

AGENDA



4:30 P.M.

CITY COUNCIL MEETING

TUESDAY, NOVEMBER 28, 2023

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

THE MEETING CAN BE VIEWED LIVE ON THE CITY'S WEBSITE AT WWW.SEDONAAZ.GOV OR ON CABLE CHANNEL 4.

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.
- No disruptive behavior or profane language will be allowed.

PROCEDURES:

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

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

2. ROLL CALL

3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT =

- Minutes - November 14, 2023 City Council Special Meeting - Executive Session.
- Minutes - November 14, 2023 City Council Regular Meeting.
- Minutes - November 15, 2023 City Council Special Meeting.
- AB 3021 Approval of a Resolution approving and authorizing the Mayor to execute an Intergovernmental Agreement (IGA) between the City of Sedona and the State of Arizona Department of Revenue for the administration, collection, audit, and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and use taxes and rental occupancy taxes imposed by the state, cities or towns.

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

- Discussion** regarding Council assignments.
- AB 2994 **Public hearing/discussion/possible action** regarding adoption of a Resolution and Ordinance updating the City of Sedona's Fee Schedule.
- AB 3014 **Discussion/possible action** regarding City Council's State Legislative priorities for the 2024 legislative session and a Second Amendment to the Agreement with the Policy Development Group.
- AB 2953 **Presentation/discussion** regarding the September 2023 Sales and Bed Tax Report.
- Discussion/possible action** regarding future meeting/agenda items.

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:

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

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

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



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10. ADJOURNMENT

Posted: 11/22/2023

By: DJ

JoAnne Cook, 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.

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Sedona makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Sedona City Council meetings are recorded and may be viewed on the City of Sedona website. If you permit your child to attend/participate in a televised City Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in the meeting.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

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

Action Minutes
Special City Council Meeting – Executive Session
Sedona City Hall
102 Roadrunner Drive, Sedona, Arizona
Tuesday, November 14, 2023, 3:30 p.m.

Convened into Executive session at 3:31 p.m.

Council Present: Mayor Scott Jablow, Vice Mayor Holli Ploog, Councilor Melissa Dunn, Councilor Brian Fultz, Councilor Pete Furman, Councilor Kathy Kinsella, and Councilor Jessica Williamson.

Staff Present item: City Manager Karen Osburn, Deputy City Manager Andy Dickey, City Attorney Kurt Christianson and City Clerk JoAnne Cook.

3. Special Business

Motion: Councilor Kinsella moved to enter into Executive Session at 3:31 p.m. Seconded by Councilor Williamson. Motion carried unanimously with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, and Williamson) and zero (0) opposed.

Kurt Christianson gave the admonition.

- a. **Discussion and consultation with the City Attorney for legal advice and to consider the City’s position regarding pending litigation and settlement discussions in the matter of Sabrina Beram v. City of Sedona CIV-23-15912. This matter is brought in executive session pursuant to A.R.S. § 38-431.03(A)(3) & (4).**
- b. **Return to open session. Discussion/possible action regarding executive session items. Reconvened in open session at 3:51 p.m.**

4. Adjournment

Mayor Jablow adjourned the meeting at 3:53 p.m.

I certify that the above are the true and correct actions of the Special City Council Meeting held on November 14, 2023.

JoAnne Cook, CMC, City Clerk

Date

Action Minutes
Regular City Council Meeting
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Tuesday, November 14, 2023, 4:30 p.m.

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

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

Council Present: Mayor Scott Jablow, Vice Mayor Holli Ploog, Councilor Melissa Dunn, Councilor Brian Fultz, Councilor Pete Furman, Councilor Kathy Kinsella, and Councilor Jessica Williamson.

Staff Present: City Manager Karen Osburn, Deputy City Manager Andy Dickey, City Attorney Kurt Christianson, Arts Coordinator Nancy Lattanzi, Police Chief Stephanie Foley, Assistant Public Works Director Sandy Phillips, Facilities Manager Larry Farhat, Transit Administrator Rober Weber, Director of Financial Services Cherie White, Web Content Manager Rob MacMullan, Tourism and Economic Initiatives Coordinator James Mogensen, Communications Manager Lauren Browne, Special Initiatives Coordinator Kegn Moorcroft, Sustainability Manager Bryce Beck, Sustainability Coordinator Zach Schwartz, Sustainability Coordinator Sarah Estrada, Deputy City Clerk Marcy Garner, and City Clerk JoAnne Cook.

2. Roll Call/Moment of Art

Nancy Lattanzi introduced Author Robert Louis DeMayo. He is the author of *The Telegraph*, out of Nashua, New Hampshire, and the *Hollis Times*. Robert presented *The Sirens of Oak Creek*.

3. Consent Items

- a. **Minutes - October 24, 2023 City Council Special Meeting - Executive Session.**
- b. **Minutes - October 24, 2023 City Council Regular Meeting.**
- c. **AB 3015 1) Approve acceptance of the FTA 5339 Grant award in the amount of \$720,000. 2) Approve an additional \$180,000 as the city's local share to satisfy the conditions of the grant; and 3) Direct staff to apply all stated FTA grant and local funding for only approved activities as specified within the grant.**
- d. **AB 3019 Approval of a two-year contract and reappointment of Paul Schlegel as Magistrate Judge.**
- e. **AB 3020 Approval of an Ordinance amending the Sedona City Code Title 10 (Vehicles and Traffic), Chapter 10.20 (Parking), by adopting amendments to clarify Section 10.20.030 (Parking restricted or prohibited – Authority to Erect Signs.)**
- f. **AB 3017 Approval of a Class A Bingo License for Mooney's Shebeen LLC, dba Mooney's Irish Pub located at 671 SR 179, BST 3&4, Sedona, AZ.**

Motion: Councilor Ploog moved to approve consent items 3a-3f. Seconded by Councilor Williamson. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

4. Appointments

- a. AB 2997 Discussion/possible action regarding the appointment/reappointment of Planning & Zoning Commissioners.**

Council thanked all of the applicants for their interest and thanked Kali Gajewski and Jo Martin for their willingness to serve.

Motion: Councilor Williamson moved to reappoint Kali Gajewski and appoint Jo Martin to seats on the Planning & Zoning Commission for terms that will begin on November 1, 2023 and end October 31, 2026, or until a successor is appointed, whichever is later. Seconded by Councilor Kinsella. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

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

Vice Mayor Ploog stated 1,244 children attended the Uptown Trick or Treat Event and 2,600 people attended the Food Truck Event. She said registration is open for 1st-8th grade students interested in the Youth Basketball League, holiday décor will be placed in Uptown and West Sedona, and Breakfast with Santa will be held on December 2nd at the Hub.

6. Public Forum - None.

7. Proclamations, Recognitions & Awards

- a. Citizen’s Academy participants, certificate presentation**

Karen Kwitkin introduced the Citizen Academy participants and presented them with their certificates.

The 2023 Citizen Academy participants included: Carl Jackson, Christine Siddoway, Ron Siddoway, John Mazzarella, Stewart Norwak, Joey Norwak, Ben Shor, Marjorie Harris, Patricia Popp, KeliAnne Piscopo, Althea Johnson, Dan Wiencek, Hay Mar (Maung) Britton, Samuel Britton, Michael Wright, Susan Price, Dave Price, Patricia Strainic, Angela Scripo, Karen Kwitkin, Bernadette Krchnavy, James Harris, James Mogensen

8. Regular Business

- a. Reports regarding Council assignments.**

Mayor Jablow introduced the “Ripple Effect” video that was created by the Arizona Water Company, Big Park Water Company, Yavapai County Supervisor’s Office, and Mayor Jablow. He encouraged all to participate in the program. Vice Mayor Ploog said members of the Sedona Ster Cities Program visited Banff, Canada where they visited a village created by the city. Mayor Jablow attended the mayor and city manager’s meeting. Yavapai County Board of Supervisors attended as well. He said they are giving consideration to a central dispatch center and will be initiating an outreach with emergency personnel and city managers, road construction is continuing on Cornville

Road, and supervisors voiced concerns about the shortage of aggregate being mined in the county.

- b. AB 3010 Discussion/possible action regarding an update on the build out of Ranger Station Park and approval of Linking Agreement for Purchase of Playground Equipment and Installation in the approximate amount of \$478,300, subject to approval of the written contract by the City Attorney's Office.**

Presentation by Josh Frewin, Bryce Beck, Sandy Phillips, and Larry Farhat.

Questions and comments from Council.

Opened to the public at 5:40 p.m.

Peggy Chaikin, Sedona, spoke in favor of the project. She suggested a shade structure and solar covered parking.

Brought back to Council at 5:42 p.m.

Questions and comments from Council.

Motion: Councilor Kinsella moved Approve the Linking Agreement for the purchase and installation of Ranger Station Playground structures in the amount of \$503,763.06, subject to approval of the written contract by the City Attorney's Office. Seconded by Williamson. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

- c. AB 3013 Discussion/possible action regarding the award of a construction contract to Combs Construction Company, Inc. for the Uptown Northbound Roadway Improvements Project, SIM-1B, in the approximate amount of \$4,468,058, subject to approval of the written contract by the City Attorney's Office.**

Kurt Harris introduced John Hall. Presentation by Kurt Harris and John Hall.

Questions and comments from Council.

Motion: Councilor Furman moved to approve the awarding of a construction contract to Combs Construction Company, Inc. for the Uptown Northbound Roadway Improvements Project in the approximate amount of \$4,468,058, subject to approval of the written contract by the City Attorney's Office. Seconded by Councilor Fultz. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

Break at 6:45 p.m. Reconvened at 6:53 p.m.

- d. AB 3009 Discussion/possible action regarding approval of linking agreement to contract services from McKinstry Essention LLC, in the approximate amount of \$133,400, for the creation of a decarbonization roadmap for municipal operations.**

Presentation by Bryce Beck and McKinstry Sedona Decarbonization Team members Kreisler Davis. P.E. Team Lead & Sedona Liaison, Mike Gross, P.E. Technical

Director, Ryan Thomas, Energy Engineer, and Brad Liljequist, Zero Carbon Innovation & Leadership.

Questions and comments from Council.

Motion: Councilor Williamson moved to approve the linking agreement to procure consulting services through McKinstry Essention LLC, in the approximate amount of \$133,400, for the development of a decarbonization roadmap for municipal operations. Seconded by Councilor Kinsella. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

e. Discussion/possible action regarding future meeting/agenda items.

Mayor Jablow advised tomorrow's meeting will start at 2:00 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 Jablow adjourned the meeting at 8:00 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on November 14, 2023.

JoAnne Cook, CMC, City Clerk

Date

**Action Minutes
Special City Council Meeting
City Council Chambers, Sedona City Hall
102 Roadrunner Drive, Sedona, Arizona
Wednesday, November 15, 2023, 2:00 p.m.**

1. Call to Order

Mayor Jablow called the meeting to order at 2:00 p.m.

2. Roll Call

Roll Call: Mayor Scott Jablow, Vice Mayor Holli Ploog, Councilor Melissa Dunn, Councilor Brian Fultz, Councilor Pete Furman, Councilor Kathy Kinsella, and Councilor Jessica Williamson.

Staff in attendance: City Manager Karen Osburn, Deputy City Manager Andy Dickey, Attorney Kurt Christianson, Chief Stephanie Foley, Lieutenant Karl Waak, Communications and Public Relations Manager Lauren Browne, Director of Public Works Kurt Harris, Associate Engineer Bob Welch, Transit Administrator Robert Weber, Director of Community Development Steve Mertes, Sustainability Manager Bryce Beck, City Clerk JoAnne Cook, and Deputy City Clerk Marcy Garner.

3. Special Business

a. AB 2378 Discussion/possible direction regarding the findings and recommendations of the Uptown Parking Alternative Analysis and Site Selection.

Presentation by Andy Dickey, Kimley-Horn Project Manager Andrew Baird and Associate Parking and Mobility Consultant Jeremiah Simpson.

Break at 3:29 p.m. Reconvened at 3:33 p.m.

Open to public comment.

The following people spoke in favor the parking garage on behalf of the Parking Garage Task Force:

Mike Wise, Sedona and Jess Alexander, Flagstaff.

The following person spoke in opposition to the parking garage on behalf of the Parking Garage Task Force:

Joseph Zani, Sedona.

The following people spoke in favor of the parking garage:

James Nelson, Clarkdale, Robert Masters, Sedona, Randy McGrane, Phoenix, Lonnie Lillie, Sedona, Bob Concienne, Sedona, Eben Hartsenberg, Sedona, Alisha "Ali" Hansen, Sedona, Stephanie Sorgenfre, Village of Oak Creek, Marcia Furst, Sedona, Michelle Conway, Clarkdale, Stephen Cook, Sedona, Donna Helfrich, Cornville, Julie Richard, Cornville, Kathy Howe, Sedona, Tom Gilomen, Sedona, Tom Huthwait, Flagstaff, David

Barron, Sedona, Joe Piazza, Sedona, Robert Lerner, Sedona, Joel Bower, Sedona and Al Comello, Sedona.

The following spoke in opposition to the parking garage:

Earnie Strauch, Sedona, Beverly "Gala" Kraftson, Sedona, Karen Strauch, Sedona, Jen Farnsworth, Sedona, Peggy Chaikin, Sedona, Ann Kelley, Sedona, Sean Smith, Sedona and Mark Tenbroek, Sedona.

Karen Osburn thanked the Sedona Resident Unite for the presentation they sent her. She spoke to the benefits of the parking garage and clarified misconceptions related to the project.

Break at 5:02 p.m. Reconvened at 5:23 pm

Questions and Comments from Council.

Emergency Operations Center Manager Director, Wes Dison, Chief Foley, Bryce Beck, Andy Dickey, Andrew Baird, Jeremiah Simpson, Bob Welch and Karen Osburn answered questions from council.

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

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.**

By majority consensus, Council directed staff to:

Develop a plan for employee parking, employ guidance technology in conjunction with the parking garage project, finalize a plan for consolidation of the existing public parking lots and on-street parking, and restrict non-resident parking on residential streets, and agreed the garage must be fully funded by user fees.

Adjournment

Mayor Jablow adjourned the meeting at 8:53 p.m. without objection.

I certify that the above are the true and correct actions of the Special City Council Meeting held on November 15, 2023.

Marcy Garner, Deputy City Clerk

Date



**CITY COUNCIL
AGENDA BILL**

**AB 3021
November 28, 2023
Consent Agenda**

Agenda Item: 3d

Proposed Action & Subject: Approval of a Resolution approving and authorizing the Mayor to execute an Intergovernmental Agreement (IGA) between the City of Sedona and the State of Arizona Department of Revenue for the administration, collection, audit, and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and use taxes and rental occupancy taxes imposed by the state, cities or towns.

Department	Financial Services
Time to Present	N/A
Total Time for Item	N/A
Other Council Meetings	June 23, 2015; May 28, 2019
Exhibits	A. Resolution B. Intergovernmental Agreement and Appendices

Finance Approval	CRW 11/16/2023											
City Attorney Approval	Reviewed 11/20/2023 KWC											
City Manager's Recommendation	Approve a Resolution authorizing the Mayor to execute an Intergovernmental Agreement (IGA) between the City of Sedona and the State of Arizona Department of Revenue for the administration, collection, audit, and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and use taxes and rental occupancy taxes imposed by the state, cities or towns.	<table border="1"> <tr> <th colspan="2" style="background-color: #cccccc;">Expenditure Required</th> </tr> <tr> <td style="text-align: right;">\$</td> <td>43,000 (remaining portion of Sedona's estimated share of ADOR software upgrade for FY24-FY28)</td> </tr> <tr> <th colspan="2" style="background-color: #cccccc;">Amount Budgeted</th> </tr> <tr> <td style="text-align: right;">\$</td> <td>8,000 (Sedona's estimated share of ADOR software upgrade for FY24)</td> </tr> <tr> <td style="text-align: right;">Account No. (Description)</td> <td>10-5222-88-6225 (Service Charges)</td> </tr> </table>	Expenditure Required		\$	43,000 (remaining portion of Sedona's estimated share of ADOR software upgrade for FY24-FY28)	Amount Budgeted		\$	8,000 (Sedona's estimated share of ADOR software upgrade for FY24)	Account No. (Description)	10-5222-88-6225 (Service Charges)
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Account No. (Description)	10-5222-88-6225 (Service Charges)											

SUMMARY STATEMENT

Background: This Intergovernmental Agreement (the 2023 IGA) was negotiated with the Arizona Department of Revenue (ADOR) and Attorney General's office by the City Tax Administrators Council (CTAC) Rulings Group, which includes the League of Arizona Cities and Towns, and with the assistance of several city attorneys and a multitude of tax and IT experts from many municipalities.

