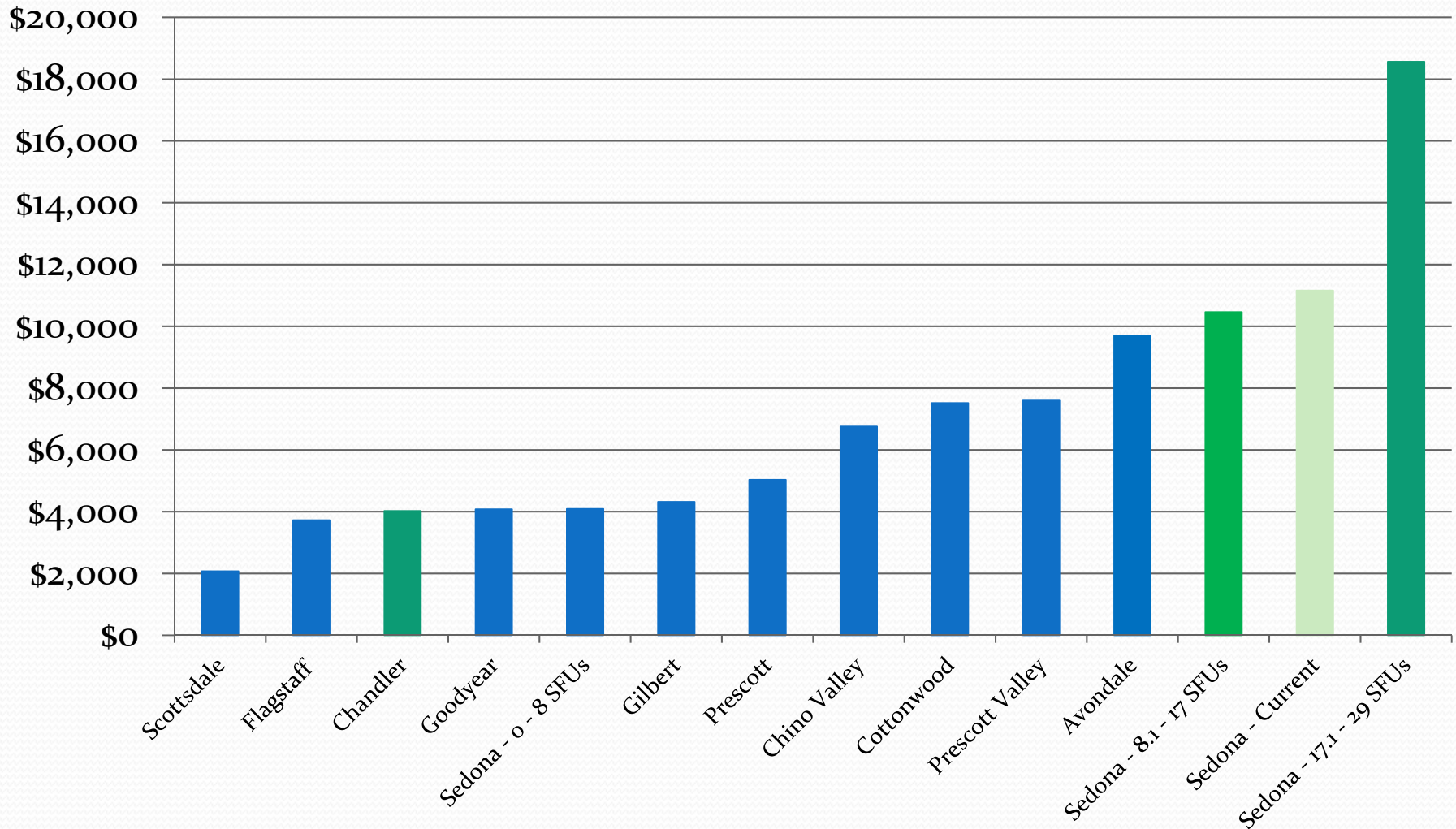
(1) Current residential fee is \$11,158.24



POSSIBLE REASONS FOR DIFFERENCES IN DEVELOPMENT/CAPACITY FEES

- Persons per household and water use
- Lot size
- Age of system
- Changes in elevation
- Treatment standards/methods
- Area (acres) covered by the system
- Subsidization through rates or other revenue sources

Comparison of Capacity Fees (1-inch Meter)



QUESTIONS & DISCUSSION

ORDINANCE NO. 2021-__

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA PROVIDING FOR THE ADOPTION OF A NEW SCHEDULE FOR INCREASES IN WASTEWATER CAPACITY FEES AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the revenue currently generated from those properties connected to the City of Sedona Wastewater System (hereinafter referred to as the "Wastewater System"), based upon the current Base Sewer User Rates, is insufficient to pay for the costs and expenses of operating and maintaining the Wastewater System; and

WHEREAS, the City Council has been obligated to subsidize the operation and maintenance of the Wastewater System from the Wastewater Fund and shall be obligated to continue subsidizing the Wastewater System notwithstanding a rate increase; and

WHEREAS, in order to develop a Wastewater Billing System that is fair and equitable to the wastewater customers, and is financially self-sufficient, changes to the capacity fee structure are deemed necessary. The changes to the capacity fee structure are justified by the rate study dated June 9, 2021 prepared by professional consulting firms, Willdan Financial Services and Pat Walker Consulting LLC; and

WHEREAS, on July 27, 2021, the City Council adopted a Notice of Intention to increase wastewater capacity fees pursuant to A.R.S. § 9-511.01 and set a public hearing date on which to consider the proposed increase in wastewater capacity fees; and

WHEREAS, pursuant to A.R.S. § 9-511.01, a copy of the Notice of Intention was published in the Sedona Red Rock News, a newspaper of general circulation in the City of Sedona; and

WHEREAS, on September 28, 2021, a public hearing was held pursuant to A.R.S. § 9-511.01; and

WHEREAS, it is the finding of the City Council that in order to impose more fair and equitable wastewater capacity fees that are just and reasonable, it is necessary to implement a water supply fixture unit (WSFU) system based on applicable defined ranges plus a per WSFU fee for WSFUs exceeding the maximum range.

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, as follows:

Section 1. Adoption of New Wastewater Capacity Fees and Rate Table.

Those rates set forth in the Table attached hereto as Exhibit A, and incorporated herein by this reference, are hereby officially adopted. Said rates reflect increases in one-time wastewater capacity fees that are charged to developers connecting to the City wastewater system for the first time, or for customers seeking to increase the capacity of their existing sewer connection due to a facility expansion. Said Rate Table is hereby adopted as the official Wastewater Capacity Fee Rate Table for the City of Sedona. Said Rate Table shall become a part of the City's Consolidated Fee Schedule.

Section 2: Effective Date

All new and revised rates as set forth in the Rate Table attached hereto as Exhibit A shall become effective beginning on November 1, 2021.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 28th day of September, 2021.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

Approved as to form:

Kurt W. Christianson, City Attorney

EXHIBIT A
WASTEWATER CAPACITY FEE RATE TABLE 2021

Total WSFUs	2021 Capacity Fee
0 – 8 WSFUs	\$ 4,088.00
8.1 – 17 WSFUs	\$10,461.00
17.1 – 29 WSFUs	\$18,565.00
29.1 – 42 WSFUs	\$27,835.00
42.1 – 55 WSFUs	\$37,326.00
> 55 WSFUs (per WSFU)	\$730.01

RESOLUTION NO. 2021-__

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, ESTABLISHING AS A PUBLIC RECORD CHANGES TO SEDONA CITY CODE CHAPTER 13.15 (CONNECTIONS TO WASTEWATER SYSTEM).

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA that the changes to Sedona City Code Chapter 13.15 (Connections to Wastewater System) as set forth in Exhibit A, *"2021 Amendments to Chapter 13.15 (Connections to Wastewater System) of the Sedona City Code,"* constitutes a public record to be adopted by reference pursuant to A.R.S. § 9-802.

One paper copy and one electronic copy of this public record shall be filed in the office of the City Clerk and kept available for public use and inspection.

APPROVED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 28th day of September, 2021.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

Exhibit A

“2021 Amendments to Chapter 13.15 (Connections to Wastewater System) of the Sedona City Code”

**Chapter 13.15
CONNECTIONS TO WASTEWATER SYSTEM**

Sections:

- 13.15.010** Private sewage disposal systems prohibited – Exceptions.
- 13.15.020** Notice of sewer availability.
- 13.15.030** Mandatory connection to city wastewater system once available.
- 13.15.040** Permits for service connections.
- 13.15.050** Property owner and user’s responsibility.
- 13.15.060** Wastewater fees – Installment payments for capacity fees and lift pumps.
- 13.15.070** Charge for failure to timely pay capacity fee.
- 13.15.080** Procedure and penalties for failure to pay capacity fee.
- 13.15.090** Dry sewers.
- 13.15.100** Capacity fee schedule.
- ~~**A** Wastewater deferred connection agreement with the city of Sedona, Arizona.~~

13.15.010 Private sewage disposal systems prohibited – Exceptions.

A. It is unlawful to construct, operate and maintain any new septic tank, privy vault, cesspool, evapotranspiration system or other private sewage disposal facility except as provided in this division.