Local Transaction Privilege Tax (TPT) administration is governed by A.R.S. § 42-6001. This statute requires the Arizona Department of Revenue (ADOR) to administer the transaction privilege and use taxes imposed by all cities and towns and to enter into an intergovernmental agreement (IGA) with each city and town to clearly define the working relationship between the ADOR and Arizona cities and towns.

This IGA establishes the framework for collaboration between the ADOR and the cities and towns for every aspect of TPT administration. It provides the principles, requirements, and responsibilities of both the city/town and the ADOR, and it defines the many specific operational processes related to tax collection, the protection of taxpayer confidentiality, and information security.

The 2023 IGA replaces the 2019 IGA and represents a complete rewrite of the prior Agreement. Great emphasis was placed on improving the thoroughness and consistency of the Agreement as well as minimizing the need to look through multiple sections to answer a single question or resolve a specific issue.

Below is a high-level summary of the most notable changes compared to the 2019 IGA:

The new IGA adds or clarifies the definitions of various terms including City Services, Collection, Development Fees, Options Chart, Primary Point of Contact (PPOC), Profile, Independent Contractor, State Tax, Tax Information, Authorized Access Lists, and Qualified Recipients of Information, and all defined terms are now capitalized throughout the Agreement for easy recognition.

Taxpayer confidentiality measures have been significantly strengthened, placing additional emphasis on the protection of Tax Information provided under Arizona statutes, and refining the details surrounding authorized access, disclosure restrictions, and remedies for improper disclosure such as the possible suspension of Tax Information sharing.

New procedures have been established for both the cities/towns and the ADOR to regularly maintain the Authorized Access Lists that control who can see detailed taxpayer information, including clarifying confidentiality training requirements and adding that all responsibilities and restrictions apply to Independent Contractors in the same manner as they apply to regular employees.

The new IGA addresses the developing scope of city/town assistance offered to the ADOR with the addition of delinquent tax collection activities and new collections reports along with new language that covers cities/towns assisting with reviews of selected refund claims. In addition to the services that have long been provided by city and town auditors, these new areas expand the ways to partner with the ADOR, leveraging city/town personnel to help the ADOR achieve more efficient operations.

The 2023 IGA also provides new or improved coverage for several miscellaneous topics including the City/Town's responsibility for reviewing its City Profile and the Model City Tax

Code website; workers' compensation issues when sharing office space with other jurisdictions; the expiration, termination, or amendment of the Agreement; and the disclosure of aggregated financial information.

Finally, this version rewrote much of Appendix A regarding the handling and protection of confidential taxpayer information. Changes were made relative to identifying retention requirements and authorized disposal methods, critical information security protocols, and various software system requirements that cities and towns must follow to protect any confidential taxpayer data stored on their computer systems.

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): This is a standardized agreement applicable to all cities and towns and the ADOR, so no alterations or edits to these documents are allowed during the City Council approval process. The IGA is required under State statute. The IGA is subject to an annual review process and any suggested changes or proposed edits would be submitted to the League for consideration during the next review period.

MOTION

I move to: approve Resolution No. 2023-__ approving and authorizing the Mayor to execute an Intergovernmental Agreement (IGA) between the City of Sedona and the State of Arizona Department of Revenue for the administration, collection, audit, and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and use taxes and rental occupancy taxes imposed by the state, cities or towns.

RESOLUTION NO. 2023-_____

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE AN INTERGOVERNMENTAL AGREEMENT (IGA) BETWEEN THE CITY OF SEDONA AND THE STATE OF ARIZONA DEPARTMENT OF REVENUE FOR THE ADMINISTRATION, COLLECTION, AUDIT, AND LICENSING OF TAXES IMPOSED BY THE STATE, CITIES OR TOWNS.

WHEREAS, Title 11, Chapter 7, Article 3 (A.R.S. § 11-952) authorizes two or more public agencies to enter into intergovernmental agreements to contract for services if authorized by their legislative or governing bodies; and

WHEREAS, A.R.S. § 42-6001 et seq. was amended effective January 1, 2015 to provide that the Arizona Department of Revenue, hereinafter referred to as ADOR, shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the State, cities or towns; and

WHEREAS, representatives of ADOR and representatives of Arizona cities and towns, with support from the League of Arizona Cities and Towns, have negotiated the terms of a new IGA to take effect as described within that document, which can be adopted individually by each Arizona city and town, and is the subject of this Resolution.

NOW THEREFORE BE IT RESOLVED, that the City Council of the City of Sedona, Arizona hereby approves the Intergovernmental Agreement between the City of Sedona and the Arizona Department of Revenue for the administration, collection, audit and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and use taxes and rental occupancy taxes imposed by the State, cities or towns, and authorizes the following:

1. The Mayor, or their duly authorized agent, shall notify ADOR of the City's desire to enter into an IGA as required by ARS §42-6001, with an effective date as described within that document, together with the encapsulated provisions for annual renewals.
2. The Mayor may enter into the proposed IGA on behalf of the City of Sedona, and execute all such other documents, contracts, amendments and agreements with ADOR as may be necessary to effectuate this agreement.

PASSED AND ADOPTED this 28th day of November 2023, by the Mayor and Council of the City of Sedona, Arizona.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

**INTERGOVERNMENTAL AGREEMENT BETWEEN
THE ARIZONA DEPARTMENT OF REVENUE AND
THE CITY/TOWN OF SEDONA**

THIS INTERGOVERNMENTAL AGREEMENT (“Agreement”) is entered into this 28th day of November, 2023, by and between the Arizona Department of Revenue (“Department”) and the City/Town of Sedona, an Arizona municipal corporation (“City/Town”). This Agreement shall supersede and replace all previous intergovernmental agreements, including amendments thereto, entered into by the Department and City/Town regarding the administration, collection, audit, and/or licensing of transaction privilege tax, use tax, severance tax, jet fuel excise and use taxes, and rental occupancy taxes (collectively referred to as “Taxes”) imposed by the State, City/Town, and other Arizona municipalities.

RECITALS

WHEREAS, A.R.S. Title 11, Chapter 7, Article 3 (A.R.S. § 11-952 *et seq.*) authorizes two (2) or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies.

WHEREAS, A.R.S. § 42-6001 *et seq.* was amended effective January 1, 2015 to provide that the Department shall collect and administer any transaction privilege and affiliated excise taxes imposed by any Arizona municipality and that the Department and each municipality shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit, and licensing of transaction privilege and affiliated excise taxes imposed by the State and Arizona municipalities.

WHEREAS, City/Town has taken appropriate action by ordinance, resolution, or otherwise, pursuant to the laws applicable to the governing body of City/Town, to approve and authorize City/Town to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the Department and City/Town enter into this Agreement as follows:

1. Definitions

1.1 A.R.S. means the Arizona Revised Statutes.

1.2 Adoption of an Ordinance means final approval by majority vote of the City/Town council.

- 1.3 **Ambassador Program** means the Department’s provided structure and support of curriculum related to tax administration and compliance education.
- 1.4 **Arizona Management System** means the State’s professional, results-driven management system that focuses on customer value and vital mission outcomes for citizens. The system is based on principles of Lean, a proven people-centered approach that has delivered effective results in both public and private sectors. Lean focuses on customer value, continuous improvement and engaged employees to improve productivity, quality, and service.
- 1.5 **Audit** means an examination and verification of accounts and records to determine taxpayer compliance with A.R.S. Title 42 and the Model City Tax Code, or any other assessment issued pursuant to A.R.S. § 42-1108.
- 1.6 **City Services** means the Department’s team or successor unit thereof that assists Arizona municipalities with administrative functions and all other activities related to transaction privilege tax licensing, collection, and compliance of any kind. In this Agreement, all references to electronic communications with City Services shall be directed to the team’s address at citiesunit@azdor.gov.
- 1.7 **Closing Agreement** means an agreement to settle a tax liability pursuant to A.R.S. § 42-1113.
- 1.8 **Collection** means activities to collect established liabilities for transaction privilege taxes, fees, and related penalties and interest that are due and owing.
- 1.9 **Confidentiality Standards** means the standards set forth in A.R.S. § 42-2001 *et seq.*, Model City Tax Code § 510, Appendix A of this Agreement, and such other written standards mutually agreed to by the Department and City/Town, and which will be incorporated into Appendix A of this Agreement.
- 1.10 **Development Fees** has the same meaning prescribed in A.R.S. § 42-5075(B).
- 1.11 **Desk Review** means any assessment issued pursuant to A.R.S. § 42-1109(B).
- 1.12 **Federal Tax Information (“FTI”)** means Federal income tax returns or return information the Department receives from the Internal Revenue Service, including any information created by the Department derived from that information. Documents obtained from a taxpayer or State income tax returns are not considered Federal Tax Information. The scope of this Agreement does not permit the Department to share FTI with any Arizona municipality.
- 1.13 **Independent Contractor** means any individual or entity with which City/Town may enter into an agreement to perform transaction privilege tax administration, collection, audit, licensing, and any other related duties described in this Agreement or A.R.S. § 42-6001 *et seq.*
- 1.14 **Model City Tax Code** means the document defined in A.R.S. § 42-6051.

- 1.15 Municipal Tax or Municipal Taxes** means collectively the transaction privilege and affiliated excise taxes, including use tax, severance tax, jet fuel excise and use tax, and rental occupancy tax imposed by City/Town in accordance with the Model City Tax Code and similar taxes imposed by City/Town pursuant to a City/Town code section outside the Model City Tax Code that are collected via the standard transaction privilege tax return. Unless the context provides otherwise, this definition includes municipal privilege tax, municipal privilege tax license fees, and all related penalties, interest and other similar charges collected by the Department on behalf of an Arizona municipality.
- 1.16 Options Chart** means any chart contained in a section of the Model City Tax Code which identifies the various approved standard Options adopted by an Arizona municipality.
- 1.17 Primary Point of Contact (“PPOC”)** means a designated City/Town representative with the primary responsibility for communicating with the Department and their respective staff on any matters described within this Agreement. The PPOC must be an individual qualified to receive Tax Information under Section 2.1 of this Agreement and be included on the Master Authorization List referenced in Section 2.3 of this Agreement.
- 1.18 Profile** means a dedicated section of the Model City Tax Code that provides specific information for each Arizona municipality, including contact information, applicable tax rates, and amendments and provisions unique to City/Town.
- 1.19 Standard Audit Life Cycle Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities from the assignment of audits through final resolution consistent with this Agreement and the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Audit Life Cycle Process Map shall be referred to SMART for resolution.
- 1.20 Standard Authorization List Update Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities to keep an updated list of current employees and contractors who are authorized to receive Tax Information consistent with this Agreement and with the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Authorization List Update Process Map shall be referred to SMART for resolution.
- 1.21 Standard Inter-Jurisdictional Transfer Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities to document and authorize the transfer of erroneously reported or

allocated tax from one (1) municipality to another based upon a municipality's request or during the audit process consistent with this Agreement and with the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Inter-Jurisdictional Transfer Process Map shall be referred to SMART for resolution.

- 1.22 State** means the State of Arizona.
- 1.23 State & Municipal Audit Resolution Team (“SMART”)** means an advisory committee responsible for resolving issues as set forth in Section 15 of this Agreement.
- 1.24 State Tax or State Taxes** means transaction privilege tax and affiliated excise taxes, including use tax, severance tax, and jet fuel excise and use taxes imposed by the State of Arizona or its counties.
- 1.25 Tax Information** means information deemed confidential taxpayer information protected from disclosure pursuant to A.R.S. § 42-2001 *et seq.* or Model City Tax Code § 510 concerning the business financial affairs or operations of a taxpayer as it relates to Municipal Taxes or State Taxes. Tax Information includes all financial information related to transaction privilege taxes obtained from any source related to an individual taxpayer and all such aggregate financial information related to any group of identified or identifiable taxpayers.
- (a) Examples of Tax Information include without limitation:
- (1) Any information provided by the Department to City/Town derived from any source including tax returns, reports, tax license applications, and the New License Report or License Update Report; and
 - (2) Any information received by, recorded by, prepared by, furnished to, or collected by the Department or City/Town with respect to a transaction privilege tax return or the termination or possible existence of liability of any person for any transaction privilege tax and related penalty or interest, such as the taxpayer's identity; the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, taxes withheld, deficiencies, over-assessments, or tax payments; or whether the taxpayer's account was, is being, or will be examined or subject to audit, desk review, investigation, collection, or processing.
- (b) Taxpayer identifying information obtained by City/Town from any source not identified in Section 1.25(a) of this Agreement is not Tax Information for purposes of this Agreement.

1.26 Voluntary Disclosure Agreement means a document used in a voluntary disclosure program designed for eligible taxpayers with exposure for tax liability and/or civil penalties arising from a failure to report and/or pay all Taxes due which allows the taxpayer to come into voluntary compliance.

2. Authorized Access Lists

2.1 Statutory Authority: The disclosure of information relating to State Taxes and Municipal Taxes is governed by A.R.S. § 42-2001 *et seq.*, and, for reporting periods prior to January 1, 2015, by Model City Tax Code § 510.

2.2 Qualified Recipients of Information: The Department and City/Town shall only disclose Tax Information related to State Tax and Municipal Tax pursuant to this Agreement to individuals authorized by law as described in Section 2.1 of this Agreement, including those authorized persons listed on the Authorized Access Lists provided by the Department and Arizona municipalities. Questions related to a listed Department recipient may be directed to City Services at citiesunit@azdor.gov. Questions related to a listed Arizona municipal recipient may be directed to the PPOC of the pertinent Arizona municipality.

2.3 Department's Authorized Access List: Pursuant to Section 2.4(c) of this Agreement, the Department shall maintain, update, and provide a current statewide Master Authorization List of names, job titles, and contact information of the Department staff and Arizona municipal representatives who are authorized by law as described in Section 2.1 of this Agreement to receive State Tax and Municipal Tax information from the Department or Arizona municipalities, as defined in the Standard Authorization List Update Process Map. Updates shall be provided on not less than a monthly basis. The Department shall promptly notify Arizona municipalities of any individual whose authorization to receive State Tax and Municipal Tax information has been revoked for any reason.

2.4 City/Town's Authorized Access List: City/Town shall maintain, update, and provide a current Authorized Access List of names, job titles, and contact information for all persons acting on behalf of City/Town authorized by law as described in Section 2.1 of this Agreement to receive State Tax and Municipal Tax information as defined in the Standard Authorization List Update Process Map.

(a) City/Town shall indicate one PPOC on the Authorized Access List to resolve any administrative issues with the Authorized Access List. At its discretion, City/Town may also indicate an additional individual as a back-up or alternate PPOC.

(b) City/Town shall ensure all personnel on the Authorized Access List meet the requirements indicated in the Confidentiality Standards (Appendix A) including completing all required confidentiality training certification and recertification as required from time to time, within the time required by the Department.

- (c) Upon execution of this Agreement and on the first day of each calendar quarter thereafter, City/Town shall email to City Services at citiesunit@azdor.gov a current Authorized Access List of its staff and representatives authorized to receive State Tax and Municipal Tax information from the Department and Arizona municipalities, including additions and deletions, changes in job titles, and contact information. City/Town's PPOC shall promptly notify the Department of any person whose authorization to receive State Tax and Municipal Tax information is revoked for any reason.
- (d) The Department shall review City/Town's Authorized Access List. If the Department finds that any person on the list has not completed the required confidentiality training in a timely manner or does not meet the Confidentiality Standards in Appendix A of this Agreement, the Department shall notify the City/Town PPOC to resolve the issue. The Department shall not include that person on the Master Authorization List until the issues have been resolved to the satisfaction of the Department.

2.5 Independent Contractors:

- (a) City/Town may at times choose to enter into a contract with an Independent Contractor to perform the transaction privilege tax administration, collection, audit, desk review, licensing, and other duties described in this Agreement or A.R.S. § 42-6001 *et seq.*
- (b) In accordance with A.R.S. §§ 42-1004 and 42-6002, no contract with an Independent Contractor may be entered into on a contingency fee basis for the performance of any transaction privilege tax related functions, including but not limited to license inspections, audits, desk reviews, or collections.
- (c) Within ten (10) business days of ratification of this Agreement, or subsequent execution of such a contract between City/Town and an Independent Contractor, City/Town shall provide a copy of each such contract to the City Services electronically at citiesunit@azdor.gov.
- (d) City/Town shall notify the Department of the expiration, termination, or amendment of any agreement with such Independent Contractors within ten (10) business days of such event.
- (e) In this Agreement it is presumed that any reference to a municipal employee such as a license inspector, auditor, desk reviewer, collector, supervisor, etc., also refers to an Independent Contractor performing that function on behalf of the Department or City/Town.
- (f) An Independent Contractor is subject to all training requirements, authorization limitations, and other privileges and restrictions incorporated into this Agreement or provided in statute in the same form and manner as

such conditions apply to an employee performing the same function on behalf of the Department or City/Town.