B. Where the city wastewater system is not yet available to a property, as defined in SCC [13.05.020](#), a private sewage disposal system may operate as long as:

-
1. The property owner or user operates and maintains the private sewage disposal system in a sanitary manner and in compliance with all city, county and state health and environmental regulations and permits.
 2. The property owner or user designs, constructs, alters or maintains the private sewage disposal system in compliance with all city, county and state standards, regulations, specifications and details, and only after being granted all required permits.
 3. The property owner acknowledges that any permit to construct, alter, improve or operate a private sewage disposal system is only temporary in duration and the property owner agrees to connect to the city wastewater system once it is available, as required by SCC [13.15.030](#).

C. Once there is sewer availability to a property, no permits shall be issued nor shall work be permitted for construction or alteration of any private sewage disposal system on the property unless it is for connection to the city wastewater system. [Code 2006 § 13-5-1. Ord. 2009-04, 4-14-2009; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.020 Notice of sewer availability.

After completion of any extension of the city wastewater collection system, the finance director shall send a written “notice of sewer availability” to all affected property owners or their agents or lessees, as shown on the last assessment of the property, that the city wastewater system is available and that property owners must connect within 180 days. Such notice shall be given by certified mail to the property owner or agent or lessee, and by publishing the same notice, together with a description of the affected parcels, in not less than two issues of a newspaper of general circulation within the city. The times prescribed in this section shall run from the date of such notice. [Code 2006 § 13-5-3. Ord. 2010-14 § 1, 9-28-2010; Res. 2010-27 § 1 Exh. A, 9-28-2010; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.030 Mandatory connection to city wastewater system once available.

A. Within 180 days from the date that the finance director provides notice of sewer availability, as defined in SCC [13.05.020](#), a real property owner with building or water fixtures thereon shall make direct connection to the city wastewater system in accordance with the city design requirements, the adopted plumbing code, as amended, and all applicable state, county and city regulations.

B. If the sewer availability notice is given to a group of real property owners with private roads as the only access, the property owners shall either build and maintain the proper local wastewater collection system in accordance with the city design requirements or donate an easement at no cost to the city for access to the private roads so that the city will, at the city's expense, extend the city wastewater system to points adjacent to the individual real property.

C. *Cluster Systems.*

1. If the sewer availability notice is given to property owners that are both the users and owners of an existing collector cluster system, the city shall request that the property owners shall pay to the city an administrative processing fee, together with a fee to be set by the city manager to reimburse the city for the cost of inspecting the system. The administrative processing fee shall be \$5,000 beginning in September 2008 and increase no more than two percent annually thereafter over the previous year's fee beginning in August 2009. The applicable fee shall be stated within and approved as part of the annual city budget. The property owners shall provide to the city an acceptable set of as-built drawings of the system, copies of all applicable permits and copies of all records of inspection, maintenance, repair, expansion and improvement of the system. If the city is not provided with the administrative processing and inspection fees, or information regarding the system stated herein, the city may proceed to perform the required work and pursue any legal remedies on properties served by the existing system or upon the common disposal field as the city may deem appropriate.

2. If, upon inspection, it appears that the physical condition of the system does not meet the standards adopted by city council for sewer connection to the city's wastewater system, then it shall be the responsibility of the property owners to bring the system into

compliance with such standards before the city will accept sewer connection to the city's wastewater system. If the system needs to be connected because it is necessary for public health or environmental reasons, then the city may proceed with such connection and assess the property owners using the system for the incurred cost or at the city's discretion treat the improvement as a city-initiated extension.

3. Once it is determined the cluster system meets city standards, the city shall allow the cluster system to be connected to the city wastewater system only after every property owner in that area has paid or made arrangements to pay the capacity fee pursuant to SCC [13.15.060](#) and the cluster system owners have presented to the city an acceptable written plan for responding to spills, overflows, blockages and damage to the cluster system.

D. If a property owner fails to connect to the city wastewater system within the time limits set forth in subsection [\(A\)](#) of this section, the city shall assess a monthly environmental penalty charge for every month such property remains unconnected. This charge shall be equal to twice the current monthly service charge for the property in question and shall be due and payable monthly. The city may employ the procedures set forth in SCC [13.20.060](#) and [13.20.070](#) for collection of such environmental penalty charge if not paid when due and payable. Outstanding environmental penalties owed are not considered to be outstanding late charges for purposes of this section.

E. Upon connection to the city wastewater system, any septic, STEP or alternate disposal system shall be pumped and abandoned and either removed or filled in at the owner's expense, in accordance with the city's adopted plumbing code, as may be amended from time to time, and all local and state laws, rules and regulations.

F. Failure to abandon a septic or other alternate disposal system in accordance with subsection [\(E\)](#) of this section shall constitute a public nuisance pursuant to SCC [8.10.020\(A\)](#). Pursuant to the provisions of SCC [1.15.010\(A\)](#), as amended or as may be amended from time to time, any person found guilty of violating this provision shall be guilty of a class 1 misdemeanor and, upon conviction thereof, shall be punished by a fine not to exceed \$2,500 or by imprisonment for a period not to exceed six months, or by both such fine and imprisonment. Each day that a violation continues is a separate offense punishable as set forth herein or by civil sanction.

G. Single connections to the city sewer system serving two or more land parcels shall not be allowed prior to the city being presented with an acceptable written plan for responding to spills, overflows, blockages, pump failures and conveyance system damage by the owner of the private collection and conveyance system and demonstrating compliance with state regulations regarding private sewer systems. [Code 2006 § 13-5-4. Ord. 98-04, 3-11-1998; Ord. 2009-04, 4-14-2009; Ord. 2010-07 § 1, 4-13-2010; Res. 2010-08 § 3 Exh. B, 4-13-2010; Ord. 2010-14 § 1, 9-28-2010; Res. 2010-27 § 1 Exh. A, 9-28-2010; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.040 Permits for service connections.

A. Before physical connection is made to the city wastewater system, a permit must be secured from and 48 hours' notice given to the city. The issuance of a permit is subject to sewer availability and approval of the city engineer as to the point and type of connection. The director shall be consulted as regards available capacity for treatment at the plant. Sewer connection permits shall run with the land and shall not be transferable from one parcel to another parcel or from property to property. All such connections shall be made and all such work done at the expense of the applicant. All connections shall be made under the supervision of the city, and no such connection shall be covered until the work has been inspected and approved by the city. The city engineer shall issue permits for connection. The director of wastewater shall issue a written finding of available collection and treatment plant capacity as necessary.

B. Connection to city sewer shall also be a grant of permission to conduct announced inspections of the connected premises to verify compliance with city requirements regarding sewer facilities, materials directed to the sewer system, and flows directed to the sewer system. Subject to approval of the city attorney or other legal authority, the city may conduct unannounced inspections based upon reasonable suspicion that prohibited activities related to the city sewer are taking place or being maintained or allowed to exist on the connected premises.

C. When the lowest drain fixture for a facility served by a gravity sewer lateral is less than four inches higher than the nearest upstream manhole, a backwater prevention device shall be installed on the lateral on private property exterior to and down stream of the facility served by

the lateral. A backwater device shall be installed on existing laterals by December 31, 2011, or when the lateral is replaced or repaired, whichever occurs first.

D. All gravity laterals shall have a cleanout near the property or right-of-way line in a location approved by the city engineer. The city may require that an on-site pressure system deliver flow to a city gravity main using a gravity sewer lateral.

E. All pressure systems shall have a backflow prevention device on private property between the force main and the facility served by the sewer lateral. This requirement shall be met by December 31, 2011, for all existing pressure systems and before connection and operation of new pressure systems connected thereafter.

F. Pretreatment devices shall be installed when required by city code.

G. Connection shall be made utilizing one sewer lateral per parcel of one acre or less. Properties over one acre in size may appeal to the city engineer for more than one lateral. A lateral may serve no more than one parcel. The city shall not be obligated to install a lateral if it is not extending a main wastewater collection pipe intended to serve more than one parcel. The city shall not be obligated to provide a lateral for a vacant parcel exceeding two acres in area. In cases in which the city is not obligated to install a sewer lateral, the property owner shall install the lateral and/or main to the city's main sewer line.