- (g) When an Independent Contractor issues any correspondence to a taxpayer on behalf of the Department or City/Town, the Independent Contractor shall expressly identify all of the following on such correspondence: the Independent Contractor's name; the name of the Independent Contractor's firm, if applicable; the Independent Contractor's status as a license inspector, auditor, desk reviewer, or collector acting on behalf of the Department or City/Town; the Independent Contractor's mailing address, telephone number, and e-mail address; and the telephone number and e-mail address of a specific person who is an employee of the Department or City/Town capable of responding to the issues raised in the correspondence for the Department or City/Town.
- (h) The Department and/or City/Town may pursue any remedy authorized by this Agreement or by statute for a violation of this Section by an Independent Contractor.

2.6 Sharing of Authorized Access Lists: The Department shall share the Department's Authorized Access List and the Authorized Access Lists for all Arizona municipalities provided to the Department on the Core SFTP site. The Department shall update the lists on a monthly basis with information provided by each Arizona municipality, or as needed to immediately remove any person whose authorized access has been revoked by the Department or an Arizona municipality.

3. Disclosure of Information by City/Town to the Department or Another Arizona Municipality

3.1 Disclosure and Use of Municipal Tax Information: Any Tax Information released by City/Town to the Department or another Arizona municipality may only be used by persons authorized to receive such Tax Information for tax administration and collection purposes and may not be disclosed to the public in any manner that does not comply with A.R.S. § 42-2003, and/or Model City Tax Code § 510 for reporting periods prior to January 1, 2015. All Tax Information shall be stored and destroyed in accordance with the Confidentiality Standards (Appendix A).

3.2 Municipal Ordinances: City/Town shall provide the Department with a copy of its Municipal Tax Code or any City/Town ordinances imposing the taxes to be collected hereunder within ten (10) calendar days of a request for such information from the Department. This information shall be sent to City Services electronically at citiesunit@azdor.gov.

- (a) Tax Code Changes: City/Town shall provide notice to the Department of any tax code change with a copy of any ordinance adopted by City/Town that imposes or modifies the Municipal Taxes or municipal privilege tax

license fees to be collected hereunder within ten (10) calendar days of adoption of the ordinance. This information shall be sent to City Services electronically at citiesunit@azdor.gov.

- (1) City/Town agrees that any ordinance that changes a tax rate, Option selection, or includes the addition or removal of a unique Model City Tax Code exception shall take effect on the first day of the month that is at least sixty (60) calendar days after the City/Town council adopts the change. City/Town and the Department recognize there may be occasions when the City/Town council establishes an effective date less than sixty (60) calendar days after adoption. If City/Town chooses to propose an ordinance with an effective date that is less than sixty (60) calendar days after adoption, City/Town shall notify the Department as soon as possible after that choice is made.
 - (2) The Department shall incorporate all ordinance changes into the official copy of the Model City Tax Code within ten (10) calendar days of receipt of notice from City/Town. The copy provided to the Department may be an electronic copy but shall reflect the identical language contained in the version adopted by the City/Town and shall contain the required signatures indicating council approval.
 - (3) The Department shall notify City/Town when the tax code change has been incorporated and City/Town is responsible for confirming the change has been correctly entered in the official copy of the Model City Tax Code.
 - (4) Pursuant to A.R.S. § 42-6052, if City/Town fails to notify the Department of a tax code change within ten (10) calendar days after City/Town council approval, the ordinance shall be considered null and void. All tax code changes described in this Section shall have no effect until reflected in the official copy of the Model City Tax Code.
- (b) Annexation Ordinances: Within fifteen (15) calendar days following the adoption of an annexation ordinance, one (1) copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department via email at GIS@azdor.gov and City Services at citiesunit@azdor.gov. City/Town may provide the Department with a list of businesses subject to Municipal Taxes known to be located in the annexed area.
- (c) Review of the Model City Tax Code: City/Town shall be responsible for reviewing the information contained on its Profile, the Options Charts, tax rates for City/Town, and other information specific to City/Town contained in the official copy of the Model City Tax Code and ensuring it is correct.

City/Town affirms that it has an ongoing obligation to notify City Services of any changes needed to such information at citiesunit@azdor.gov.

- 3.3 **Development Fees:** Upon request by the Department to City/Town's PPOC, City/Town shall provide to the Department any information regarding Development Fees imposed by City/Town under A.R.S. § 9-463.05 to assist the Department with the auditing of taxpayers and the ordinary billing and collection of taxes.
- 3.4 **Prior Audits:** Upon request by the Department, City/Town shall allow inspections and copies of any City/Town tax audits conducted prior to January 1, 2015.
- 3.5 **Other Information:** City/Town shall provide other relevant information necessary for tax administration and collection purposes as requested by the Department.

4. **Disclosure of Information by Department to City/Town**

- 4.1 **Statutory Authority:** The Department may disclose information relating to State Taxes and Municipal Taxes to City/Town pursuant to A.R.S. § 42-2003 if the information relates to a taxpayer who is or may be taxable by a county, city, or town or who may be subject to audit by the Department pursuant to A.R.S. § 42-6002.
- 4.2 **Restrictions on Use and Disclosure to Unauthorized Parties:** Any Tax Information disclosed by the Department to City/Town is subject to all restrictions provided for in A.R.S. § 42-2003. Tax Information shall only be used by persons authorized to receive such Tax Information for internal tax administration purposes, including audit, desk review, collection, and licensing activity, and may not be disclosed to the public or any unauthorized party in any manner that does not comply with the Confidentiality Standards (Appendix A).
- 4.3 **Liability for Improper Disclosure:** The disclosure of confidential information concerning Arizona taxes is governed by A.R.S. § 42-2001 *et seq.*, which strictly controls the accessibility and use of this information. Individuals who receive confidential information relating to State Taxes and Municipal Taxes from the Department are subject to the penalties provided in A.R.S. § 42-2004 and other applicable statutes if they misuse or improperly disclose this information to unauthorized individuals.
- 4.4 **Reporting Potential Disclosure Violations/Incidents:** The Department shall not withhold Tax Information from City/Town provided that City/Town complies with A.R.S. § 42-2001 *et seq.*, and the Confidentiality Standards (Appendix A).
 - (a) If City/Town or the Department has information to suggest City/Town or any of its duly authorized representatives has violated A.R.S. § 42-2001 *et seq.* or the Confidentiality Standards (Appendix A), City/Town or the Department shall immediately notify City Services at citiesunit@azdor.gov, the Department's Disclosure Officer at DisclosureOfficer@azdor.gov, and the Department's Information Security Team at InfoSec@azdor.gov.

- (b) City/Town and the Department shall fully cooperate with the Department's Disclosure Officer and Information Security Team in investigating the alleged violation and shall promptly address any identified issues.
- (c) The Department's Disclosure Officer and Information Security Team:
 - (1) Shall send written notice to City/Town's PPOC detailing the alleged breach as understood by the Department and request a response to the allegation within twenty (20) calendar days of the date of the letter, and
 - (2) May inspect City/Town's records, facilities, and equipment to determine whether there has been a violation, and
 - (3) Shall review the written response from City/Town and consider the information contained therein and all relevant circumstances surrounding the alleged violation prior to issuing any determination, and
 - (4) Shall issue a written determination delivered by certified mail to City/Town regarding the alleged violation within sixty (60) calendar days of the date of City/Town's response letter. If the Department determines that a violation has occurred, the Department shall indicate whether a suspension of information is warranted and the length of the suspension. During the period of suspension, City/Town shall not access information maintained or created by the Department related to City/Town.
- (d) If the Department makes a written determination to suspend sharing of information, City/Town may, within ten (10) calendar days of receiving the written determination, submit a written request to SMART requesting the group review the determination as provided in Section 15 of this Agreement.
- (e) If there is a suspension of Tax Information sharing with City/Town, the Department shall maintain all information collected or created during the suspension period related to City/Town that would otherwise have been shared with City/Town and shall assist City/Town with accessing the accumulated information for City/Town immediately upon termination of the suspension.
- (f) Under no circumstances shall the suspension of any right to receive Tax Information adversely impact the Department's delivery or transfer of any City/Town revenues in any manner.

4.5 Information to be Provided: The Department shall provide information pursuant to A.R.S. § 42-6001(B). The Department shall provide such information as outlined

in Appendix B and elsewhere in this Agreement, which shall only be modified in accordance with Section 4.7 of this Agreement.

- (a) The Department shall not provide Federal Tax Information to City/Town.
- (b) In addition to the information detailed in Appendix B of this Agreement, the Department shall disclose, upon request, the following information to City/Town:
 - (1) Department tax audits, including all information related to all Arizona municipalities included in the tax audit; and
 - (2) Other relevant information necessary for City/Town's tax administration and collection purposes, including all information necessary to verify that City/Town received all revenues collected by the Department on behalf of City/Town.

4.6 Storage and Destruction of Tax Information: All Tax Information provided by the Department to City/Town shall be managed, stored, protected, and destroyed in accordance with the Confidentiality Requirements (Appendix A).

4.7 Specificity of Data: Pursuant to A.R.S. § 42-6001, the Department and City/Town agree that the data fields identified in Appendix B of this Agreement and the JT-1, TPT-2, and TPT-EZ forms in Appendix C of this Agreement (also provided online at www.azdor.gov) meet the specificity requirements of City/Town. The data fields identified in Appendix B and the forms in Appendix C may be revised or replaced only by mutual agreement of the Department and Arizona municipalities, with any unresolved issues being referred to SMART for final determination.

4.8. Notwithstanding any provision to the contrary, nothing in this Section shall prevent the Department from complying with state information security requirements in the situation of a data breach or similar event.

5. Audit

The Department shall administer audit functions with City/Town in accordance with the Standard Audit Life Cycle Process Map and with the following provisions.

5.1 Training: All auditors, desk reviewers, and supervisors shall be trained in accordance with the policies of the Department. Auditors and desk reviewers who have not completed the training may only work in conjunction with a trained auditor or supervisor and cannot be the only auditor or desk reviewer assigned to the audit or desk review. The Department shall do all the following:

- (a) Provide semi-annual audit and desk review training in accordance with A.R.S. § 42-6002(C) and be responsible for the costs of the training, limited to any cost for procuring the site and training materials;

- (b) Notify City/Town of any training sessions at least thirty (30) calendar days before the date of the training session;
- (c) Permit City/Town auditors, desk reviewers, and supervisors to attend any scheduled training as space permits at any designated training location;
- (d) Provide additional training, as needed, to inform auditors, desk reviewers, and supervisors regarding changes in State law, the Model City Tax Code, audit and desk review procedures, or Department policy.

5.2 Conflicts of Interest:

- (a) An auditor, desk reviewer, supervisor, or Independent Contractor trained and authorized to conduct an audit or desk review, in addition to the restrictions provided under A.R.S. Title 38, Chapter 3, Article 8, § 38-501 *et seq.*, shall not conduct any of the following prohibited acts:
 - (1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by or in an Independent Contractor relationship with the Department or City/Town.
 - (2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.
 - (3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one year after he/she ends employment or the Independent Contractor relationship with the Department or City/Town.
 - (4) Use information he/she acquires in the course of the official duties as an auditor, desk reviewer, supervisor, or Independent Contractor in a manner inconsistent with his/her official duties without prior written approval from the Department.
 - (5) For a period of one (1) calendar year after he/she ends employment by or an Independent Contractor relationship with the Department or City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes a formal screen or ethical wall to prevent any sharing of information between the person and the remainder of the firm. Documentation of such formal screen or ethical wall shall be provided by the firm to the Department or City/Town upon request.
 - (6) Receive compensation from a source other than City/Town or pursuant to an agreement with City/Town for the performance of any work or transaction performed expressly on behalf of City/Town.

- (7) Make any representation of being an employee or contractor of City/Town or the Department in marketing and promotional materials soliciting work or transactions to be performed on behalf of a taxpayer or potential taxpayer.
- (b) In addition to any other remedies available to the Department and City/Town by statute and under the terms of this Agreement, the Department may revoke an individual's authority to audit or perform desk reviews on behalf of the Department or City/Town and prohibit the use of any auditor, desk reviewer, supervisor, or Independent Contractor who violates this provision.

5.3 Audits and Desk Reviews:

- (a) City/Town may request the Department conduct an audit or desk review of any taxpayer engaged in business in City/Town, including a taxpayer whose business activity is subject to tax by City/Town but is not subject to tax by the State. The Department and Arizona municipalities shall collaboratively establish and maintain minimum justification standards and procedures. City/Town shall adhere to when submitting an audit or desk review request.
- (b) City/Town may conduct an audit or desk review of a taxpayer engaged in business only in City/Town. Before commencing such audit, City/Town shall submit a Field Audit Request Form. Before commencing such desk review, City/Town shall submit the request using the Desk Review Approval Excel Sheet. The Department shall provide City/Town with a determination of approval or denial of the request within ten (10) calendar days of the notice from City/Town.
- (c) Except as permitted below, the Department shall conduct all audits and desk reviews of taxpayers having locations in two (2) or more Arizona municipalities. A City/Town auditor may participate in any audit or desk review City/Town requested the Department to perform.
- (d) City/Town shall notify the Department if it wants to conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose business activity is subject to tax by City/Town but is not subject to tax by the State. The Department shall authorize such audits or desk reviews, to be overseen by the Department, unless there is already an audit or desk review of the taxpayer in process, scheduled, or planned, or the Department determines the audit or desk review selection is discriminatory, an abuse of process, or poses other similar defects. The Department shall notify City/Town of its determination within ten (10) calendar days. No initial audit or desk review contact may occur between City/Town and a taxpayer until the Department approves the audit or desk review notice.

- (e) In the case of taxpayers doing business in more than one (1) Arizona municipality:
 - (1) City/Town may request the Department conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose primary business is subject to both Municipal Taxes and State Taxes.
 - (2) City/Town may request authorization from the Department for City/Town to conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose primary business is subject to both Municipal Taxes and State Taxes.
 - (3) Requests pursuant to (e)(1) or (e)(2) shall be made using the Department's Field Audit Request Form or the Desk Review Approval Excel Sheet, as appropriate. The Department shall notify City/Town of its decision regarding the request within ten (10) calendar days of receipt of the request.
- (f) The Department may deny, in writing, City/Town's request for the Department to conduct an audit or desk review within ten (10) calendar days of receiving the request for any of the following reasons:
 - (1) An audit or desk review is already in process or is scheduled or planned for the taxpayer within six (6) months of the request;
 - (2) The requested audit or desk review would interfere with strategic tax administration planning;
 - (3) The audit or desk review selection is discriminatory, an abuse of process, or poses other similar defects;
 - (4) The request lacks sufficient information for the Department to determine whether it is appropriate;
 - (5) The Taxpayer was audited within the previous two (2) years;
 - (6) The Department lacks sufficient resources to conduct the audit or desk review;
 - (7) The scope or subject of the audit or desk review does not justify the use of Department resources.
- (g) If the Department denies a request to conduct an audit or desk review for the reasons provided in (f)(6) or (f)(7), and the audit or desk review is not for a taxpayer that only has a business location in City/Town, then City/Town may request to conduct the audit or desk review itself under the

supervision of the Department. No initial audit or desk review contact may occur between City/Town and a taxpayer until City/Town receives written Department approval.

- (h) Any decision by the Department denying City/Town's request to conduct any audit or desk review may be referred to SMART in accordance with Section 15 of this Agreement.
- (i) All audits or desk reviews conducted by City/Town shall be in accordance with standard audit procedures defined in the Department audit manual and the Standard Audit Life Cycle Process Map. All auditors and desk reviewers shall be trained in accordance with Section 5.1 of this Agreement.
- (j) The Department may appoint a Department manager to supervise any audit or desk review conducted by City/Town.
- (k) All audits shall include all taxing jurisdictions in the State regardless of which jurisdiction's auditors participate in the audit. All desk reviews must include all taxing jurisdictions for which there is information provided by the taxpayer.
- (l) The Department shall issue all audit or desk review assessments on behalf of all affected taxing jurisdictions in a single notice to the taxpayer.
- (m) The Department shall issue amendments to audit or desk review assessments on behalf of all affected taxing jurisdictions in a single notice to the taxpayer.

5.4 Claims for Refund:

- (a) When a taxpayer files a request for refund, including refunds requested by filing amended returns, the Department shall process the request and review it for mathematical errors or for the failure of the taxpayer to properly compute the tax based on the taxable income reported on the return or refund request.
- (b) The Department shall notify City/Town of all refund requests that are reviewed and approved involving City/Town's Municipal Taxes within thirty (30) calendar days of processing the refund. City/Town may request an audit of the taxpayer as set forth in Section 5.3 of this Agreement.
- (c) The Department may assign a Department auditor to review requests for refunds. The Department shall notify City/Town of all refunds under review by an auditor pertaining to a taxpayer who engages in business within City/Town within thirty (30) calendar days of initiating the review and may request that City/Town assist with such reviews, with acceptance of such request at the discretion of City/Town. The Department may assign a refund request to a City/Town for review, with acceptance of such assignment at

the discretion of City/Town. The Department may only assign refund requests to City/Town if taxes paid to City/Town are included in the refund request.

- (d) City/Town is responsible for payment of all amounts to be refunded to taxpayers for Municipal Tax incorrectly paid to City/Town. The Department may offset a remittance to City/Town under this Agreement to cover the amounts of allowed Municipal Tax refunds paid by the Department.
- (e) The Department shall issue refund approvals/denials on behalf of all taxing jurisdictions in a single notice to the taxpayer. City/Town may request copies of such determinations.

5.5 Protests: Taxpayer protests of audit assessments, desk review assessments, and refund denials shall be directed to the Department. Protests of audit assessments, desk review assessments, and refund denials shall be administered pursuant to A.R.S. Title 42, Chapter 1, Article 6. The Department shall notify City/Town of any protests within thirty (30) calendar days of receipt of the protest.

5.6 Status Reports: The Department shall keep all Arizona municipalities apprised of the status of each protested matter involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting City Services at citiesunit@azdor.gov.

6. Voluntary Disclosure Agreements

The Department may enter into a Voluntary Disclosure Agreement with a taxpayer. A Voluntary Disclosure Agreement may limit the years subject to audit and waive penalties. If the taxpayer discloses to the Department that it owes Municipal Taxes to City/Town, the Department shall notify City/Town of the Department's intent to enter into a Voluntary Disclosure Agreement and the Department shall provide the taxpayer's identity within thirty (30) calendar days of the identity being disclosed to Department. City/Town may subsequently request an audit of a taxpayer subject to a Voluntary Disclosure Agreement pursuant to Section 5.3 of this Agreement.

7. License Compliance

7.1 License Issuance and Renewal: The Department shall issue new municipal privilege tax licenses and shall annually renew such licenses for City/Town Municipal Tax. The Department shall provide City/Town with information about all persons obtaining and renewing municipal privilege tax licenses as set forth in Appendix B of this Agreement.

7.2 License Checks: The Department and City/Town shall coordinate efforts to conduct mutual tax license compliance checks through canvassing and other compliance methods.

- 7.3 Confidentiality:** Any tax license information City/Town obtains from the Department is confidential and may only be disclosed as authorized by A.R.S. § 42-2003. Any tax license information City/Town obtains through its own efforts may be disclosed as allowed by City/Town ordinance or policy.
- 7.4 Changes to License Fees:** Within ten (10) business days following the adoption of an ordinance (or official acknowledgment of an ordinance approved by voters in an election) creating or modifying a municipal privilege tax license fee, one (1) copy of the ordinance and notification of the effective date of such ordinance shall be sent to City Services at citiesunit@azdor.gov. The Department shall not be obligated to begin collection of the new or modified tax license fee any sooner than sixty (60) calendar days after the date the Department received the ordinance from City/Town.

8. Closing Agreements

The Department shall notify City/Town before entering into a Closing Agreement and shall seek a range of settlement authority from City/Town related to the tax levied and imposed by City/Town in accordance with the Standard Audit Life Cycle Process.

9. Responsibility for Representation in Litigation

- 9.1 Administrative Proceedings:** Pursuant to A.R.S. § 42-6002, the Department shall coordinate the litigation and defense of assessments and refund denials in any administrative appeals before the Office of Administrative Hearings or the Director of the Department regardless of the jurisdiction that conducted the audit, desk review, or refund review in accordance with the Standard Audit Life Cycle Process Map. The Department shall diligently defend the interests of City/Town and City/Town shall assist the Department in such representation as requested by either party.
- 9.2 Further Appeals:** The Arizona Attorney General is responsible for defending the assessment or refund denial at the Board of Tax Appeals, the Arizona Tax Court, and all higher courts. City/Town shall assist the Attorney General in such representation and litigation as requested by the Attorney General's Office in accordance with the Standard Audit Life Cycle Process Map.
- 9.3 Mutual Cooperation:** The Department and City/Town agree they shall cooperate in the appeal and litigation processes and shall ensure their auditors, desk reviewers, supervisors, and other necessary employees are available to assist the Department and the Attorney General through informal interviews, providing documents and records, preparing for depositions, attending depositions and trial as witnesses, and assisting in trial/hearing preparation, as needed.
- 9.4 Administrative Decisions:** The Department shall provide a copy of all administrative hearing level decisions regarding State Taxes and Municipal Taxes, including Director's decisions issued by the Department, to City/Town within ten (10) business days after issuance of the decision if City/Town requests to be

included on a distribution list created by the Department for the purposes of disseminating such decisions. City/Town may request to be on the distribution list by contacting City Services at citiesunit@azdor.gov. Administrative decisions contain Tax Information and must be stored and destroyed in accordance with the Confidentiality Standards (Appendix A).

10. Collection of Municipal Taxes

10.1 Tax Returns: Taxpayers who are subject to City/Town Municipal Taxes are required to pay such taxes to the Department utilizing a form prescribed by the Department.

10.2 Delinquent Tax Collections: Pursuant to A.R.S. § 42-6001, the Department shall collect any delinquent Municipal Tax imposed by City/Town recorded on the Department's tax accounting system. In the event this Agreement is terminated, the Department shall continue to collect delinquent Municipal Taxes recorded on the Department's accounting system on behalf of City/Town and distribute any such amounts collected to City/Town.

10.3 City/Town Assistance in Delinquent Tax Collections: To expand the Department's State Tax and Municipal Tax collection efforts by leveraging City/Town resources, City/Town may choose to provide collection efforts by deploying City/Town collectors to work in conjunction with the Department on the following terms:

(a) **Training:** All City/Town collectors authorized to collect obligations in cooperation with the Department shall be trained in accordance with the policies of the Department. Training shall be provided in the same manner as set forth in Section 5.1 of this Agreement.

(b) **Conflict of Interest:** A collector trained and authorized under this provision to perform collections activity shall not conduct any of the following prohibited acts:

(1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by City/Town.

(2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.

(3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one (1) calendar year after he/she ends employment with City/Town.

(4) Use information he/she acquires in the course of the official duties as a collector in a manner inconsistent with his/her official duties without prior written approval from the Department.

- (5) For a period of one (1) calendar year after he/she ends employment with City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes formal barriers to prevent any sharing of information between the trained collector and the remainder of the firm.
 - (c) **Revocation:** The Department may revoke the authorization of City/Town or of any individual City/Town employee to collect obligations under this Section. A revocation determination may be subject to review by SMART upon request by the individual or City/Town.
- 10.4 State of Arizona Liquor License Affidavit:** City/Town may request that the Department issue a liquor license affidavit. The Department shall respond to the request via secured e-mail to indicate the status of completion of the request with a note stating complete, in-process, or unable to complete.
- 10.5 Uncollectible/Discretionary Write-offs:** The Department shall share the annual list of uncollectible/discretionary write-offs of City/Town's Municipal Taxes prior to the write-off event at the end of the fiscal year. City/Town shall have forty-five (45) calendar days to submit feedback.
- 10.6 Remittance:** All amounts collected by the Department for City/Town's Municipal Taxes under this Agreement shall be remitted to City/Town weekly on the basis of actual collections. To the extent possible, the Department shall initiate the electronic payment by Noon on the Monday after the end of the week in which the collections were received by the Department. If the Monday falls on a holiday, payment will be initiated by Noon on the Tuesday after the end of the week in which the collections were received by the Department. Remittance shall be made in the form of immediately available funds transferred electronically to the bank account designated by City/Town.
- 10.7 Abatement:** Pursuant to A.R.S. § 42-1004, the Department, with the approval of the Attorney General, may abate tax under certain circumstances including Municipal Taxes. During the ordinary course of business, the Department may determine that certain taxpayer accounts shall be closed or cancelled. The Department shall seek input from City/Town or SMART before abating Municipal Taxes or closing accounts with Municipal Taxes due. The Department may request a telephonic meeting of SMART if time or circumstances require immediate action.
- 10.8 Funds Owed to City/Town:** At all times and under all circumstances, payments remitted by a taxpayer to the Department for City/Town Municipal Taxes shall be considered property of City/Town. The Department may not retain or fail to remit such funds to City/Town for any reason not specifically set forth in this Agreement including, but not limited to, during the course of a dispute between City/Town and the Department.

10.9 Adjustments to Reported Taxes: If the Department determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, the Department may temporarily hold the payment until the distribution of the payment is corrected to ensure the appropriate city or town receives the payment. If a payment by the Department has been made to an incorrect City/Town, the Department and affected Arizona municipalities shall follow the Standard Inter-Jurisdictional Transfer Process Map.

10.10 Collection Reports: The Department shall keep all Arizona municipalities apprised of the status of every open case in a collection status involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting Cities Collections at citiescollection@azdor.gov.

11. Taxpayer Rulings and Uniformity

The Department shall be responsible for issuing the official responses to taxpayer ruling requests and requests for interpretation of the Model City Tax Code. City/Town acknowledges that pursuant to A.R.S. § 42-6005(B), when the state statutes and Model City Tax Code are the same and where the Department has issued written guidance, the Department's interpretation is binding on Arizona municipalities and interpretation of Model City Tax Code. The Department acknowledges that in all other situations, interpretation of the Model City Tax Code is the sole purview of Municipal Tax Code Commission or its designee. This Section is not intended to affect procedures for appeals and litigation as outlined in Section 5.5 and Section 9 of this Agreement.

12. Financing Collection of Taxes

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve City/Town of any financial obligation imposed by statute.

13. Inter-Jurisdictional Transfers (“IJTs”)

The Department shall administer Inter-Jurisdictional Transfers of Municipal Tax monies in accordance with the Standard Inter-Jurisdictional Transfer Process Map. The affected Arizona municipalities shall agree on any amounts to be transferred before notifying the Department of such amounts to be transferred under this Section.

14. Education and Outreach Efforts

To further its focus on serving taxpayers and its commitment to funding Arizona’s future through enhanced customer service, continuous improvement, and innovation, the Department is expanding its outreach and education program to connect with all citizens of Arizona by strategically working with taxpayer and industry groups, tax practitioners, and Arizona’s municipalities to ensure consistent tax education is widely available.

Any City/Town may further this mission, at its own expense, in providing education and outreach to taxpayers. Education and outreach programs and content shall be consistent with applicable law and the Department's written guidance.

Increased education and outreach efforts undertaken by the Department and Arizona municipalities will ensure collaborative partnerships beneficial to both parties, emphasize an ongoing two-way exchange of information, enhance communication on issues of common interest, and promote cooperation in areas of overlapping special projects. Therefore, upon request, City/Town shall provide information to the Department concerning such education and outreach efforts.

The Department shall implement an Ambassador Program, whereby the Department provides curriculum, structure, and support for education related to tax administration and compliance. City/Town shall be provided a standard work process when participating in Department-led educational events.

15. State & Municipal Audit Resolution Team ("SMART")

15.1 Members: The SMART committee shall consist of four (4) primary (voting) members representing municipal taxing jurisdictions and four (4) primary (voting) members representing the Department. There shall also be two (2) alternate members representing each party, who are non-voting representatives unless required to vote due to the absence, recusal, or disqualification of a primary (voting) member. All primary and alternate members are required to attend all meetings unless excused.

15.2 Selection: The Director of the Department shall appoint Department employees to serve as primary and alternate members representing the Department. Arizona municipalities shall collectively appoint municipal employees to serve as primary and alternate members representing the Arizona municipalities. The members representing either party may be changed at any time following the standard work process agreed upon by both parties.

15.3 Meetings: SMART shall meet monthly unless there is no business to be conducted. Additional meetings can be scheduled as necessary to timely discuss issues presented.

15.4 Issues: The Department or City/Town may refer issues to SMART for resolution including but not limited to:

- (a) Decisions by the Department to not audit a taxpayer;
- (b) Amendments to Department audit procedures or manuals;
- (c) Closing Agreements or a range of settlement authority;
- (d) Abatement or account closure in collections;

- (e) Suspension of disclosure of Tax Information to City/Town;
- (f) Disagreements regarding proposed changes to the process maps defined in Sections 1.19, 1.20, and 1.21 of this Agreement;
- (g) Revocation of collection authority; and
- (h) Other issues as authorized by the Director of the Department or agreed upon by the parties, subject to the limitations described in Section 29 of this Agreement.

15.5 Recommendations: SMART shall make recommendations to the Director of the Department or Director's designee. If the recommendation is approved by at least five (5) members of SMART, the Director shall accept the recommendation of SMART. If SMART cannot reach a recommendation agreeable to at least five (5) members of the group, the Director or Director's designee may act as they deem to be in the best interests of all parties. Notwithstanding the above, upon request by City/Town, the Director shall submit their decision to the Attorney General's Office for review.

15.6 Voting: Any voting member of the committee may request the vote be held by secret ballot.

15.7 Procedures: SMART shall develop procedures concerning the operation of the committee consistent with this Agreement.

16. Funding of Additional Auditors by City/Town

16.1 Funding: At the sole discretion of City/Town, City/Town may contribute funding to the Department to pay for additional auditors to assist the Department in the performance of audits of Municipal Tax owed to City/Town. Such additional auditors funded by City/Town shall at all times be deemed to be employees of the Department and under no circumstances shall be deemed to be employees or agents of City/Town. It is the Parties' intention that any City/Town funding provided pursuant to this Section shall be used to increase the resources and capabilities of the Department to perform Municipal Tax audits and not to subsidize or replace State funding required for audit and collection of taxes.

16.2 Use of Funds: City/Town funding for additional auditors under this Section shall be used to fund the auditors' salaries and related expenses and shall not be used to pay for Department office space, utilities, equipment, supplies, or similar kinds of overhead.

16.3 Pool of Funds: The Department may pool any City/Town funding with any other similar funding provided by other Arizona municipalities to pay for additional auditors dedicated to serving those jurisdictions. The Department shall separately account for such funds in its annual budget.

16.4 Accounting: The Department shall provide an annual accounting to City/Town, by August 31 each year describing how City/Town funding was used during the prior fiscal year.

17. Satellite Offices for Department Auditors

17.1 Funding: City/Town, at its own expense and at its sole discretion, may provide one (1) or more satellite offices and associated amenities for use by Department employees to provide audit and/or customer service to taxpayers. Use of such facilities by Department employees shall be at the sole discretion of the Department. Nothing in this Section shall require the Department to make use of such facilities provided by City/Town.

17.2 Requirements: Any Department employee using a City/Town satellite office must meet reasonable requirements of City/Town related to the use of the facility. City/Town shall be responsible for notifying the Department of any concerns and the Department shall be responsible for taking appropriate actions to resolve those concerns.

17.3 Termination: Once a satellite office is established, City/Town shall provide at least one hundred eighty (180) calendar days' written notice to the Department prior to the termination or relocation of a satellite office. The Department may discontinue the use of a satellite office at any time upon notice to City/Town and shall promptly remove all Department property.

17.4 License: All requirements of City/Town and the Department related to the satellite office shall be outlined in a mutually acceptable form of license and subject to separate approval.

17.5 Workers' Compensation for Satellite Offices and Certain Site Visits: If employees of City/Town or Department are working at the facility of the other public agency pursuant to this Agreement, it is agreed that:

- (a) Each employee will be deemed an employee of both public agencies for the purposes of A.R.S. § 23-1022(D) and Arizona workers' compensation laws.
- (b) Each employee's primary employer (*i.e.*, the State of Arizona for a Department employee, and City/Town for a City/Town employee or Independent Contractor) shall be solely liable for the payment of workers' compensation benefits.
- (c) Each public agency for which employees of City/Town or Department are working at the facility of the other public agency under this Agreement shall post a notice complying with A.R.S. § 23-1022(E).
- (d) In all circumstances other than as provided in the foregoing, nothing in this Agreement shall be construed to result in any person being the officer,

agent, employee, or servant of either party when such person, absent this Agreement and the performance thereof, would not in law have such status.

18. Non-availability of Funds

Every payment obligation of the Department and City/Town pursuant to this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation, except for the rendering of funds to City/Town paid by a taxpayer for Municipal Taxes or municipal privilege tax license fees of City/Town. If funds are not appropriated, allocated, and available, or if the appropriation is changed resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated at the end of the period for which funds are available. No liability shall accrue to the State or City/Town, as applicable, in the event this provision is exercised and the State or City/Town, as applicable, shall not be obligated or liable for any future payments or for any damages as a result of termination under this Section. The termination of this Agreement shall not entitle the Department to retain any Municipal Tax collected on behalf of City/Town pursuant to this Agreement.