H. In cases where the city becomes aware of a sewer lateral not meeting these standards, the city may require that a lateral meeting these standards be installed and the old lateral abandoned. If the lateral was installed prior to July 2007 under a city-issued permit, then the city of Sedona shall bear the cost to replace the lateral between the city system and the portion of the connected facility closest to the connection to the city system, with the exception of backflow and backwater prevention devices, which remain a property owner responsibility. If the lateral was installed without a city-issued permit or after July 2007, the property owner shall bear the cost to replace the new lateral.

I. The city shall determine the point of connection to its system. The city is not required to allow connection to its system at a point other than it determines as appropriate, even if a property owner obtains an easement which might facilitate making connection to another location. Connections to sewer mains are to be located within the addressed street of a

connecting facility, unless otherwise approved by the city engineer. [Code 2006 § 13-5-5. Ord. 98-18, 8-11-1998; Ord. 2009-04, 4-14-2009; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.050 Property owner and user's responsibility.

When a piece of property is connected to the city's wastewater system, the property owner shall be responsible for the maintenance, operation, repair and replacement of all pretreatment devices, flow measurement devices, backwater valves, backflow prevention devices, conveyance lines, lift pumps, septic tanks or alternate wastewater treatment systems located on the property. The owner shall also remove any connections between the storm water drainage system and the wastewater system.

A. Where, prior to the amendment of the wastewater code on March 11, 1998, there exists a STEP or SDG system already connected to the city wastewater system, or a STEP or SDG system has been already approved by the city in writing to be connected to the city wastewater system, the property owner, lessee or user of the city wastewater system, at his or her own expense, shall be responsible for pumping septage or wastewater from his or her property as required, and for cleaning, unstopping, maintaining and repairing the conveyance sewer from the building or residence up to and including the connection to the city wastewater system in the public right-of-way or utility easement (collectively referred to herein as on-site system maintenance). If, from time to time, the city wastewater system is modified so as to eliminate the need for a STEP or SDG system, the property owner shall comply with SCC [13.15.030\(E\)](#), as may be amended from time to time. Nothing herein shall require the city to provide or be responsible for on-site system maintenance for any STEP or SDG system, unless expressly agreed to by contract or other agreement.

B. Where there exists a cluster system connected to the city's wastewater system, the individual property owners are responsible as stated in subsection [\(A\)](#) of this section. If an easement is granted on private roads as the only access and the existing sewer lines comply with the city design requirements and are considered acceptable for donation, the city may, at its discretion, accept responsibility for the sewer lines as designated main sewer lines on the city's wastewater system. If an easement is granted for access to existing lift or pump stations that are or have been brought into compliance with city standards of operation and are

considered acceptable for donation, the city may, at its discretion, accept responsibility for the stations as part of the city's wastewater system.

C. Where a cluster system that is to be connected to the city wastewater system is a septic effluent wastewater system (referred to herein as a cluster system), the city, in its discretion, may allow septic tanks to remain as an integral component of that system until such time as the cluster system is converted to a raw wastewater collection system. At the time of such conversion to a raw wastewater collection system, all septic tanks in the cluster system shall be pumped and abandoned and either removed or filled in, all at the owner's expense, in accordance with the city's adopted plumbing code, as may be amended from time to time, and all local and state laws, rules and regulations.

D. The property owner shall be responsible to install and maintain in proper operation all backwater valves and backflow prevention devices. The property owner shall be responsible for the consequences of not providing and not maintaining these devices as required by this code.

E. The property owner shall be responsible to install and maintain in proper operation pretreatment devices. The property owner shall be responsible to maintain records demonstrating the periodic cleaning and proper disposal of material collected by such devices.

F. The portions of a sewer lateral located on private property shall be removed if the facility to which it is connected is removed. The property owner may request and the city engineer may approve an exemption from this requirement, provided the sewer lateral or portions thereof will be reused for wastewater disposal within one year or less. The property owner shall, if an exemption is granted, commit in writing to restore use or remove the portions of the sewer lateral within one year. If the commitment is not kept, the city may enter the property to remove the portions of the lateral and cap the lateral, and seek all legal remedies for reimbursement of its costs.

G. The owner shall be responsible to contact the director prior to performing work between the sewer clean out and the city sewer main or within the city right-of-way or easement. The owner shall be responsible to notify the director should it appear that a problem with the sewer system between the facility and the sewer clean out or right-of-way or easement is due to improper operation of the city sewer system.

H. The city shall not be responsible for costs or impacts due to the owner's failure to perform owner's responsibilities. The city shall not be responsible for work that may occur between the sewer clean out and the city sewer main or within the city right-of-way or easement, if the city has not granted permission for such work prior to it proceeding. If work is performed without prior permission between the sewer clean out and the city sewer main or within the city right-of-way or easement the city may hold the individual or entity performing the work responsible for any damages or repair work resulting from such work.

I. The property owner shall be responsible for making sure that the allowable capacity for a parcel or nonresidential development is not exceeded. The allowable capacity is the sewer capacity, in terms of ~~ERUs-WSFUs (equivalent residential water supply fixture~~ units) for which sewer permits have been issued. No owner shall make or maintain nonresidential uses that would require ~~ERUs-WSFUs~~ in excess of the allowable capacity. If the city determines that an owner's sewer connections exceed the allowable capacity, then upon notice by the city, the owner must make the necessary modifications to ensure that the development configuration of the property does not exceed the allowable capacity.

J. ~~Owners of facilities whose allowable capacity is based on rooms, fixtures or not being a take-out restaurant,~~ shall provide all requested information concerning the ~~number of rooms or water supply~~ fixtures, ~~or if the restaurant is take-out or not,~~ upon any change of ownership, remodel or change of billing address. The city may require that continuing owners of such facilities provide current requested information to the city regarding the ~~facility room and water supply~~ fixture count ~~or take-out status~~.

~~K. After July 1, 2014, owners of facilities with an area based or water based fees shall only have to pay additional capacity fees in case of change in use category, remodel of the facility, or expansion of the facility, and only to the extent of such new activity.~~ [Code 2006 § 13-5-6. Ord. 98-04, 3-11-1998; Ord. 2009-04, 4-14-2009; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.060 Wastewater fees – Installment payments for capacity fees and lift pumps.

A. At the time an application for connection to the city wastewater system is filed with the city engineer and before any permit for connection is granted or any connection is made to the city wastewater system, the property owner shall pay a capacity fee.

B. The capacity fee and other fees as set forth in the current capacity fee schedule in SCC [13.15.100](#) shall be established by the council, upon recommendation of the city manager. The capacity fee shall be based upon ~~a basic rate multiplied by the number defined ranges of ERU-WSFUs (equivalent residential water supply fixture units).~~

- ~~1. Single-family residential units and single-unit condominiums shall be considered one-ERU. Total WSFUs for each detached structure shall be calculated separately for both residential and non-residential properties, and the capacity fee for each structure determined based on the applicable defined range plus a per-WSFU fee for WSFUs exceeding the maximum range. Exceptions to calculations for commercial properties may be based on individually-owned or individual tenant-operated suites or units within one structure.~~
- ~~2. Accessory dwelling units (ADUs) shall be considered one-half an ERU. When total WSFUs are altered for a remodel or other changes, the total WSFUs shall be calculated and the capacity fee determined based on the difference between the original applicable defined range and the new applicable defined range. Refunds of capacity fees will not be granted for reductions in WSFUs.~~
- ~~3. Residential accessory dwelling units shall be charged a separate capacity fee equal to the capacity fee assessable for one-half of an ERU as required by SLDC 918.08. Nonresidential accessory buildings connected to the sewer shall be subject to ERU determination based on the method provided in subsection (B)(4) of this section. Residential accessory dwelling units shall be defined as per the definition contained in the Sedona Land Development Code. Nonresidential accessory buildings shall be defined as per the definition of "accessory building" in the Sedona Land Development Code. Except in cases where total WSFUs are altered within three years of construction or within three years of the most recent remodel or other changes affecting total WSFUs unless otherwise~~

approved by the chief building official, no additional capacity fees will be incurred for increases in total WSFUs of 3.0 or less from the total calculated WSFUs for the most recent charge for capacity fees.

~~4. The allowable capacity in terms of ERUs for nonresidential uses shall be determined by the city engineer based upon measures including but not limited to allowable occupancy based upon building and fire codes approved for use within the city, area, seating, characteristics and constituents of the discharge, quantity of discharge and number of fixtures. Where practical the city engineer's determination shall be stated in terms of the fee per square foot. The city engineer shall establish the necessary procedures, criteria and formulas to determine the appropriate number of ERUs for nonresidential uses.~~

~~54. In the case of a wastewater generating activity related to a private property, but located on adjoining public property, the allowable capacity shall be assigned to the private property or properties. In the event that the related activity on public lands ceases, the allowable capacity for the private property shall be adjusted accordingly. In such case, no refunds of any applicable capacity fees will be granted.~~

~~6. For restaurants, area based calculations shall not include, kitchen, area behind a bar, office, and walled storage areas, except in the case of take-out restaurants, in which case the kitchen area shall be included in the calculation. Hallways leading only to kitchens, office, and storage areas shall be counted as part of the excluded area for fee determination. A restaurant shall be considered a take-out restaurant if the city engineer determines it has a drive-up window or the restaurant design or type is such that more than 30 percent of its business based on food sales revenue is anticipated to be take-out. The calculated area for capacity fee purposes shall include but not be limited to waiting areas, food serving areas, and dining areas. Restaurant areas associated with other uses shall be charged the restaurant capacity fee rate. Exterior restaurant area shall be separately determined and food preparation area shall not be excluded. The city engineer shall make the final determination of chargeable area.~~

C. Any person or owner who has paid the fee and been issued a connection permit may, prior to notice of availability, request and receive a refund of capacity fees paid. The refund shall be without interest. Thereafter, any application for a connection permit shall be at the then current capacity fee schedule as set forth in SCC [13.15.100](#).

D. Upon the expiration of the 180-day period following notice of sewer availability as provided in SCC [13.15.020](#), the capacity fee shall be charged to the property owner [of developed parcels](#) whether or not the property owner has connected to the city wastewater system and whether or not any building on the property is currently occupied unless the property owner has entered into a deferred connection agreement [in the form approved by the city attorney](#). Property owners who enter into a deferred connection agreement shall have the option of either paying the then prevailing capacity fee, or they may defer payment of the fee until the time of actual connection. However, if payment of the capacity fee is deferred until the time of connection [or otherwise remains unpaid until time of connection](#), the fee that is due will be the fee in existence at the time of connection. If the property owner fails to pay the capacity fee upon notice by the [finance](#) director that such capacity fee is due and owing, the [finance](#) director may proceed with any legal or equitable remedies available.

E. Prior to the expiration of the 180-day period following notice of sewer availability as provided in SCC [13.15.020](#), and upon compliance with all other federal, state and local requirements, a property owner may petition the [finance](#) director to establish an installment schedule for payment of the capacity fee. Such installment schedule shall be calculated at the discretion of the [finance](#) director in order to ensure prompt repayment of any and all city indebtedness associated with the operations, maintenance and construction of the city wastewater system. In addition, persons who enter into a deferred connection agreement and comply with the terms thereof shall be eligible for payment of the capacity fee through a financing program. Approval for this program is subject to the terms and conditions of the capacity fee financing agreement program administered through the finance department and requiring application and approval. Interest charges will apply at the federal short-term rate, determined pursuant to Section [6621](#) of the Internal Revenue Code, plus four percentage points, at the time the agreement is executed and remain in effect for the duration of the payment arrangement. Persons who fail to either connect to the city wastewater system within 180 days or enter into a deferred connection agreement will not be eligible for this capacity fee financing program.

F. Payment of the capacity fee shall not guarantee the person or owner connection to the city wastewater system.

G. In the case of a vacant lot, if a property owner requests and obtains a refund of prepaid capacity fee, and subsequently desires to construct a residence or commercial structure on the property, he shall be assessed the current capacity fee rate in force connection. Except as approved by the council, there will be no refund of prepaid capacity fees paid after December 31, 1999 for lots with sewer availability. Unless authorized by the council, the capacity fee may not be paid prior to receipt of a notice of sewer availability.

H. Except in the case of withdrawn development plans, there is no refund of nonresidential capacity fees.

I. The council may adopt a procedure to be utilized for those users who demonstrate financial inability to pay the capacity fee. The procedure may provide for assistance in seeking financing of capacity fees. The procedure may include the recordation of a secured lien against the subject real property. A capacity fee assistance committee may be created to process applications for hardship assistance. [Code 2006 § 13-5-7. Ord. 99-13, 8-10-1999; Ord. 2000-09, 10-9-2000; Ord. 2009-04, 4-14-2009; Ord. 2010-01 § 1, 1-12-2010; Res. 2010-01 Exh. B, 1-12-2010; Ord. 2010-07 § 1, 4-13-2010; Res. 2010-08 § 3 Exh. B, 4-13-2010; Ord. 2010-14 § 1, 9-28-2010; Res. 2010-27 § 1 Exh. A, 9-28-2010; Ord. 2012-06 § 1, 6-13-2012; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.070 Charge for failure to timely pay capacity fee.

In the event the capacity fee is not paid as required by this chapter, a late charge for failure to timely pay the capacity fee shall be added to the unpaid balance at the rate of one and one-half percent per month on the amount of the unpaid balance. The city may take any action authorized by law to enforce the payment of any such late charge. [Code 2006 § 13-5-8. Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.080 Procedure and penalties for failure to pay capacity fee.

A. 1. Upon a determination by the city that a real property owner has failed to pay the mandatory capacity fee required by SCC [13.15.060](#) when wastewater service became available_

for developed properties, written notice of the failure to pay shall be mailed to the real property owner.

2. Notice shall be mailed by certified, return receipt requested mail. The notice shall advise the property owner that an objection to the action set forth in the notice of delinquency must be filed in writing within 15 days of the date the notice was received and that a hearing procedure, as described in the notice of delinquency, is available upon request of the real property owner.

3. The notice shall specify that if a timely objection is not filed, the unpaid capacity fee shall be deemed due and owing and failure to pay shall result in the city pursuing all available means of collection as authorized by this code.

4. The notice shall specify that if a hearing before the city wastewater hearing officer is requested and it is determined as a result of the hearing that the unpaid capacity fee is due and owing, failure to pay shall result in the city pursuing all available means of collection as authorized by law.

B. If the real property owner wishes to file an objection and request a hearing, the owner shall submit any objection to the notice of delinquency in writing within 15 days of the receipt of the notice of delinquency. The written objection shall include copies of all documents that support the owner's position that there is no delinquency or that no fee is due and owing.

C. Within 10 days of date of receipt of the objection from the property owner, the city finance director may request, in writing, a meeting to discuss the appeal and attempt to settle the matter prior to the hearing. If this is not acceptable to the property owner, the appeal will be forwarded to the city wastewater hearing officer. The city shall schedule a hearing date within 30 days of receipt of the objection and give written notice to the owner of the scheduled date.

1. The hearing shall be held by a hearing officer who shall be a noncity employee retained by the city or a city employee that is not under the supervision of the city engineer, director of wastewater, or finance director. The duties of the hearing officer shall only extend to issues related to capacity fee, monthly service fee, disconnections, and financial penalties related to these payments. The hearing officer shall be limited to determining if fees and use classifications were required and enforced in accordance with city adopted codes and fee schedules.

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2. The hearing shall be held during regular city business hours.
 3. The hearing may be continued one time by the hearing officer upon the written request of either party for good cause.
 4.
 - a. The property owner and the city shall each be given an opportunity to present their respective cases. The city shall present its case first and presentation may include:
 - i. Sworn testimony;
 - ii. Submission of evidence;
 - iii. Presentation of witnesses; and
 - iv. Cross examination.
 - b. The rules of evidence shall not apply, and the hearing officer may permit any evidence deemed relevant to the issues at hand to be admitted.
 5. At the close of the hearing, the city may agree to permit the property owner to participate in the city program which provides for the financing of capacity fees.
 6. Unless the city agrees to permit the property owner to participate in the financing program, the hearing officer shall render a written decision within 30 days of the close of the hearing. The hearing officer may find the following:
 - a. The property owner does not owe the connection fee and cancel the notice of delinquency;
 - b. The property owner does owe the connection fee as noticed by the city and order that it be paid within 15 days of receipt of the order;
 - c. A different (lesser) amount than that which was noticed is owed by the property owner and order that amount to be paid within 15 days from receipt of the order.
 7. The hearing officer's order shall be mailed to the property owner by certified, return receipt requested mail.
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8. If the property owner fails to appear at the scheduled hearing, the hearing officer shall enter an order directing the property owner to pay the delinquent connection fee as set forth in the notice of delinquency.

9. The hearing shall be recorded by an electronic recording device.

D. The city may use all available legal means to collect a delinquent capacity fee, including the following:

1. Report the delinquency to credit bureaus.

2. Record in the official land records of the county in which the subject real property is located, a notice of delinquency, which notice shall not constitute a lien against the real property.

3. Record debt setoff to intercept any Arizona income tax refunds.

34. Referral to a collection agency or service, which collection agency or service may report the delinquency to credit bureaus and take all legal actions necessary to collect the debt including filing suit on the debt and, upon obtaining a judgment against the debtor, pursue garnishment, execution, recordation of a judgment lien against the property and foreclosure.

45. Direct the city attorney to file suit in the appropriate court and, upon obtaining a judgment against the debtor, pursue garnishment, execution, recordation of a judgment lien against the property and foreclosure. [Code 2006 § 13-5-9. Ord. 2009-04, 4-14-2009; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.090 Dry sewers.