19. Waiver

Nothing in this Agreement should be interpreted as City/Town relinquishing its legal rights under the Arizona Constitution or other applicable law, nor that City/Town is conceding the administration and collection of its Municipal Tax is not of a local interest or should not be under local control.

20. Cancellation

The requirements of A.R.S. § 38-511 apply to this Agreement. The Department or City/Town may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the Department or City/Town is, at any time while this Agreement or any extension is in effect, an employee, agent, or consultant of the other party with respect to the subject matter of this Agreement. The obligation of the Department to remit City/Town taxes shall survive cancellation.

21. Notice

- (a) When any Notice to City/Town is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to:

Cherie R. White, Director of Financial Services, cwhite@sedonaaz.gov

- (b) When any Notice to the Department is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to City Services at citiesunit@azdor.gov.

22. Non-discrimination

ADOR and City/Town shall comply with Executive Order 2023-01, which prohibits discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status, by persons performing state contracts or subcontracts. ADOR and City/Town also agree to comply with Executive Orders 2003-22 and 2009-09 as amended by Executive Order 2023-01, all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act of 1990. ADOR and the City/Town shall also comply with Executive Order 2023-09 prohibiting race-based hair discrimination.

23. Compliance with Immigration Laws and A.R.S. § 41-4401

23.1 The Department and City/Town shall comply with all Federal immigration laws and regulations relating to employees and warrants compliance with A.R.S. § 23-214 which reads in part: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.”

23.2 A breach of compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and may be grounds for the immediate termination of this Agreement.

23.3 The Department and City/Town retain the legal right to confirm the authorized presence and work authorization of any employee who works under this Agreement to ensure the Department and City/Town are complying with the applicable Federal immigration laws and regulations, and State statutes as set forth above.

24. Audit of Records

City/Town and the Department shall retain all data, books, and other records (“Records”) relating to this Agreement for at least six (6) years

(a) after termination of this Agreement, and

(b) following each annual renewal thereof.

All Records shall be subject to inspection by the Department at reasonable times. Upon request, the Department and City/Town shall produce any or all such records. This Agreement is subject to A.R.S. § 35-214 and A.R.S. § 35-215.

25. Amendments

Any amendments to the enumerated provisions or Appendices A, B, and C of this Agreement must be executed in writing in accordance with the provisions of this

Agreement. The Standard Process Maps described within certain enumerated provisions are not themselves part of this Agreement.

26. Mutual Cooperation

In the event of a disagreement between the parties regarding the terms, provisions, and requirements of this Agreement, or in the event of the occurrence of any circumstances bearing upon or affecting this Agreement, parties hereby agree to mutually cooperate to resolve the said disagreement or deal with the said circumstance.

27. Arbitration

To the extent required by A.R.S. § 12-1518 and as provided for in A.R.S. § 12-133, the parties agree to resolve any dispute arising out of this Agreement by arbitration. The parties agree that any lawsuit filed by City/Town relating to the issues outlined in Section 19 of this Agreement is not considered to be a dispute arising out of this Agreement.

28. Implementation

The implementation and execution of the provisions of this Agreement shall be the responsibility of the Director of the Department or his/her designee and the Mayor of City/Town, his/her designee, or another party with designated authority pursuant to applicable law or City/Town charter to act on behalf of City/Town.

29. Limitations

Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of the parties in performing functions beyond those granted to them by law, or as requiring the parties to expend any sum in excess of their appropriations.

30. Duration

30.1 The term of this Agreement shall commence from the latest date as indicated in Section 33 of this Agreement and continue in force through December 31st of the following calendar year unless canceled or terminated as provided herein. The term of this Agreement shall automatically be extended for successive one (1) year terms commencing on January 1st and ending on December 31st of each year thereafter unless canceled or terminated as provided herein.

30.2 Amendments to this Agreement that are negotiated and agreed to by a simple majority of the review committee referenced in Section 30.9 of this Agreement shall thereafter be executed by the parties hereto by a separate signed amendment and incorporated herein to be effective during the term of this Agreement and any extensions.

30.3 This Agreement may be canceled or terminated effective on December 31st of any year by either party by providing written notice no later than sixty (60) calendar days prior to the expiration of the term then in effect.

- 30.4** This Agreement shall expire on December 31st of any year the Department is subject to sunset review by the legislature. Upon expiration, cancellation, or termination, any subsequent Agreement must be ratified through signature by both parties.
- 30.5** If State legislation enacted subsequent to the date of this Agreement substantially affects the performance of this Agreement by either party or substantially diminishes the benefits either party would receive under this Agreement, either party may then terminate this Agreement by giving at least thirty (30) calendar days' notice to the other party. The termination shall become effective immediately upon the expiration of the notice period unless otherwise agreed to by the parties.
- 30.6** Notwithstanding any provision to the contrary herein, both parties may by mutual agreement provide for the termination of this Agreement upon such terms and at such time as is mutually agreeable to them.
- 30.7** Any notice of termination shall be mailed and served on the other party in accordance with Section 21 of this Agreement.
- 30.8** In the event of a partial or complete termination of this Agreement, if the parties have shared or exchanged property the parties will return the property to its original owner or dispose of it in a manner required by the original owner as described in this Agreement.
- 30.9** During the term of this Agreement, the terms and conditions of this Agreement shall undergo an annual review to be initiated no later than June 1st of each year. The review shall be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

31. Choice of Law

The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Agreement, and any disputes arising from this Agreement.

32. Entire Agreement

This document, including the specific appendices attached hereto, and any approved subcontracts, amendments, and modifications made thereto, shall constitute the entire Agreement between the parties and shall supersede all other understandings, oral or written.

33. Signature Authority

33.1 By signing below, the signer certifies he or she has the authority to enter into this Agreement on behalf of his or her respective party, and he or she has read the foregoing and agrees to accept the provisions herein on said party's behalf.

33.2 This Agreement may be executed in counterpart.

For the Department:

For City/Town:

Signature			Date			Signature			Date		
Robert Woods, Director						Scott M. Jablow, Mayor					
Typed Name and Title						Typed Name and Title					
Arizona Department of Revenue						City of Sedona					
Entity Name						Entity Name					
1600 W. Monroe St.						102 Roadrunner Drive					
Address						Address					
Phoenix		Arizona		85007		Sedona, Arizona		86336			
City		State		Zip		City		State		Zip	
RESERVED FOR THE ATTORNEY GENERAL:						RESERVED FOR CITY/TOWN ATTORNEY:					
<p>This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General.</p> <p style="text-align: center;">KRIS MAYES The Attorney General</p> <p>BY: _____ Signature Assistant Attorney General</p> <p>Date: _____</p>						<p>This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned City/Town Attorney who has determined, on behalf of the City/Town only, that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the City/Town.</p> <p>APPROVED AS TO FORM AND AUTHORITY:</p> <p>BY: _____ CITY/TOWN ATTORNEY</p> <p>Date: _____</p>					

APPENDIX A

ARIZONA DEPARTMENT OF REVENUE CONFIDENTIALITY REQUIREMENTS

1. Confidential Information

- 1.1 “Confidential Information” is defined in A.R.S. § 42-2001. Confidential Information may not be disclosed except as provided by statute. A.R.S. §§ 42-2001 through 42-2004.
- 1.2 “Tax Information” as defined in this Agreement is Confidential Information.
- 1.3 **Disclosure of aggregated financial information.** Under no circumstance shall aggregated financial information related to transaction privilege taxes allow any person who is not authorized to receive Tax Information to identify or discover the financial information of an individual taxpayer.
 - (a) Except as provided in Section 1.3(b) of this Appendix, City/Town will disclose aggregated financial information in accordance with the Department’s standard:
 - (1) City/Town shall only disclose aggregated financial information from not less than ten (10) taxpayers within the political boundaries of City/Town.
 - (2) No individual taxpayer’s financial information should be discernible due to its relative size compared to other members of the aggregated group. For example, if one of the taxpayers in the data set represents 90% or more of the data point, then that data point must not be disclosed, regardless of the number of taxpayers.
 - (b) City/Town may disclose its aggregated financial information from less than ten (10) taxpayers provided City/Town first determines the aggregated data could not potentially reveal the financial information of an individual taxpayer. Such a determination shall take all the following into consideration:
 - (1) *Ownership.* All taxpayers with common ownership entities shall be considered a single taxpayer for aggregation purposes; and
 - (2) *Proportionality.* No individual taxpayer’s financial information should be discernible due to its relative size compared to other members of the aggregated group; and

- (3) Any other factor that might allow any person who is not authorized to receive Tax Information to identify or discover the financial information of an individual taxpayer.

2. **Protecting Information**

- 2.1 City/Town must identify all places, both physical and logical, where City/Town receives, processes, and stores Tax Information and create a plan to adequately secure those areas.
- 2.2 Tax Information must be protected during transmission, storage, use, and destruction. City/Town must have written policies, standards, and procedures to document how it protects its information systems, including Tax Information so that it conforms to the State of Arizona statutes A.R.S. §§ 42-2001 through 42-2004 and policies, standards, and procedures found on the Arizona Strategic Enterprise Technology (“ASET”) website at aset.az.gov/resources/policies-standards-and-procedures or ASET’s successor agency or website and Arizona Department of Homeland Security’s website at <https://azdohs.gov/information-security-policies-standards-and-procedures>.
- 2.3 Department staff and authorized City/Town staff are prohibited from inspecting Tax Information unless they have a business reason. Browsing through Tax Information concerning friends, neighbors, family members, or people in the news is strictly prohibited.
- 2.4 All removable media, including paper and CDs, containing Tax Information must be secured when not in use and after normal business hours by placing all materials in a locked drawer or cabinet. During use, Tax Information must be protected so that it is not visible to members of the public or anyone without a business need for the information.
- 2.5 All individuals accessing or storing Tax Information from an alternative work site must enter into a signed agreement that specifies how the Tax Information will be protected while at that site. Only trusted employees shall be permitted to access Tax Information from alternative sites. Tax Information may not be accessed while in public places such as restaurants, lounges, or pools.
- 2.6 Tax Information may not be discussed in elevators, restrooms, the cafeteria, or other public areas. Terminals should be placed in such a manner that prohibits public viewing of Tax Information.
- 2.7 When transporting confidential materials, the materials should be covered so that others cannot see the Tax Information. When sending Tax Information by fax, a cover sheet should always be used.
- 2.8 Any person with unsupervised access to Tax Information shall receive training on the confidentiality laws and requirements to protect such information before being given access to such information and annually thereafter. They must sign

certificates after the training acknowledging that they understand their responsibilities. City/Town must keep records to document this training and certification and submit a copy of the certification to the Department.

3. Disclosure of Information

- 3.1 Tax Information may only be disclosed as permitted by A.R.S. § 42-2003.
- 3.2 Tax Information is protected by statute and, therefore, shall not be disclosed in response to a public records request except as authorized by law. A state agency, including political subdivisions (City/Town), may deny inspection of public records if the records are deemed confidential by statute. *Berry v. State*, 145 Ariz. 12, 13 699 P.2d 387, 388 (App. 1985).
- 3.3 A taxpayer may designate a person to whom Tax Information may be disclosed by completing an [Arizona Department of Revenue Form 285](#) or [Form 285B](#), or such other form that contains the authorizing information included in those forms. City/Town may contact the Department's Disclosure Officer at DisclosureOfficer@azdor.gov if there are any questions concerning this requirement.

4. Retention and Disposal of Information

- 4.1 All records received from the Department must be kept for the duration of the records retention period as listed in the official records retention schedules approved by the Secretary of State Library Archives and Public Records Division ("LAPR") published on the LAPR website.
 - (a) The Department's custom records retention schedule is published on the LAPR website at apps.azlibrary.gov/records/schedules.aspx.
 - (b) In the event of a legal hold (such as a litigation hold or investigative hold), Department and/or City/Town may be required to retain records beyond the retention period.
- 4.2 The Department and City/Town shall follow the legal requirements for reporting the disposition and destruction of records to the Arizona State Library Archives, & Public Records Division under A.R.S. § 41-151.19. Certificate of Records Destruction Forms are found at: azlibrary.gov/arm/forms.
- 4.3 All removable media containing Tax Information must be returned to the Department or sanitized before disposal or release from the control of City/Town.
- 4.4 Tax Information must be destroyed by shredding or burning the materials when the retention period has been met and no legal holds are in place. Tax Information may not be disposed of by placing the materials in the garbage or recycle bins. Destruction of Tax Information may be performed by a third-party vendor.

City/Town must take appropriate actions to protect the Tax Information in transit and storage before it is destroyed, such as periodic inspections of the vendor.

- 4.5 Computer system components and devices, such as copiers and scanners, which have been used to store or process Tax Information may not be repurposed for non-tax administration uses unless the memory or hard drive of the device is sanitized to ensure under no circumstances Tax Information can be restored or recovered.

5. **Information Security**

- 5.1 Systems containing Tax Information must be protected in accordance with the State of Arizona Policies, Standards, and Procedures that govern State data found at <https://azdohs.gov/information-security-policies-standards-and-procedures>, particularly Policies and Standards 8000-8410 and the Arizona NIST Security Baseline Controls.
- 5.2 City/Town is responsible for creating architectural diagrams of any systems connecting to the Department's systems and depicting the flow of State Tax Information. Architectural diagrams for systems connecting to the ADOR shall be shared with the ADOR and updated after any architectural changes.
- 5.3 Incident Reporting. City/Town is required to notify the Department in the event of a suspected or actual unauthorized disclosure of Tax Information, data loss, breach, or other security concern regarding Tax Information by reporting the incident to the Department's: 1) City Services Manager by email at citiesunit@azdor.gov, 2) Disclosure Officer by email at DisclosureOfficer@azdor.gov, and 3) Chief Information Security Officer's Information Security Team by email at InfoSec@azdor.gov.
- 5.4 The Department may send employees or auditors to inspect any of City/Town information systems and/or facilities used to process, store, or transmit any Department data at any time to ensure that Department information is adequately protected. City/Town shall provide audit records and evidence of system and application hardening to the department's information security team upon request. Hardening evidence can include, but is not limited to: RiskSense, CIS benchmarks, SCSEMs, STIGs, or other security best practices. If City/Town hires a third-party for any system or information support, all security provisions apply.

6. **Wireless Access (if accessing State Confidential Information from a wireless network)**

City/Town must:

- 6.1 Establish restrictions, configuration/connection requirements, and implementation guidance for wireless access.
- 6.2 Authorize wireless access to the information system prior to allowing such connections.

- 6.3 Employ a wireless intrusion detection system to identify rogue wireless devices and to detect attack attempts and potential compromises/breaches to the information system.

APPENDIX B

REQUIRED REPORTS AND DATA FIELDS

At a minimum, the Department of Revenue shall provide the following reports which display all of fields identified below, per report:

NEW LICENSE REPORT and LICENSE UPDATE REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- Update Date
- ID Type
- ID
- Account ID
- Entity Name
- Ownership Type
- License ID
- OTO/Applied For indicator
- Bankruptcy Indicator
- Filing Frequency
- Issue Date
- Account Start Date
- Business Start Date
- Arizona Start Date
- Doc Loc Nbr
- Accounting Method
- Close Date
- Close Code
- Business Description
- NAICS1
- NAICS2
- NAICS3
- NAICS4
- Mailing Street1
- Mailing Street2
- Mailing Street3
- Mailing City
- Mailing State
- Mailing ZIP
- Mailing Country
- Mailing Phone Number
- Mailing Address Add date
- Mailing Address End Date

ADOR-Municipal IGA for TPT Administration

- Audit Street1
- Audit Street 2
- Audit Street 3
- Audit City
- Audit State
- Audit Zip
- Audit Country
- Audit Phone Number
- Audit Address Add Date
- Audit Address End Date
- Location Code
- Business Codes
- Location Name (DBA)
- Number of Units
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- Location Phone Number
- Location Start Date
- Location End Date
- Primary Location Street 1
- Primary Location Street 2
- Primary Location Street 3
- Primary Location City
- Primary Location State
- Primary Location Zip Code
- Primary Location Country
- Primary Location Phone Number
- Primary Location Start Date
- Primary Location End Date
- Owner Name
- Owner Title
- Owner Name 2
- Owner Title 2
- Owner Name 3
- Owner Title 3

CITY PAYMENT JOURNAL

- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period

ADOR-Municipal IGA for TPT Administration

- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype
- Rev Type

CITY PAYMENT JOURNAL SUMMARY

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Business Code
- Number of Accounts
- Collections

NO MONEY REPORT

- Region Code
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date

ADOR-Municipal IGA for TPT Administration

- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype

DEDUCTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Deduction Code
- Deduction Amount
- Tran Type
- Tran Subtype
- Rev Type

FUND DISTRIBUTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment Received Date
- Return Received Date
- Payment Processed Date
- Return Processed Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Fund Allocation Code
- Amount Distributed

FUND DISTRIBUTION SUMMARY REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Fund Allocation Code
- Amount Distributed

APPENDIX C

REQUIRED FORMS

1. **JT-1 Joint Tax Application for a TPT License**

[ADOR Form 10196](#)

2. **TPT-2 Transaction Privilege, Use and Severance Tax Return (filing periods beginning on or AFTER June 1, 2016)**

[ADOR Form 11249](#)

3. **TPT-EZ Transaction Privilege, Use and Severance Tax Return**

[ADOR Form 11263](#)



**CITY COUNCIL
AGENDA BILL**

**AB 2994
November 28, 2023
Regular Business**

Agenda Item: 8b
Proposed Action & Subject: Public hearing/discussion/possible action regarding adoption of a Resolution and Ordinance updating the City of Sedona’s Consolidated Fee Schedule.

Department	City Clerk
Time to Present	5 minutes
Total Time for Item	10 minutes
Other Council Meetings	12-13-11, 11-27-12, 12-10-13, 11-25-14, 06-23-15, 11-24-15, 08-09-16, 11-22-16, 11-28-17, 04-24-18, 11-27-18, 11-26-19, 11-24-20, 11-23-21, 11-22-2022
Exhibits	A. Proposed Changes to the Consolidated Fee Schedule B. Proposed Parks & Recreation Fee Rational C. Proposed PD Fee Rational D. Resolution E. Ordinance

Finance Approval	CRW 11/21/2023	Expenditure Required	
City Attorney Approval	Reviewed 11/20/2023 KWC		\$ N/A
City Manager’s Recommendation	Approve resolution and ordinance adopting proposed changes to the Consolidated Fee Schedule.		Amount Budgeted \$ N/A
		Account No. (Description)	

SUMMARY STATEMENT

Background: On December 13, 2011, the City Council adopted Ordinance No. 2011-13. This ordinance set forth procedures governing the adoption and updating of a consolidated fee schedule. Per this ordinance, all City departments are required to review the consolidated fee schedule annually and recommend proposed changes to the schedule. Proposed changes are to contain an explanation for the need for the newly proposed fees and identify any fees that may be mandated by law and any requests for deletions or increases. The City Manager shall then place on the regular agenda of the City Council at least annually an action item and public hearing on the fee schedule.

Publication on the City’s internet site of proposed fee changes shall take place at least 60 days prior to adoption of any new fees or increases. The proposed changes to the consolidated fee schedule have been published on the City’s website since September 26, 2023. The proposed

revisions to the consolidated fee schedule are set forth in the resolution submitted with this agenda bill. These revisions include the following:

Parks & Recreation

- a) See Parks & Recreation in Exh A and Exh B.

Police Department

- a) Due to the implementation of A.R.S. § 39-129 becoming effective, November 2023, PD added a \$25 minimum and \$25 per hour after 1st hour fee for video recordings. The proposed fee is expected to recoup 45% of the cost to review 1 hour of video recording and will not recover the full cost. See Exh C.

City Wastewater Department

- b) Wastewater Capacity Fees
 - Rationale: Water Supply Fixture Units Calculation based on the Economics Research Network (ERN) rate increase of 4.93% for calendar year 2024. See Wastewater Fee Description (per units) in Exh A.

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): None

MOTION

I move to: approve Resolution No. 2023-___, creating a public record entitled “2023 Amendments to the Sedona Consolidated Fee Schedule.”

I move to: adopt Ordinance No. 2023-___, adopting proposed changes to the Consolidated Fee Schedule.

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> Non-profit/Individual 	\$18 per hour \$100 refundable deposit \$50 refundable per key deposit		<u>\$65 per hour if Charging Participants</u> <ul style="list-style-type: none"> 50% discount for Arts Related 30% discount for Non-Profit Organization Additional Fees MAY apply based on rental need: <ul style="list-style-type: none"> Water - \$15 Dumpster - \$15 Janitorial restock - \$40 Other on-site facility additions – cost determined as needed
<ul style="list-style-type: none"> Profit/Business 	\$23 per hour \$100 refundable deposit \$50 refundable per key deposit		No longer split into non-profit vs. Profit as fee categories. Instead listed as per hour price with discount for non-profit or Arts related.
Events Rental Fee – Non-Arts			

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> • Non-profit 	\$250 Day Rental (up to 7 hours). \$300 Extended Hours (over 7 hours) \$300 Refundable Deposit \$50 per key – Refundable Deposit		No longer an “events” specific fee category *See above for new Hub pricing structure & discounts
<ul style="list-style-type: none"> • Private parties/organizations or Profit/Business 	\$375 Day Rental (up to 7 hours). \$445 Extended Hours (over 7 hours) \$300 Refundable Deposit \$50 per key – Refundable Deposit		No longer an “events” specific fee category *See above for new Hub pricing structure & discounts
Free to Spectators or Donations Only			
<ul style="list-style-type: none"> • Non-profit/Individual 	\$17.50 per hour; \$210 per day \$200 refundable deposit \$50 refundable key deposit		No longer an “events” fee category *See above for new Hub pricing structure & discounts
<ul style="list-style-type: none"> • Profit/Business 	\$26.25 per hour; \$315 per day \$200 refundable deposit \$50 refundable key deposit		No longer an “events” fee category *See above for new Hub pricing structure & discounts
Renter Charging Cost to Spectators			
Hourly – Non-Arts			

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> Non-profit/Private parties/Organizations 	\$17.50 per hour \$100 Refundable Deposit \$50 per key – Refundable Deposit		<p><u>\$55 per hour if Free to Participants</u></p> <p><u>\$65 per hour if Charging Participants</u></p> <ul style="list-style-type: none"> 50% discount for Arts Related 30% discount for Non-Profit Organization <p>Additional Fees MAY apply based on rental need:</p> <ul style="list-style-type: none"> Water - \$15 Dumpster - \$15 Janitorial restock - \$40 Other on-site facility additions – cost determined as needed
<ul style="list-style-type: none"> Profit/Business 	\$26.25 per hour \$100 Refundable Deposit \$50 per key – Refundable Deposit		*See above
<ul style="list-style-type: none"> Non-profit/Individual 	\$31.50 per hour; \$378 per day \$200 refundable deposit \$50 refundable key deposit		*See above

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> Profit/Business 	\$40.25 per hour; \$483 per day \$200 refundable deposit \$50 refundable key deposit		*See above
Posse Grounds Softball Fields			
Hourly Rental Fee			
<ul style="list-style-type: none"> Non-profit 	\$5 per hour or by agreement		No Change
<ul style="list-style-type: none"> Private parties/organizations 	\$15 per hour		No Change
<ul style="list-style-type: none"> Profit/Business 	\$25 per hour, \$300 (Deposit)		No Change
Sports User Groups Rental Fee			
<ul style="list-style-type: none"> Non-profit 	No charge (up to 2 hours), \$5 per hour or by agreement		No Change
<ul style="list-style-type: none"> Private parties/organizations 	\$12/hour (up to 2 hours) \$250 Day rental (over 2 hours)		\$12 per hour (no max time) Additional charge may apply for field prep.
<ul style="list-style-type: none"> Profit/Business 	\$18/hour (up to 2 hours), \$350 Day Rental (over 2 hours) \$300 (Deposit)		\$18 per hour (no max time) Additional charge may apply for field prep.
Events Rental Fee			

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> • Non-profit 	\$305 Day Rental (up to 7 hours), \$370 Extended Hours (over 7 hours), \$300 (Refundable Deposit)		<u>\$400 per day if free for participants</u> <u>\$500 per day if charging participants</u> <ul style="list-style-type: none"> • 30% discount for Non-Profit Organization
<ul style="list-style-type: none"> • Private parties/organizations or Profit/Business 	\$425 Day Rental (up to 7 hours), \$510 Extended Hours (over 7 hours), \$300 (Refundable Deposit)		<u>\$400 per day if free for participants</u> <u>\$500 per day if charging participants</u> <ul style="list-style-type: none"> • 30% discount for Non-Profit Organization
Posse Grounds Softball Concession Stand			No longer a rentable space until remodel is completed
Posse Grounds Multi-Use Field			
Sports User Groups Rental Fee			
<ul style="list-style-type: none"> • Non-profit 	No charge (up to 2 hours), \$5 per hour or by agreement		No Change

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> Private parties/organizations 	\$12/hour (up to 2 hours) \$250 Day rental (over 2 hours)		\$12 per hour (no max time) Additional charge may apply for field prep.
<ul style="list-style-type: none"> Profit/Business 	\$18/hour (up to 2 hours), \$350 Day Rental (over 2 hours) \$300 (Refundable Deposit)		\$18 per hour (no max time) Additional charge may apply for field prep.
Events Rental Fee		Athletic Field use for Special Event purpose, non-sports activity related.	<u>\$400 per day if free for participants</u> <u>\$500 per day if charging participants</u> <ul style="list-style-type: none"> 30% discount for Non-Profit Organization
<ul style="list-style-type: none"> Non-profit 	\$305 Day Rental (up to 7 hours), \$370 Extended Hours (over 7 hours), \$300 (Refundable Deposit)		No longer a specific category for athletic field rental events *See above pricing structure
<ul style="list-style-type: none"> Private parties/organizations or Profit/Business 	\$425 Day Rental (up to 7 hours), \$510 Extended Hours (over 7 hours), \$300 (Refundable Deposit)		No longer a specific category for athletic field rental events *See above pricing structure

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
Posse Grounds Picnic Ramada(s)			Ramadas #1 & #2 - \$20 per hour Ramadas #3-#10 - \$15 per hour per ramada <ul style="list-style-type: none"> 30% discount for Non-Profit Organizations
<ul style="list-style-type: none"> Non-profit 	Ramadas #1 & #2 - \$10 per hour Ramadas #3-#10 - \$5 per hour per ramada or by agreement		No longer split into categories *See above for restructured ramada rates
<ul style="list-style-type: none"> Private parties/organizations 	Ramadas #1 & #2 - \$15 per hour Ramadas #3-#10 - \$10 per hour per ramada		No longer split into categories *See above for restructured ramada rates
<ul style="list-style-type: none"> Profit/Business 	Ramadas #1 & #2 - \$25 per hour Ramadas #3-#10 - \$20 per hour per ramada		No longer split into categories *See above for restructured ramada rates

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
Posse Grounds Recreation Room (860 SF)			<ul style="list-style-type: none"> • <u>\$20 per hour if Free to Participants</u> • <u>\$25 per hour if Charging Participants</u> • <i>50% discount for Arts Related</i> • <i>30% Discount for Non-Profit Organization</i> <p>Additional Fees MAY apply based on rental need:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock -\$40 • Audio Support & Equipment - \$50 per hour includes equipment & technical support. • Other on-site facility additions – cost determined as needed
Posse Grounds Tennis Courts (Lighted)			Tennis Courts are rentable under special agreement only

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
Hourly Rental Fee – Single Court			Tennis Courts are rentable under special agreement only
<ul style="list-style-type: none"> • Non-profit 	\$5 per hour or by agreement		Tennis Courts are rentable under special agreement only
<ul style="list-style-type: none"> • Private parties/organizations 	\$12 per hour (2-hour maximum)		Tennis Courts are rentable under special agreement only
<ul style="list-style-type: none"> • Profit/Business 	\$18 per hour (2-hour maximum)		Tennis Courts are rentable under special agreement only
Sports User Group Rental Fee – Two Courts			
<ul style="list-style-type: none"> • Non-profit 	\$5 per hour, or by agreement		Tennis Courts are rentable under special agreement only
<ul style="list-style-type: none"> • Private parties/organizations 	\$12/hour (up to 2 hours), \$150 Day Rental (over 2 hours)		Tennis Courts are rentable under special agreement only
<ul style="list-style-type: none"> • Profit/Business 	\$18/hour (up to 2 hours), \$250 Day Rental (over 2 hours)		Tennis Courts are rentable under special agreement only
Posse Grounds Sand Volleyball Court			
Hourly and Sports User Group Rental Fee			

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
• Non-profit	\$5 per hour or by agreement		No Change
• Private parties/organizations	\$10 per hour		No Change
• Profit/Business	\$25 per hour		No Change
Posse Grounds Basketball Court (Lighted)			
Hourly and Sports User Group Rental Fee			
• Non-profit	\$5 per hour or by agreement		No Change
• Private parties/organizations	\$10 per hour		No Change
• Profit/Business	\$25 per hour		No Change
Posse Grounds Skate Park			
Hourly Rental Fee			
• Non-profit	\$50 (up to 4 hours), \$10/hour (over 4 hours) or by agreement	\$100 Deposit	Skate Park is rentable under special agreement only
• Private parties/organizations	\$100 (up to 4 hours)	\$100 Deposit \$15 per additional hour for additional hour(s)	Skate Park is rentable under special agreement only
• Profit/Business	\$200 (up to 4 hours)	\$100 Deposit \$25 per additional hour for additional hour(s)	Skate Park is rentable under special agreement only

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
Posse Grounds Pavilion			<ul style="list-style-type: none"> • <u>\$55 per hour if Free to Participants</u> • <u>\$65 per hour if Charging Participants</u> • <i>50% discount for Arts Related</i> • <i>30% Discount for Non-Profit Organization</i> <p>Additional Fees MAY apply based on rental need:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock - \$40 • Amplified sound oversight at Pavilion (REQUIRED) - \$30 per hour. • Audio Support & Equipment - \$50 per hour includes equipment & technical support. • Other on-site facility additions – cost determined as needed

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
Hourly Rental Fee			
<ul style="list-style-type: none"> • Non-profit 	\$5 per hour, \$50 (Deposit)		No Longer split into categories – see Pavilion above or attached sheet.
<ul style="list-style-type: none"> • Private parties/organizations 	\$20 per hour, \$100 (Deposit)		No Longer split into categories – see Pavilion above or attached sheet.
<ul style="list-style-type: none"> • Profit/Business 	\$25 per hour, \$100 (Deposit)		No Longer split into categories – see Pavilion above or attached sheet.
Events Rental Fee			
<ul style="list-style-type: none"> • Non-profit 	\$250 day rental (up to 7 hours), \$300 Extended Hours (over 7 hours), \$300 (Deposit)		No Longer an Event Specific Category of Rental Fee
<ul style="list-style-type: none"> • Private parties/organizations or Profit/Business 	\$370 day rental (up to 7 hours), \$445 Extended Hours (over 7 hours), \$300 (Deposit)		No Longer an Event Specific Category of Rental Fee
Bike Park			
Hourly Rental Fee			
<ul style="list-style-type: none"> • Non-profit 	\$5 per hour or by agreement		No Change
<ul style="list-style-type: none"> • Private parties/organizations 	\$15 per hour (deposit may be required)		No Change

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> Profit/Business 	\$25 per hour (deposit may be required)		No Change
Sunset Park Basketball/Multi-Use Court			
Hourly and Sports User Group Rental Fee			
<ul style="list-style-type: none"> Non-profit 	\$5 per hour or by agreement		No Change
<ul style="list-style-type: none"> Private parties/organizations 	\$10 per hour		No Change
<ul style="list-style-type: none"> Profit/Business 	\$25 per hour		No Change
Sunset Park Tennis Court			
Hourly Rental Fee – Single Court			
<ul style="list-style-type: none"> Non-profit 	\$5 per hour or by agreement		Tennis Courts are rentable under special agreement only
<ul style="list-style-type: none"> Private parties/organizations 	\$12 per hour (2 hr. maximum)		Tennis Courts are rentable under special agreement only
<ul style="list-style-type: none"> Profit/Business 	\$18 per hour (2 hr. maximum)		Tennis Courts are rentable under special agreement only

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
Sunset Park Grass Area			
Hourly Rental Fee			
• Non-profit	\$15 per hour or by agreement		No Change
• Private parties/organizations	\$30 per hour		No Change
• Profit/Business	\$40 per hour		No Change
Sports User Group Rental Fee			
• Non-profit	\$5 per hour, or by agreement		No Change
• Private parties/organizations	\$12/hour (up to 2 hours), \$125 Day rental (over 2 hours)		\$18 per hour (no max time)
Events Rental Fee			
• Non-profit	\$105 Day rental (up to 7 hours), \$127 Extended Hours (over 7 hours), \$300 (Refundable Deposit)		<p><u>\$200 per day if free for participants</u></p> <p><u>\$300 per day if charging participants</u></p> <ul style="list-style-type: none"> • 30% discount for Non-Profit Organization