A. When the city wastewater system is not yet available to serve a new subdivision, the subdivider shall install sewage disposal facilities to serve each lot in conformance with the requirements of the Arizona Department of Environmental Quality (ADEQ) and shall be subject to the approval of the appropriate health authorities. In addition, the subdivider may be required to install “dry” main sewers with laterals to the property line of each parcel if extension

of the sewer collection system is anticipated in the then current capital improvement plan. The “dry” main sewers with laterals will be specified and installed so as to be capable of accepting raw sewage. At such time there is sewer availability with [in](#) the city wastewater system, the city will accept “raw sewage” only.

B. When the city wastewater system becomes available, the subdivision must be connected thereto and the owner shall, within six months of connection to the city wastewater system, disable and abandon septic tanks, effluent lines and any common leach field or wastewater treatment facility in accordance with the Arizona Department of Environmental Quality (ADEQ) regulations existing at the time. Any salvage value shall accrue to the owner, and all costs associated with the removal of wastewater treatment facilities, or the reclamation of the land, shall be borne by the owner. Reuse of land previously occupied by such wastewater disposal system shall be subject to all applicable federal, state and local regulations. Abandonment of on-site disposal systems shall conform to ADEQ regulations. [Code 2006 § 13-5-10. Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

13.15.100 Capacity fee schedule.

A. The city council shall from time to time, by ordinance, and in accordance with the provisions of A.R.S. Section [9-511.01](#), establish and publish a capacity fee schedule for connection to city of Sedona collection systems with flows to any city of Sedona wastewater treatment system. Capacity fees shall be incorporated into the city’s consolidated fee schedule upon formal adoption by the city council.

B. A capacity standby fee will be charged to property owners of undeveloped property located in an area where the city wastewater system is available for connection. A capacity standby fee will not be charged for vacant parcels that, as determined by the city engineer, are not capable of being developed for reasons such as their size, unique configuration, governmental ownership, or zoning designation as open space. [Code 2006 § 13-5-11. Ord. 99-13, 8-10-1999; Ord. 2009-04, 4-14-2009; Ord. 2010-14 § 1, 9-28-2010; Res. 2010-27 § 1 Exh. A, 9-28-2010; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

Appendix A ~~Wastewater deferred connection agreement with the city~~ of Sedona, Arizona.

THIS AGREEMENT (the "Agreement") is entered into this ____ day of _____, 20__, by and between _____, and _____ (the "Property Owner(s)") and the City of Sedona, an Arizona municipal corporation (the "City").

RECITALS

A. WHEREAS, _____ & _____ is (are) the owner(s) of _____ (the "Property"), real property located at _____ in Sedona, Arizona, (the "Property Owner(s)"), which consists of a single-family residence, and

B. WHEREAS, ~~City of Sedona (SCC 13.15.030(C)13.15.100)~~ provides that the time for connection of single-family dwellings to the City ~~Sewer~~ wastewater system may be extended provided that certain conditions as further set forth herein are met, and,

C. WHEREAS, upon the satisfaction of the terms of this agreement, the Property Owner's legal obligation to make a wastewater connection to the City ~~W~~wastewater system is deferred for up to two five-year periods commencing from the expiration of the 180-day time frame to connect to the City wastewater system conditioned upon complete compliance with this agreement, and

OR

~~C. WHEREAS, upon the satisfaction of the terms of this agreement, the Property Owner(s) legal obligation to make a wastewater connection to the City wastewater system is deferred for a final five-year period commencing from the expiration of the prior deferred connection agreement, and~~

D. WHEREAS, the City's governing body has authorized execution of this Agreement by the City of ~~Sedona (SCC 13.15.03013.15.100 et. seq.)~~

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

I. The p~~r~~Property o~~w~~Owner(s) warrant that the above-described property is currently being served by a legally functioning septic or alternative wastewater treatment system that complies with all state and

~~federal regulations and guidelines, and is capable of treating wastewater effluent in a manner that will not create an environmental hazard. Within 180 days after receiving a notice of sewer availability, the pProperty oOwner(s) will have submitted an inspection report from a licensed engineer, licensed plumbing contractor, or licensed septic system installer evidencing that the system has been inspected within the past 90 days, and is in proper working order and is not in danger of failure. If the pProperty oOwner(s) fails to submit an inspection report within the above-prescribed time period, the Property Owner(s) will be considered to be in breach of this agreement. In addition, the pProperty oOwner(s) agrees to have their septic or alternative wastewater treatment system inspected every five years during the term of this agreement. The pProperty oOwner(s) agrees that if and when this agreement is breached, the City may retroactively assess the pProperty oOwner(s) the environmental penalty for the past six months, and may continue to assess the environmental penalty until the pProperty oOwner(s) connects to the cCity wastewater system.~~

OR

~~I. The Property Owner(s) warrant that the above-described property is currently being served by a legally functioning septic or alternative wastewater treatment system that complies with all state and federal regulations and guidelines, and is capable of treating wastewater effluent in a manner that will not create an environmental hazard. Within 30 days of the expiration of the prior deferred connection agreement, the Property Owner(s) will have submitted an inspection report from a licensed engineer, licensed plumbing contractor, or licensed septic system installer evidencing that the system has been inspected within the past 30 days, and is in proper working order and is not in danger of failure. If the Property Owner(s) fail to submit an inspection report within the above-prescribed time period, the Property Owner(s) will be considered to be in breach of this agreement. The Property Owner(s) agree that if and when this agreement is breached, the City may retroactively assess the Property Owner(s) the environmental penalty fee for the past six months, and may continue to assess the environmental penalty fee until the Property Owner(s) connect to the City wastewater system.~~

~~II. Beginning one year after the date of the notice of sewer availability, the Property Owner(s) A agrees to pay a monthly non-user service fee that is equivalent to one half the prevailing monthly residential sewer rate as adjusted annually in accordance with the following schedule:~~

<u>Category</u>	<u>Billing Classifications</u>	<u>Billing Unit</u>	<u>Sewage Strength</u>	<u>Updated ERU per Billing Unit</u>	<u>FY 20 -</u>	<u>FY 20 -</u>	<u>FY 20 -</u>	<u>FY 20 -</u>
Rate Increase								
<u>new</u>	<u>Non-User Service Fee</u>	<u>Parcel</u>	<u>R</u>	<u>0.500</u>				

~~In addition, if upon the end of this above schedule, these fees are increased, the Property Owner(s) agree to pay this fee at any rate adopted by the City in the future.~~

III. ~~The Property Owner(s) agrees to connect the property to the Sedona City Wastewater System, at his or her own cost and expense, within 30 days after any of the following events or conditions occur:~~

~~a. The failure of or determined need to replace or make major repairs to an existing on-site sewer system serving the property. A major repair is deemed to be any repair, the cost of which exceeds 50% of the existing capacity fee.~~

~~b. Five (5) years from the date of this agreement, unless the pProperty oOwner(s) has have, within 30 days of the expiration of this 5 year period, another inspection of the on-site system serving the property in accordance with the same requirements as set forth in paragraph I above. Upon complying with this requirement of a second inspection, this agreement may be renewed for one additional 5-year term. Under no condition will connection to the City wastewater system be deferred for a period of more than 10 years beyond the date of this agreement.~~

~~c. Notice by the City that the pProperty oOwner(s) is are in breach of any of the terms of this agreement.~~

~~d. The Property Owner(s) are more than 90 days delinquent on fees owed.~~

IV. ~~In consideration of entering into the agreement, the City will allow the pProperty oOwner(s) to elect to defer the assessment of the wastewater capacity fee until the time that the pProperty oOwner(s) makes a connection to the City Wastewater System. However, if the pProperty oOwner(s) so elects, the Property Owner(s) will be assessed the prevailing capacity fee in existence at the time of connection. In the alternative, the pProperty oOwner(s) may elect to prepay the capacity fee within thirty days, at the prevailing rate at the time of entering into this agreement. The pProperty oOwner(s) also has have the option of entering into a "Capacity Fee Financing Agreement" with the City Finance Department whereby they Property Owner(s) may agree to pay the current capacity~~

fee rate in installment payments with interest accruing on the outstanding balance. If the p~~Property~~
o~~Owner(s)~~ does not enter into a Capacity Fee Financing Agreement, or pay the current prevailing rate
within 30 days, then they ~~Property Owner(s)~~ will be assessed the prevailing capacity fee rate at the
time they actually of connection to the city wastewater system.

V. The property owner(s) agree to pay the monthly non-user service fee in accordance with the
following schedule:

Category	Billing Classifications	Billing Unit	Sewage- Strength	Updated ERU per Billing Unit	FY 2014- 15	FY 2015- 16	FY 2016- 17	FY 2017- 18
Rate Increase					base	4%	4%	4%
new	Non-User Service Fee	Parcel	R	0.500	\$27.16	\$28.25	\$29.83	\$30.55

In addition, if upon the end of this above schedule, these fees are increased, the property owner(s)
agree to pay this fee at any rate adopted by the City in the future.