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> Private parties/organizations or Profit/Business 	\$225 Day rental (up to 7 hours), \$270 Extended Hours (over 7 hours), \$300 (Refundable Deposit)		<u>\$200 per day if free for participants</u> <u>\$300 per day if charging participants</u> <ul style="list-style-type: none"> 30% discount for Non-Profit Organization
Sunset Park Picnic Ramada			
<ul style="list-style-type: none"> Non-profit 	No charge for ramada #2 \$10 per hour for ramada #1		Ramadas #1 & #2 - \$15 per hour <ul style="list-style-type: none"> 30% discount for Non-Profit Organizations
<ul style="list-style-type: none"> Private parties/organizations 	\$10 per hour for ramada #2 \$15 per hour for ramada #1		Ramadas #1 & #2 - \$15 per hour <ul style="list-style-type: none"> 30% discount for Non-Profit Organizations
<ul style="list-style-type: none"> Profit/Business 	\$20 per hour for ramada #2 \$25 per hour for ramada #1		Ramadas #1 & #2 - \$15 per hour <ul style="list-style-type: none"> 30% discount for Non-Profit Organizations
Sedona Wetlands Preserve Picnic Ramada			

PARKS AND RECREATION			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/ Increase
<ul style="list-style-type: none"> • Non-profit 	No charge (1 ramada), \$5 per hour (each additional ramada) or by agreement		Ramada - \$15 per hour <ul style="list-style-type: none"> • 30% discount for Non-Profit Organizations
<ul style="list-style-type: none"> • Private parties/organizations 	\$10 per hour per ramada		Ramada - \$15 per hour <ul style="list-style-type: none"> • 30% discount for Non-Profit Organizations
<ul style="list-style-type: none"> • Profit/Business 	\$20 per hour per ramada		Ramada - \$15 per hour <ul style="list-style-type: none"> • 30% discount for Non-Profit Organizations

POLICE DEPARTMENT			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/Increase
Fingerprinting	\$7.50 at scheduled time \$15 at non-scheduled time		
Accident Report	\$8 up to 20 pages	\$0.25 per additional page over 20 pages	
Police Report ⁹	\$10 up to 20 pages	\$0.25 per additional page over 20 pages	
CD/DVD/Electronic Files	\$15		
Video Recordings			\$25 minimum and \$25 per hour after 1st hour
Review and Challenge Local Criminal Record	\$5		
Local Records Check Requests	\$10		
Police Shoulder Patch	\$5		
3511 Tow Hearing	\$150		
Off-Duty Police Officer Service	\$62.00 per hour (flat fee)		
Off-Duty Police Sergeant Service (when required and acting in a supervisory capacity)			
City Police Vehicle Fee (per vehicle required for employees)	\$5.00 per hour		
Data Analysis Report	\$15 per hour		

WASTEWATER			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/Increase
Wastewater Capacity Fees:			
<ul style="list-style-type: none"> 0 – 8 WSFUs* 	\$ 4,415.00	*Water Supply Fixture Units Calculation based on the Economics Research Network (ERN) rate increase of 4.93% for calendar year 2024. $(\$4,415.00 \times 4.93\% = \$217.66 + \$4,415.00 = \$4,632.66)$ and rounded to the nearest dollar amount.	\$4,633.00
<ul style="list-style-type: none"> 8.1 – 17 WSFUs 	\$11,297.00	Calculation based on the Economics Research Network (ERN) rate increase of 4.93% for calendar year 2024. $(\$11,297.00 \times 4.93\% = \$556.94 + \$11,297 = \$11,853.94)$ and rounded to the nearest dollar amount.	\$11,854.00
<ul style="list-style-type: none"> 17.1 – 29 WSFUs 	\$20,048.00	Calculation based on the Economics Research Network (ERN) rate increase of 4.93% for calendar year 2024. $(\$20,048.00 \times 4.93\% = \$988.37 = \$21,036.37)$ and rounded to the nearest dollar amount.	21,036.00

WASTEWATER			
Fee Description	Current Base Fee	Additions, Limits, & Notes	Proposed Fee/Increase
<ul style="list-style-type: none"> 29.1 – 42 WSFUs 	\$30,059.00	Calculation based on the Economics Research Network (ERN) rate increase of 4.93% for calendar year 2024. $(\$30,059.00 \times 4.93\% = \$1,481.91 + \$30,059 = \$31,540.91)$ and rounded to the nearest dollar amount.	\$31,541.00
<ul style="list-style-type: none"> 42.1 – 55 WSFUs 	\$40,308.00	Calculation based on the Economics Research Network (ERN) rate increase of 4.93% for calendar year 2024. $(\$40,308.00 \times 4.93\% = \$1,987.18 + \$40,308.00 = \$42,295.00)$ and rounded to the nearest dollar amount.	\$42,295.00
<ul style="list-style-type: none"> > 55 WSFUs (per WSFU) 	\$788.34	This fee is for each WSFU, or portion thereof, over 55 and is added to the fee for 55 WSFUs. For example, 60 WSFUs would be calculated as follows: $\$37,326 + (5 \times \$730.01) = \$40,976.05$.	\$827.21
Reclaimed Water Use Fees:			
New Reclaimed Water Use Contract application fee	\$25		
Reclaimed Water Fees:			
<ul style="list-style-type: none"> 			

Parks & Recreation Fee Schedule Updates

The current Parks & Recreation fee schedule, especially for rentals, is quite complicated with lots of different categories and variations depending on the rental details. This process makes it difficult to communicate with potential renters about their rental and what their pricing will be, but also impossible for them to look at our venues online and be able to decipher what categories they may potentially fall in to get an approximate cost for their rental.

Our goal with the new fee schedules is to simplify, while also adjusting our rates to be fair and consistent for all groups. As part of this, we set a standard rate for each facility (Ex: \$55 for the Hub for an event that is not charging entry & \$65 for an event that is charging entry) and then a flat 30% discount for non-profits or a flat 50% discount for Arts Related programs, classes, or performances as a continued effort to encourage the arts in those spaces. In our current structure, there are 8 different prices based on categories in comparison to the 2 in the proposed fee schedule with consistent percentage discounts. We feel this is greatly simplified by setting the standard cost and establishing a set percent discount for each, and will greatly enhance our communication and ease of rental with potential renters.

Calculating the price subsidized is difficult as each rental varies greatly. For example, the Pavilion is often host to everything from small yoga classes, bridal showers, weddings, to large events/concerts. The amount of staff time and resources vary greatly based on what is taking place and therefore makes it difficult to determine a cost subsidy. However, with the new proposed price structure, we evaluated our pricing in comparison with other cities and towns as well as with our past rentals. This was accomplished by comparing the current structure versus the proposed structure to find the variation and cost recovered and allowed us to establish a fair pricing structure that has clear set rates, deposits, and discount percentages.

Ultimately our goal is to maintain affordable venues for our community and the activities and programs that Sedona loves. These rentals vary from sports programs to drum circles to birthday parties to multi-day mountain bike festivals and everything in between. The proposed price structure keeps costs very close to the current price structure for the majority of our rentals while simplifying and streamlining our offerings.

Sedona Parks & Recreation

Facility Rental Fee for HUB and Pavilion

Renter Providing (FREE) to Participants / Donations Only	Renter Charging Cost to Participants or Require Donations / Weddings*
<p>\$55.00 per Hour</p> <p>\$200.00 Security Deposit</p>	<p>\$65.00 per Hour</p> <p>\$200.00 Security Deposit</p>
<p>Additional Rental Fees may apply for additional requests or Services.</p>	<p>Additional Rental Fees may apply for additional requests or Services.</p>
<p>Discounts for:</p> <ul style="list-style-type: none"> • Arts Related Classes or Workshops - 50% discount • Non- Profit Organizations - 30% discount 	<p>Discounts for:</p> <ul style="list-style-type: none"> • Arts Related Classes or Workshops - 50% discount • Non- Profit Organizations – 30% discount
<p>Additional fees MAY include the following:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock - \$40 • Amplified sound oversight at Pavilion (REQUIRED) - \$30 per hour • Audio Support & Equipment - \$50 per hour includes equipment & technical support • Other on-site facility additions – cost determined as needed <p>*Pavilion Audio Support & Equipment fee includes Amplified Sound Oversight</p>	<p>Additional fees MAY include the following:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock - \$40 • Amplified sound oversight at Pavilion (REQUIRED) - \$30 per hour • Audio Support & Equipment - \$50 per hour includes equipment & technical support • Other on-site facility additions – cost determined as needed <p>*Weddings are not eligible for any discounts *Pavilion Audio Support & Equipment fee includes Amplified Sound Oversight</p>

Sedona Parks and Recreation

Facility Rental Fee for Rec Room Building

Renter Providing (FREE) to Participants /Donations Only	Renter Charging Cost to Participants or Require Donations
<p>\$ 20.00</p> <p>\$100.00 Security Deposit</p>	<p>\$25.00 per Hour</p> <p>\$100.00 Security Deposit</p>
<p>Additional Rental Fees may apply for additional requests or Services.</p>	<p>Additional Rental Fees may apply for additional requests or Services.</p>
<p>Discounts for:</p> <ul style="list-style-type: none"> • Arts Related Classes or Workshops - 50% discount • Non- Profit Organizations - 30% discount 	<p>Discounts for:</p> <ul style="list-style-type: none"> • Arts Related Classes or Workshops - 50% discount • Non- Profit Organizations - 30% discount
<p>Additional fees MAY include the following:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock - \$40 • Other on-site facility additions – cost determined as needed 	<p>Additional fees MAY include the following:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock - \$40 • Other on-site facility additions – cost determined as needed

Sedona Parks & Recreation

Event Outdoor Field Rental Fee

Renter Providing (FREE) to Participants /Donations Only	Renter Charging Cost to Participants or Require Donations
<p>\$400.00 Full Day</p> <p>\$100.00 Security Deposit</p>	<p>\$ 500.00 Full Day</p> <p>\$100.00 Security Deposit</p>
<p>Additional Rental Fees may apply for additional requests or Services.</p>	<p>Additional Rental Fees may apply for additional requests or Services.</p>
<p>Discounts for:</p> <ul style="list-style-type: none"> • Non- Profit Organizations - 30% discount 	<p>Discounts for:</p> <ul style="list-style-type: none"> • Non- Profit Organizations - 30% discount
<p>Additional fees MAY include the following:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock - \$40 • Other on-site facility additions – cost determined as needed 	<p>Additional fees MAY include the following:</p> <ul style="list-style-type: none"> • Water - \$15 • Dumpster - \$15 • Janitorial restock - \$40 • Other on-site facility additions – cost determined as needed

Service Fee:	Swimming Pool Rental
Effective Date:	8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)

Cost Type	Hourly Cost of Service
Fixed Personnel	\$ 47.54
Variable Personnel	\$ 112.00
Ongoing Supplies & Services	\$ 8.64
Indirect Cost Allocation	\$ 10.92
Depreciation Costs (hourly)	\$ 1.71
Total Rental Cost (First Hour)	\$ 180.80

HOURLY FEE

Description	Amount
Fixed cost(s) of rental	\$ 48
Variable cost(s) of rental	\$ 133
Rental Duration (Hours)	1
100% Cost Recovery @ 1 hours	\$ 181
100% Cost Recovery Hourly Fee	\$ 181
PROPOSED Hourly Fee	\$ 125
Hourly Subsidized \$	\$ 56
Hourly Subsidized %	31%
PROPOSED 2 Hour (1-50 people)	\$ 250
Current 2 Hour (1-30 people)	\$ 180
Subsidized \$	\$ 112
Subsidized %	31%
PROPOSED 2 Hour (50+ people)	\$ 350
Current 2 Hour (30+ people)	\$ 240
Subsidized \$	\$ 12
Subsidized %	3%
PROPOSED 2 Hour (1-50 people)	\$ 375
Current 3 Hour (1-30 people)	\$ 295
Subsidized \$	\$ 168
Subsidized %	31%
PROPOSED 2 Hour (50+ people)	\$ 525
Current 3 Hour (30+ people)	\$ 390
Subsidized \$	\$ 18
Subsidized %	3%

Service Fee:	Hub
Effective Date	8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)	
Cost Type	Hourly Cost of Service
Fixed Personnel	\$ 274.54
Variable Personnel	\$ 36.55
Ongoing Supplies & Services (h)	\$ 5.14
Indirect Cost Allocation	\$ 10.61
Depreciation Costs (h)	\$ 0.61
Total Rental Cost (First Hour)	\$ 327.46

HOURLY FEE	
Description	Amount
Fixed cost(s) of rental	\$ 275
Variable cost(s) of rental	\$ 53
Hours	1
100% Cost Recovery @ 1 hours	\$ 327
100% Cost Recovery Hourly Fee	\$ 327
PROPOSED Hourly Fee (Free to Participants)	\$ 55
Hourly Subsidized \$	\$ 272
Hourly Subsidized %	83%
PROPOSED Hourly Fee (Charge to Participants)	\$ 65
Hourly Subsidized \$	\$ 262
Hourly Subsidized %	80%
PROPOSED Security Deposit	\$ 300

PROPOSED Hourly Fee (Arts related) 50% discount	\$ 28
Current Hourly Fee (Arts related) (No entry fee)	10
Subsidized \$	\$ 300
Subsidized %	92%

PROPOSED Hourly Fee (Arts related) 50% discount	\$ 33
Current Hourly Fee (Arts related) (Entry fee)	18
Subsidized \$	\$ 295
Subsidized %	90%

PROPOSED Hourly Fee (Non-profit) 30% discount	\$ 39
Current Hourly Fee (Non-profit) (No entry fee)	10
Subsidized \$	\$ 289
Subsidized %	88%

PROPOSED Hourly Fee (Non-profit) 30% discount	\$ 46
Current Hourly Fee (Non-profit) (Entry fee)	18
Subsidized \$	\$ 282
Subsidized %	86%

PROPOSED Hourly Fee (Profit/Business)	\$ 55
Current Hourly Fee (Profit/Business) (No entry fee)	15
Subsidized \$	\$ 272
Subsidized %	83%

PROPOSED Hourly Fee (Profit/Business)	\$ 65
Current Hourly Fee (Profit/Business) (Entry fee)	23
Subsidized \$	\$ 262
Subsidized %	80%

Service Fee:
Effective Date

Outdoor Field Rental
8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)

Cost Type	Cost of Service
Fixed Personnel	\$ 365.50
Variable Personnel	\$ 36.55
Supplies & Services (daily)	\$ 7.84
Indirect Cost Allocation	\$ 10.22
Depreciation Costs (hourly)	\$ 9.85
Total Program Cost (First Hour)	\$ 429.96

RECREATION PROGRAM FEE

Description	Amount
Program Hours	7
100% Cost Recovery @ 7 hours	\$ 817

PROPOSED Program Day Fee (Non-Profit) 30% discount	\$ 280
(Free to Participants) Subsidized amount	\$ 537
(Free to Participants) Subsidized percent	66%
PROPOSED Program Day Fee (Non-Profit) 30% discount	\$ 350
(Charge to Participants) Subsidized amount	\$ 467
(Charge to Participants) Subsidized percent	57%
PROPOSED Program Day Fee (Free to Participants)	\$ 400
(Free to Participants) Subsidized amount	\$ 417
(Free to Participants) Subsidized percent	51%
PROPOSED Program Day Fee (Charge to Participants)	\$ 500
(Charge to Participants) Subsidized amount	\$ 317
(Charge to Participants) Subsidized percent	39%

Service Fee:	Picnic Ramada
Effective Date:	8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)	
Cost Type	Hourly Cost of Service
Fixed Personnel	\$ 27.41
Variable Personnel	\$ -
Ongoing Supplies & Services (h)	\$ 2.34
Indirect Cost Allocation	\$ 10.37
Depreciation Costs (h)	\$ -
Total Rental Cost (First Hour)	\$ 40.12

HOURLY FEE	
Description	Amount
Fixed cost(s) of rental	\$ 27
Variable cost(s) of rental	\$ 13
Hours	1
100% Cost Recovery @ 1 hours	\$ 40
100% Cost Recovery Hourly Fee	\$ 40
PROPOSED Hourly Fee #1 & #2	\$ 20
Hourly Subsidized \$	\$ 20
Hourly Subsidized %	50%
PROPOSED Hourly Fee #3 - #10	\$ 15
Hourly Subsidized \$	\$ 25
Hourly Subsidized %	63%
PROPOSED Hourly Fee (Non Profit) #1 & #2	\$ 14
Current Hourly Fee (Non Profit) #1 & #2	\$ 10
Subsidized \$	\$ 26
Subsidized %	65%
PROPOSED Hourly Fee (Private Party) #1 & #2	\$ 20
Current Hourly Fee (Private Party) #1 & #2	\$ 15
Subsidized \$	\$ 20
Subsidized %	50%
PROPOSED Hourly Fee (Profit) #1 & #2	\$ 20
Current Hourly Fee (Profit) #1 & #2	\$ 25
Subsidized \$	\$ 20
Subsidized %	50%
PROPOSED Hourly Fee (Non Profit) #3 - #10	\$ 11
Current Hourly Fee (Non Profit) #3 - #10	\$ 5
Subsidized \$	\$ 30
Subsidized %	74%
PROPOSED Hourly Fee (Private Party) #3 - #10	\$ 15
Current Hourly Fee (Private Party) #3 - #10	\$ 10
Subsidized \$	\$ 25
Subsidized %	63%
PROPOSED Hourly Fee (Profit) #3 - #10	\$ 15
Current Hourly Fee (Profit) #3 - #10	\$ 20
Subsidized \$	\$ 25
Subsidized %	63%