VI. The Property o~~Owner(s)~~ understand(s) and agree(s) that failure to pay the monthly non-user
service fee, or to make a timely wastewater connection in accordance with the terms and conditions
of this agreement shall subject the p~~Property o~~~~Owner(s)~~, his heirs, assigns or future property
owner(s) to the penalty provisions of Sedona City Code Chapter 13. These penalties can include but
are not limited to, late charges for failure to pay a capacity fee in the amount of 1.5% of the unpaid
balance per month; determination of an environmental nuisance per the City of Sedona (Sec. 13-9-
1 SCC 13.35.020) of the City Code and assessment of potential fines and penalties as set forth in the
City of Sedona (Article 13-11 SCC 13.45.010) of the City Code, or such other charges as may be
assessed by amendment of the Sedona City Code.

VII. The p~~Property o~~~~Owner(s)~~ further agrees that in connection with any sale of the property,
he/she/they the Property Owner(s) will fully disclose to any and all potential purchasers, the existence
and terms of this agreement. This agreement is deemed to run with the land, and any future property
owner(s) assumes the same rights and obligations as are set forth under this agreement. However,
under no circumstance will any future property owner(s) be able to negotiate a new agreement with
the c~~City~~ that would enable them to further defer connection to the City's wastewater system beyond
the time allowed per this agreement.

~~VIII. The pProperty owner(s) hereby covenant and agree that in the event the monthly non-user service fee for the above described property becomes delinquent for more than 90 days, the City of Sedona Arizona shall have a voluntary, consensual lien upon the real property in the amount of all such unpaid non-user service fees, with said lien to continue until such time as the City of Sedona receives full payment of any unpaid non-user service fees. Prior to filing such lien, the city shall comply with the same procedures set forth in per the City of Sedona City Code Section 13-6-7(SCC-13-20-070). Any voluntary lien imposed pursuant to this procedure shall constitute a continuing lien upon the real property and shall continue in full force and effect until released by a properly recorded instrument executed by the City of Sedona.~~

~~IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.~~

~~THE CITY OF SEDONA, an Arizona municipal corporation~~

By: _____
City Manager

Date: _____

Property
Owner(s): _____

Signature: _____

Print
Signature: _____

Signature: _____

Print
Signature: _____

Date: _____

VERIFICATION

STATE OF ARIZONA)
)

County of _____)

On this ___ day of _____, 20___,
before me personally appeared the following
persons: _____,
_____ known to me to be
the person(s) whose name(s) is (are) subscribed in
the foregoing instrument and acknowledged that
he/she/they executed the same for the purposes
herein contained.

IN witness hereof, I hereunto set my hand and
official seal.

Notary Public

My Commission Expires:

[Ord. 2010-14 § 1, 9-28-2010; Res. 2010-27 § 1 Exh. A, 9-28-2010; Ord. 2014-06 § 1, 5-27-2014; Res. 2014-10 Exh. A, 5-27-2014].

The Sedona City Code is current through Ordinance 2021-02, passed January 26, 2021, and Resolution 2021-03, passed January 26, 2021.

Disclaimer: The city clerk's office has the official version of the Sedona City Code. Users should contact the city clerk's office for ordinances passed subsequent to the ordinance cited above.

Note: This site does not support Internet Explorer. To view this site, Code Publishing Company recommends using one of the following browsers: Google Chrome, Firefox, or Safari.

[City Website: www.SedonaAZ.gov](http://www.SedonaAZ.gov)

[Code Publishing Company](#)

ORDINANCE NO. 2021-__

AN ORDINANCE OF THE CITY OF SEDONA, ARIZONA, AMENDING THE SEDONA CITY CODE BY ADOPTING CHANGES TO CHAPTER 13.15 (CONNECTIONS TO WASTEWATER SYSTEM); AND PROVIDING THAT ALL ORDINANCES OR PARTS OF ORDINANCES OR ANY PART OF THE SEDONA CITY CODE IN CONFLICT WITH THE PROVISIONS OF THIS ORDINANCE SHALL BE REPEALED UPON THE EFFECTIVE DATE OF THIS ORDINANCE.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, AS FOLLOWS:

Section 1. Adoption by Reference

The proposed amendments to the Sedona City Code set forth in that document entitled “2021 Amendments to Chapter 13.15 (Connections to Wastewater System) of the Sedona City Code” established as a public record by Resolution No. 2021-__, are hereby referred to, adopted, and made a part hereof, as if fully set forth in this Ordinance, and serve to amend the Sedona City Code in accordance with the provisions thereof.

Section 2. Repeal

All ordinances or parts of ordinances or any part of the Sedona City Code in conflict with the provisions of this Ordinance are hereby repealed to the extent of such conflict as of the effective date hereof.

Section 3. Savings Clause

If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remainder of this Ordinance. The City Council declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, despite the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions thereof would be declared invalid or unconstitutional.

PASSED AND ADOPTED by the Mayor and City Council of the City of Sedona, Arizona this 28th day of September, 2021.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney



**CITY COUNCIL
AGENDA BILL**

**AB 2706
September 28, 2021
Regular Business**

Agenda Item: 8b
Proposed Action & Subject: Presentation/discussion with Yavapai College President Dr. Lisa Rhine regarding a general update on activities and plans of the College.

Department	City Manager's Office
Time to Present	15 minutes
Total Time for Item	30 minutes
Other Council Meetings	N/A
Exhibits	None

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	0
		Amount Budgeted	
		\$	0
City Manager's Recommendation	For presentation and discussion only.	Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The City has had longstanding conversations with Yavapai College concerning services offered in Sedona and throughout the Verde Valley. Dr. Lisa Rhine President of Yavapai College will be present to give an update and the activities and plans of the College.

Community Plan Compliant: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): None.

MOTION

I move to: presentation and discussion only. No action required.



**CITY COUNCIL
AGENDA BILL**

**AB 2727
September 28, 2021
Regular Business**

Agenda Item: 8c

Proposed Action & Subject: Discussion/possible action regarding legislative advocacy related to short-term rentals and their impact on Sedona including possible engagement of a lobbyist and authorization of possible transfer of contingency funds of up to \$75,000.

Department City Manager

Time to Present 15 Minutes

Total Time for Item 45 Minutes

Other Council Meetings N/A

Exhibits None

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	Up to \$75,000
City Manager's Recommendation	Support hiring a private lobbyist for legislative advocacy on short-term rentals and authorize the use of contingency up to \$75,000 to fund the effort.	Amount Budgeted	
		\$	200,000
		Account No. (Description)	10-5246-01-6761 (Spendable Contingencies)
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: Since the enactment of SB 1350 in 2017, there has been a significant amount of legislative activity on short-term rentals but little success in passing legislation that would prove to ameliorate the negative impacts of short-term rentals on Sedona. The original law bans the City of Sedona from prohibiting or regulating short-term rentals unless the authority is outlined in state statute. This legislation provided cities with the ability collect taxes from short-term rentals through an agreement with Air B and B. The legislation also provided minimal authority for the City to challenge the business through the business license process and allowed Homeowners Association to regulate through their covenants, conditions, and restrictions (CC and Rs).

In the 2019 legislative session legislation was enacted, SB 1382, that required all online marketplaces to remit taxes. HB 2672 also became law which allowed cities to obtain emergency contact information. The legislation also set up a series of fines for violations through the Arizona Department of Revenue, as well as requiring tax identification numbers to be posted on a property listing. Subsequent attempts to further address short-term rentals at the Arizona State Legislature have failed.

While these efforts have provided additional options for the City of Sedona to pursue, these efforts have not gone far enough to address the proliferation of short-term rentals within the City of Sedona and the surrounding communities.

The City has relied on advocacy through the Arizona League of Cities and Towns who represent all cities and towns within the State of Arizona. Other communities have hired private lobbyists to advocate during the legislative session. While all of these efforts have increased the education campaign, they have not specifically addressed the unique issues within the City of Sedona or provided additional regulatory authority.

Staff is requesting support from Council to pursue the hiring of a private lobbyist for the 2022 Arizona State Legislative session to specifically pursue the short-term rental issue. Hiring a private lobbyist would complement the work of the League of Cities and Towns and provide the City of Sedona with many advantages, including:

1. Providing one contact and advocate for the City of Sedona at the legislature and with the Governor's office.
2. Identify opportunities for the City of Sedona, including the Mayor and Council, to meet with legislators, the Governor's office and key stakeholders.
3. Work with City staff on draft legislation and a legislative strategy.
4. Review communications materials to help tell the story of the impact of short-term rentals on the City of Sedona.

This was not contemplated at the time the budget was prepared and adopted. The budgeted contingency is \$200,000. A budget transfer of up to \$75,000 from the contingency account will be needed to cover this potential cost.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Do not engage the services of a lobbyist for the 2022 legislative session.

MOTION

I move to: approve a budget transfer of \$75,000 from the contingency account to professional services to cover the potential cost of a private lobbyist subject to City Manager approval and approval of a written contract by the City Attorney.



**CITY COUNCIL
AGENDA BILL**

**AB 2733
September 28, 2021
Regular Business**

Agenda Item: 8d

Proposed Action & Subject: Discussion/possible action regarding approval of a Resolution establishing the need and public purpose for right-of-way and easements necessary for the Forest Road Extension Project.

Department	City Attorney
Time to Present	15 minutes
Total Time for Item	45 minutes
Other Council Meetings	N/A
Exhibits	A. Resolution B. Exhibit A to Resolution – Map of properties to be acquired

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	TBD
City Manager's Recommendation	Approve a Resolution establishing the need and public purpose for property acquisition and related easements and authorize in advance formal condemnation proceedings if necessary.	Amount Budgeted	
		\$	1,600,000
		Account No. (Description)	22-5320-89-6872 48-5320-89-6872 (Forest Road Connection – Capital Improvements & Development Impact Fees Funds)
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

The new portion of Forest Road will connect with SR 89A west of the post office. The street will include a shared-use bike/walk pathway. A 2018 survey of Uptown residents found 78 percent supported building the extension. It will allow Uptown residents to bypass the two roundabouts at Brewer/Ranger roads and the Y and serve as an additional ingress/egress route for emergency responders and emergency evacuation. There is currently only one ingress/egress route between Uptown Sedona and the rest of the City.

The project is 100 percent designed. Plans have been reviewed by ADOT. Public Works is planning on advertising the Project for bid by the end of September and bringing the recommended award of the contract to City Council on November 23, 2021. Construction is planned to begin in December and to take roughly one year. Depending on the start of construction, the new road is expected to open by January 2023.

Staff is requesting Council approval of a resolution establishing the necessity and public purpose for real property and related easements needed to construct the Forest Road Extension Project. The resolution would authorize, in advance, formal condemnation proceedings if the necessary property and easements cannot be obtained by informal negotiations.

Background: In all, 11 parcels, owned by 9 separate entities/individuals are directly affected by the Project. Based on construction designs and in part on discussions with the owners, the City is looking to acquire a variety of property rights including fee title to the right-of-way and easements for right-of-way, slope, drainage, sanitary sewer and temporary construction. The City commissioned Dennis Lopez to appraise the value of the needed right-of-way and easements. The results of his appraisals were provided to the City in March 2021. The City sent offer letters to the owners based on the Mr. Lopez's market valuations in April 2021. After negotiations with the property owners, Staff decided to seek an additional appraisal in May and hired J. Hulet & Associates to conduct the additional market valuation. The results of the second appraisal were provided to the City in August. Second offers to purchase the property and easements necessary to complete the Project were sent to property owners in early September. Copies of both appraisals have been provided to the property owners or their representatives.

The completion of this project will require the acquisition of easements and real property. The property and easements are for the purpose of constructing, installing, building, operating, and maintaining the Forest Road Extension Project and related utilities and share use path. The design has identified all areas that will require purchase of right-of-way property or easements.

The City has made two offers to each owner of the affected properties to purchase the needed right-of-way or easements. If a mutually agreeable amount of compensation cannot be arrived at prior to the time construction is to begin, it will be necessary to begin condemnation proceedings.

Typically, the type of Project with its needed right-of-way and easements are not contested based on location or necessity. Disputes generally relate to the adequacy of the compensation. In such cases, staff attempts to negotiate a mutually satisfactory compensation. Condemnation is only pursued if this attempt fails or the owner requests the City pursue condemnation to establish the value of the easement. The authority of the government to take or damage privately owned property is referred to as the power of eminent domain, also called condemnation. Arizona Revised Statute §12-1112 provides that the taking of private property must be for a public use and that the taking be necessary for such public use. Arizona case law has interpreted public use to include: use of the land by the public, promoting the public welfare and promoting the purposes of a governmental entity. The Forest Road Extension Project will be a public street with a share use path. In all cases, through condemnation, fair compensation must be made pursuant to ARS 12-1116. None of these steps would require additional City Council action.

The successful progress of the Forest Road Extension Project depends on having all necessary rights to enter and use properties within the Project area. It is necessary to continue the process now so all access rights are obtained prior to construction, to ensure the project will not be delayed.

Community Plan Consistent: Yes - No - Not Applicable

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Continue negotiations to purchase needed right of way and easements without threat of condemnation.

MOTION

I move to: approve Resolution 2021-__ establishing the need and public purpose for property acquisition and related easements for the installation and maintenance of the Forest Road Extension Project, and authorize in advance formal condemnation proceedings if the necessary property and easements cannot be obtained by informal negotiations.

RESOLUTION NO. 2021-__

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, ESTABLISHING THE NECESSITY AND PUBLIC PURPOSE FOR ACQUISITION OF RIGHT OF WAY AND RELATED EASEMENTS NECESSARY FOR PURPOSES OF CONSTRUCTING, INSTALLING, BUILDING, OPERATING, AND MAINTAINING THE FOREST ROAD EXTENSION PROJECT, AND FURTHER APPROVING THE COMMENCEMENT OF CONDEMNATION PROCEEDINGS FOR ACQUISITION OF SUCH RIGHT OF WAY AND EASEMENTS IF NECESSARY TO AVOID CONSTRUCTION DELAYS.

WHEREAS, in order to proceed with the construction and extension of Forest Road to SR 89A, the public necessity, safety, and general welfare require the acquisition of right-of-way and related temporary construction, slope, drainage and right-of-way easements in, on, under, through, and over private property for purposes of constructing, installing, operating, and maintaining the Forest Road Extension Project; and

WHEREAS, there are approximately 11 properties from which rights-of-way and easements are needed for this Project and the City has obtained two independent appraisals of the properties which appraisals were sent to the property owners with written offers sent to the property owners in April and September 2021; and

WHEREAS, City staff believes it will successfully acquire most of the properties through negotiations with the property owners; and

WHEREAS, to ensure that all of the remaining necessary real property rights are acquired in time to meet the construction schedule, Staff seeks City Council authorization to acquire the property rights specified in this resolution through eminent domain; and

WHEREAS, if said easements cannot be obtained through informal negotiations with the private property owners, the commencement of condemnation proceedings will be necessary.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA AS FOLLOWS:

SECTION 1. The public necessity, safety, and general welfare require the City of Sedona acquire the necessary right-of-way property by fee simple title to a portion of the real property depicted on the attached Exhibit "A", said right-of-way property being necessary to serve the public purposes of constructing, installing, operating, and maintaining the Forest Road Extension Project.

SECTION 2. That it is deemed necessary and essential that in order to construct the Forest Road Extension Project that the City acquire temporary construction, slope, drainage and right-of-way easements in, on, under, through, and over private property depicted on the attached Exhibit "A", said easements being necessary to serve the public purposes of constructing, installing, operating, and maintaining the Forest Road Extension Project.

SECTION 3. If, in the discretion of the City Engineer, the necessary right-of-way and easements cannot be obtained by way of informal negotiations, that the City Attorney of the City of Sedona is hereby authorized and directed to acquire title in fee simple and any necessary easements, leaseholds and/or other property interests with regard to the portions of the properties depicted in Exhibit "A" in the name of the City of Sedona under the power of

Eminent Domain, pursuant to the engineering plans now in effect or which may be in effect in the future, and the City Attorney is further authorized and directed to do and perform all acts necessary to acquire title and interests in the properties for said public purposes.

APPROVED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 28th day of September, 2021.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

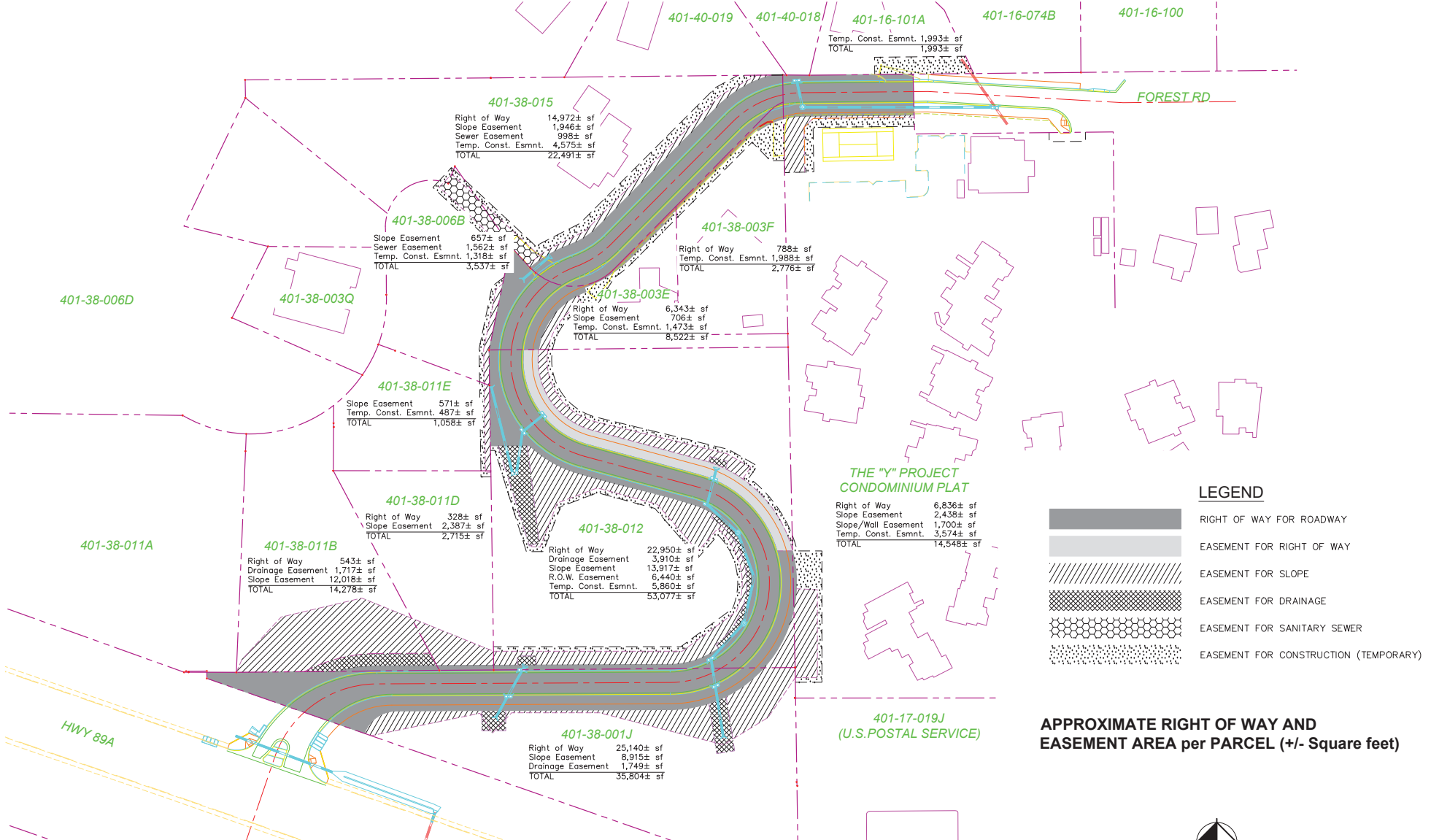
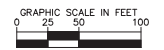


EXHIBIT A - FOREST RD EXTENSION PROJECT - RIGHTS OF WAY AND EASEMENTS TO BE ACQUIRED



9/19/2021



**CITY COUNCIL
AGENDA BILL**

**AB 2705
September 28, 2021
Regular Business**

Agenda Item: 8e

Proposed Action & Subject: Discussion/possible action regarding approval of a revised statement related to the statewide congressional and legislative redistricting process and alternatives.

Department	City Manager
Time to Present	10 minutes
Total Time for Item	30 minutes
Other Council Meetings	July 13, 2021
Exhibits	A. Draft Redistricting Statement – City of Sedona

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	Approve the revised redistricting values statement to submit to the Independent Redistricting Commission.	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The Independent Redistricting Commission (IRC) is currently working to redraw Arizona's Congressional and Legislative districts to reflect the results of the most recent census. The concept of one-person, one-vote dictates that districts should be roughly equal in population. Other factors to be considered are district shape, geographical features, respect for communities of interest and potential competitiveness.

The IRC was appointed in January 2021 and is comprised of five Commissioners, two Republicans, two Democrats and an Independent selected to Chair by the appointed Commissioners. The IRC is holding regular meetings and will begin the work of redrawing Congressional and Legislative districts in mid to late August when the results of the census have been received.

In the past, following the 2010 census, the Council was provided an opportunity to review the proposed redistricting options and vote in support of the preferred district map. That vote was forwarded to the Board of Supervisors as Yavapai County's regional community of interest. Despite the request to stay in one district, the Verde Valley is currently in the same Legislative district, but not the Congressional district.

The IRC held 15 public meetings around the State. The City of Sedona provided testimony at the meeting held on July 27, 2021.

Since the last round of public meetings, the IRC has released the first set of grid maps which separates the districts into equal populations, as required by the state constitution. The draft grid maps for the Congressional districts keeps the City of Sedona intact in our district, while the Legislative grid map separates the City of Sedona by county lines into two legislative districts.

Staff is requesting approval of a revised statement on the City of Sedona redistricting values to submit to the IRC for the next round of public meetings. The revised redistricting values specifically comments on the initial grid maps and requests that the City of Sedona stay in one Legislative and Congressional district (not separated by County lines). The statement also requests that the Verde Valley communities, including the Yavapai-Apache Nation, remain in one Legislative district and be included in one Congressional district.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: approve the revised redistricting values statement to submit to the Independent Redistricting Commission.

DRAFT REDISTRICTING STATEMENT – CITY OF SEDONA

The City of Sedona presented testimony at the Independent Redistricting Commission (IRC) Hearing on July 27, 2021. In that testimony, the City of Sedona requested it be kept intact in both a Congressional District and a Legislative District and specifically asked first and foremost that the City be kept intact and not be split by County lines. The City also requested an outcome that maintains the Verde Valley communities of Sedona, Village of Oak Creek, Cottonwood, Camp Verde, Jerome, and Clarkdale, as well as the Yavapai Apache Nation, together within congressional and legislative districts. The IRC has now released Draft District Grid maps.

The preliminary Congressional District Grid Map represents the City of Sedona intact in what would become Congressional District 2. It also maintains the relationships that Sedona has with its neighboring communities, with which it shares business and economic interests, residential housing opportunities, health care providers/facilities, transportation corridors and infrastructure, cultural and educational institutions, and many other long-term alliances, as well as our shared history, natural resources, and physical features.

The preliminary Legislative District Grid Map represents the City of Sedona as split between two legislative districts, which removes a portion of our city and its residents from the relationships and bonds listed above.

The City of Sedona requests reconsideration of the proposed Legislative District boundaries. We seek an outcome that recognizes the importance of aligning our city with our neighboring communities that have similar common interests. Representation and community voice are ideals at the heart of independent redistricting. A voice that is inclusive of our inextricably bound communities is essential to the representation that Sedona deserves.

We ask that the City of Sedona be kept intact to ensure our residents can continue to speak with one voice as a community. We further ask that our City be kept with its neighboring communities (listed above) so that our region may have unified representation in matters before the state. We request respect for our communities of interest and geographic area.

We would be happy to provide any documentation that might be helpful to your review. We appreciate the Independent Redistricting Commission's consideration of our request.



**CITY COUNCIL
AGENDA BILL**

**AB 2571
September 28, 2021
Regular Business**

Agenda Item: 8f
Proposed Action & Subject: Discussion/possible direction regarding issues surrounding the COVID-19 pandemic and the City's response.

Department	City Manager
Time to Present	10 minutes
Total Time for Item	15 minutes
Other Council Meetings	March 24, 2020, April 14, 2020, April 28, 2020, May 12, 2020, May 26, 2020, June 9, 2020, June 23, 2020, July 14, 2020, July 28, 2020, August 11, 2020, September 8, 2020, September 22, 2020, October 13, 2020, October 27, 2020, November 10, 2020, November 24, 2020, December 9, 2020, January 12, 2021, January 26, 2021, February 9, 2021, February 23, 2021, March 9, 2021, March 23, 2021, April 13, 2021, April 27, 2021, May 11, 2021, May 25, 2021, June 8, 2021, June 22, 2021, July 13, 2021, July 27, 2021, August 10, 2021, September 14, 2021
Exhibits	None

City Attorney Approval	Reviewed 09/21/21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	For discussion and possible direction only.	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: This item was added to ensure opportunity to discuss the latest updates with the COVID-19 pandemic and the City's response.

The City continues regular communication with state and county health departments, hospitals, other healthcare providers, emergency responders, emergency managers, and policy experts.

City staff continues to evaluate how the economic slowdown will impact City finances. Staff will be prepared to discuss the latest revenue data and forecasts.

During the meeting staff will present up to date information on COVID-19 related data, regulatory changes, and news on city finances.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): N/A

MOTION

I move to: for discussion and possible direction only.