Service Fee:	Rec Room
Effective Date:	8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)

Cost Type	Hourly Cost of Service
Fixed Personnel	\$ 62.15
Variable Personnel	\$ -
Ongoing Supplies & Services (h)	\$ 2.36
Indirect Cost Allocation	\$ 10.37
Depreciation Costs (h)	\$ 0.07
Total Rental Cost (First Hour)	\$ 74.96

HOURLY FEE

Description	Amount
Fixed cost(s) of rental	\$ 62
Variable cost(s) of rental	\$ 13
Hours	1
100% Cost Recovery @ 1 hours	\$ 75
100% Cost Recovery Hourly Fee	\$ 75
PROPOSED Hourly Fee (Free to Participants)	\$ 20
Hourly Subsidized \$	\$ 55
Hourly Subsidized %	73%
PROPOSED Hourly Fee (Charge to Participants)	\$ 25
Hourly Subsidized \$	\$ 50
Hourly Subsidized %	67%
PROPOSED Security Deposit	\$ 100
PROPOSED Hourly Fee (Arts related) 50% discount	\$ 10
Current Hourly Fee (Arts related)	\$ 5
Subsidized \$	\$ 65
Subsidized %	87%
PROPOSED Hourly Fee (Non-profit) 30% discount	\$ 14
Current Hourly Fee (Non-profit)	\$ 5
Subsidized \$	\$ 61
Subsidized %	81%
PROPOSED Hourly Fee (Private Parties)	\$ 20
Current Hourly Fee (Private Parties)	\$ 20
Subsidized \$	\$ 55
Subsidized %	73%
PROPOSED Hourly Fee (Profit/Business)	\$ 25
Current Hourly Fee (Profit/Business)	\$ 25
Subsidized \$	\$ 50
Subsidized %	67%

Service Fee:	Pavillion
Effective Date:	8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)	
Cost Type	Hourly Cost of Service
Fixed Personnel	\$ 190.22
Variable Personnel	\$ 66.55
Ongoing Supplies & Services (h)	\$ 6.24
Indirect Cost Allocation	\$ 10.37
Depreciation Costs (h)	\$ 3.43
Total Rental Cost (First Hour)	\$ 276.81

HOURLY FEE	
Description	Amount
Fixed cost(s) of rental	\$ 190
Variable cost(s) of rental	\$ 87
Hours	1
100% Cost Recovery @ 1 hours	\$ 277
100% Cost Recovery Hourly Fee	\$ 277
PROPOSED Hourly Fee (Free to Participants)	\$ 55
Hourly Subsidized \$	\$ 222
Hourly Subsidized %	80%
PROPOSED Hourly Fee (Charge to Participants)	\$ 65
Hourly Subsidized \$	\$ 212
Hourly Subsidized %	77%
PROPOSED Security Deposit	\$ 300

PROPOSED Hourly Fee (Arts related) 50% discount	\$ 28
Current Hourly Fee (Arts related)	5
(Free to Participants) Subsidized amount	\$ 250
(Free to Participants) Subsidized percent	90%

PROPOSED Hourly Fee (Arts related) 50% discount	\$ 33
Current Hourly Fee (Arts related)	5
(Charge to Participants) Subsidized amount	\$ 245
(Charge to Participants) Subsidized percent	88%

PROPOSED Hourly Fee (Non-profit) 30% discount	\$ 39
Current Hourly Fee (Non-profit)	5
(Free to Participants) Subsidized amount	\$ 239
(Free to Participants) Subsidized percent	86%

PROPOSED Hourly Fee (Non-profit) 30% discount	\$ 46
Current Hourly Fee (Non-profit)	5
(Charge to Participants) Subsidized amount	\$ 232
(Charge to Participants) Subsidized percent	84%

PROPOSED Hourly Fee (Private Parties/Org.)	\$ 55
Current Hourly Fee (Private Parties/Org.)	20
Subsidized \$	\$ 222
Subsidized %	80%

PROPOSED Hourly Fee (Profit/Business)	\$ 65
Current Hourly Fee (Profit/Business)	25
Subsidized \$	\$ 212
Subsidized %	77%

Service Fee:
Effective Date

Sunset Park Grass Area Hourly Rental
8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)

Cost Type	Hourly Cost of Service
Fixed Personnel	\$ 40.21
Variable Personnel	\$ -
Ongoing Supplies & Services (h)	\$ 6.24
Indirect Cost Allocation	\$ 10.37
Depreciation Costs (h)	\$ -
Total Rental Cost (First Hour)	\$ 56.82

HOURLY FEE

Description	Amount
Fixed cost(s) of rental	\$ 40
Variable cost(s) of rental	\$ 17
Hours	1
100% Cost Recovery @ 1 hours	\$ 57
100% Cost Recovery Hourly Fee	\$ 57
PROPOSED Hourly Fee (Sports User Group)	\$ 18
Current Hourly Fee (Non Profit)	\$ 12
Subsidized \$	\$ 39
Subsidized %	68%

Service Fee:
Effective Date

Sunset Park Grass Area Day Rental
8/31/2023

Service Fee Summary Calculation

RENTAL COST (FIRST HOUR)

Cost Type	Hourly Cost of Service	
Fixed Personnel	\$	208.39
Variable Personnel	\$	-
Ongoing Supplies & Services (h)	\$	6.24
Indirect Cost Allocation	\$	10.37
Depreciation Costs (h)	\$	-
Total Rental Cost (First Hour)	\$	225.00

HOURLY FEE

Description	Amount	
Fixed cost(s) of rental	\$	208
Variable cost(s) of rental	\$	17
Hours		7
100% Cost Recovery @ 7 hours	\$	325
100% Cost Recovery Hourly Fee	\$	46
PROPOSED Day Rental (No Entry Fee)	\$	200
PROPOSED Day Rental (Entry Fee)	\$	300
PROPOSED Events Rental Fee (Non Profit) (Free Entry)	\$	140
Current Events Rental Fee (Non Profit)	\$	105
(Free to Participants) Subsidized amount	\$	185
(Free to Participants) Subsidized percent		57%
PROPOSED Events Rental Fee (Non Profit) (Entry Charge)	\$	210
Current Events Rental Fee (Non Profit)	\$	105
(Charge to Participants) Subsidized amount	\$	115
(Charge to Participants) Subsidized percent		35%
PROPOSED Events Rental Fee (Private/Business) (No Entry Fee)	\$	200
Current Events Rental Fee (No Entry Fee)	\$	125
Subsidized \$	\$	125
Subsidized %		38%
PROPOSED Events Rental Fee (Private/Business) (Entry Fee)	\$	300
Current Events Rental Fee (Entry Fee)	\$	125
Subsidized \$	\$	25
Subsidized %		8%



- ★ Community
- ★ Compassion
- ★ Honor

102 Roadrunner Dr.
Sedona, AZ 86336
(928) 282-3100
sedonaaz.gov/pd
FAX (928) 204-7808



Police Department

To: City Staff
From: Lt. Scott Martin
Date: 08/30/2023
Re: Request to increase consolidated fee – video recordings

The city of Sedona Police Department currently charges a flat fee of \$15 for public record requests of CD/DVD/Electronic files. This currently is used for public record requests for video recordings, such as body worn cameras.

The current \$15 fee is unproportionate to the amount of time spent preparing the release of a video recording compared to releasing a photograph or another image the current consolidated fee is also used for. This is due to state laws requiring some personal identifying information to be redacted before being released by the police department which may be captured on video or audio. This job cannot be automated and must be viewed by a police department employee. To view and redact a 1-hour video takes 1 hour and 26 minutes or 1.43 hours on average. The length of video for each police investigation is different and has the potential to be hours upon hours of footage.

Arizona Revised Statute 41-1734 section E allows the department to establish a fee which considers the hourly compensation of a public records employee to review, copy and redact a video. Approved legislation by the State of Arizona which takes effect in November of 2023 will cap the amount to \$46 per hour (ARS 39-129).

The Sedona Police Department has requested a minimum fee of \$25 per request, and \$25 per hour after the first hour. The proposed fee is expected to recoup 45% of the cost to review 1 hour of video recording and will not recover the full cost.

Fees by other agencies

Phoenix PD*	\$4.00 flat		Chandler	\$25 flat
Kingman	\$10.00 flat		Camp Verde	\$30/hr flat
Page	\$20.00 flat		Flagstaff	\$30 flat
Clarkdale	\$20.00 flat		Casa Grande	\$35.00 flat
Surprise	\$20.00 flat		Prescott Valley	\$36.40 /hr
AZ DPS	\$21.33 /.5 hr		Peoria	\$37.00 flat
Mesa	\$25 flat		Williams	\$50.00 flat

*Phoenix PD has a backlog of 7,000 video requests for Body Worn Cameras which is equal to a 2-year delay.

RESOLUTION NO. 2023-__

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

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA that the terms set forth in that document attached hereto as Exhibit A and entitled "2023 Amendments to the Sedona Consolidated Fee Schedule" constitute a public record to be incorporated by reference into Ordinance No. 2023-__.

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

PASSED AND ADOPTED this 28th day of November, 2023, by the Mayor and Council of the City of Sedona, Arizona.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

ORDINANCE NO. 2023-__

**AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA,
ARIZONA, ADOPTING AMENDMENTS TO THE SEDONA CONSOLIDATED FEE
SCHEDULE.**

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

Section 1: Adoption of Consolidated Fee Schedule

That document made a public record by Resolution 2023-__ and entitled "2023 Amendments to the Sedona Consolidated Fee Schedule" is hereby incorporated and approved and all amendments to the Consolidated Fee Schedule set forth therein will become effective on January 1, 2024, or when as so indicated in the schedule.

Section 2: Repeal

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

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona,
Arizona, this 28th day of November, 2023.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney



**CITY COUNCIL
AGENDA BILL**

**AB 3014
November 28, 2023
Regular Business**

Agenda Item: 8e

Proposed Action & Subject: Discussion/possible action regarding City Council's State Legislative priorities for the 2024 legislative session and a Second Amendment to the Agreement with the Policy Development Group.

Department	City Manager
Time to Present	15 Minutes
Total Time for Item	45 Minutes
Other Council Meetings	April 11, 2023 (League of AZ Cities and Towns resolution discussion)
Exhibits	A. Legislative Presentation to Council B. Second Amendment to the Professional Services Agreement with PDG

Finance Approval	CRW 11/21/2023	
City Attorney Approval	Reviewed 11/20/2023 KWC	Expenditure Required
		\$ 75,000
City Manager's Recommendation	Approve the extension of the PDG contract in the amount of \$75,000 for FY24.	Amount Budgeted
		\$ 100,000
		Account No. 10-5220-01-6405 (Description) (Professional Services)

SUMMARY STATEMENT

Background: In January 2024, the Arizona State Legislature will begin the fifty seventh, first regular legislative session. In order to prepare for legislative advocacy work at the Arizona State Capitol, local governments typically adopt legislative priorities. This is also coordinated with the work of the Arizona League of Cities and Towns.

Policy Development Group (PDG) has provided legislative advocacy on behalf of the City of Sedona for the last two legislative sessions, primarily focusing on pursuing legislative changes related to short-term rental regulation. During the 2022 and 2023 legislative sessions, several pieces of legislation were introduced related to short-term rentals. The City Attorney and PDG worked with the Arizona League of Cities and Towns and other cities and towns to educate and lobby the legislature. The most recent session included a bill introduced by Representative Bliss that addressed the City's unique needs and position related to short-term rentals, as Representative Barton's bill had done in 2022. The legislation would have allowed cities with a population of less than 17,000 to regulate short-term rentals by setting a density cap locally, among other provisions.

No STR bills were passed in the 2023 session.

PDG will be representing the City of Sedona during the 2024 legislative on the City's state legislative priorities. During the Council discussion, representatives from PDG will present an overview on the upcoming legislative session. An initial discussion regarding 2024 legislative priorities was held on April 11, 2023, when the Sedona City Council considered proposals for the League of Arizona Cities and Towns' 2024 legislative agenda. At that time Mayor Jablow requested a resolution promoting further restricting OHV use on AZ roadways be submitted to League's 2024 legislative policy agenda. Council supported that request and submitted it to the League for further consideration.

Staff provides Council updates throughout the legislative session and asks Council to weigh in on emerging issues. Councilmembers have also been set up with accounts to log into the Request to Speak portal at the Arizona State Legislature to log-in to support and oppose bills. The League is again promoting an STR bill this legislative session that would allow cities and towns the ability to regulate STRs based on caps, zoning, or density.

Following the discussion, staff will work with PDG to develop talking points for the Mayor and Council to utilize during the legislative session. For the 2024 legislative session City Attorney Kurt Christianson will be the City's staff liaison to PDG and lead staff person coordinating with the League of Arizona Cities and Towns and City Council.

In the FY2024 budget approved by Council, \$100,000 was included for legislative advocacy. PDG has continued to represent the City and provide services since the beginning of the current fiscal year. The proposed Amendment No. Two to the Professional Services Agreement with PDG, updates the contract for the current fiscal year.

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

Board/Commission Recommendation: Applicable - Not Applicable

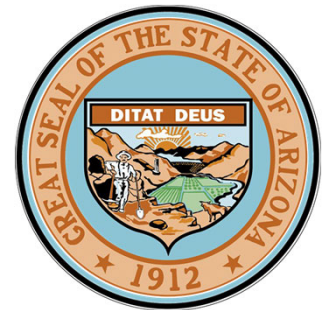
Alternative(s): None

MOTION

I move to: approve the Second Amendment to the Professional Services Agreement with the Policy Development Group in the amount of \$75,000.

Legislative Presentation to Council

November 28, 2023



56th Legislature – Second Regular Session

- Session begins on January 8, 2024
- Democrat Governor –Katie Hobbs
- Both House and Senate will remain Republican Majority:
 - Arizona Senate Breakdown: 16 Republicans, 14 Democrats
 - Arizona House of Representatives Breakdown: 31 Republicans, 29 Democrats
- With narrow margins and divided government, likely to see extended legislative sessions



Expected Hot Topics

- Budget
- Water
- Border Security
- Election Reform – Including partisan elections
- Housing
- Homelessness
- Tax Proposals – Including Food Tax, Model City Tax Code
- Balancing state budget with cuts to cities/towns/counties revenue or unfunded mandates to local governments



History on Short-Term Rental Legislation

- Several bills introduced last two session to address nuisance, licensing and proliferation
- Successful legislation two sessions ago – SB 1168 authorizing cities to license and address nuisance issues
 - City of Sedona enacted ordinance on November 28, 2022, to go into effect on February 15, 2023

No additional STR legislation passed in 2023



City of Sedona 2024 Legislative Platform

- This 2024 Legislative Platform reflects Council's legislative positions and priorities on current or anticipated legislative action at the state level. Guided by this legislative platform, staff and contract legislative advocates will take action to influence legislative efforts based on the best interests of the City of Sedona. Staff will update Council throughout the legislative session while seeking specific feedback on issues of major importance to the City.



City of Sedona 2024 Legislative Platform

- Revenue and Finance

- A. Oppose legislation that results in the reduction of revenues collected by the City and support legislation that enhances revenue collections
- B. Protect ability to collect and use taxes in order to properly manage the operations of the City



City of Sedona 2024 Legislative Platform

- Governance

- A. Oppose legislation that reduces the City's local authority and support legislation that strengthens or increases local control
- B. Oppose legislation that reduces local government's ability to regulate zoning



City of Sedona 2024 Legislative Platform

• Governance

- D. Support legislation to address the proliferation of short-term rentals and support efforts to provide local authority to further regulate short-term rentals
- Work with other city lobbyist to support and help shape League of City resolutions on short-term rentals
- E. Support legislation to provide the ability for local and state government to regulate and promote safe usage of Off Highway Vehicles



City of Sedona 2024 Legislative Platform

• Additional Proposals for Consideration

- A. Support additional appropriations to the Housing Trust Fund or other solutions to housing issues.
- B. Explore and identify opportunities to support additional appropriations for rural transit services.
- C. Explore and support other city funding needs where the state may be able to assist.



2024 Legislative Process Next Steps

- Will continue Council updates and memo prior to Council meeting
- Will schedule meetings with Legislators at the Capitol
- Request to Speak:
 - Provides opportunity to weigh in on legislation through the portal on azleg.gov
 - Council has own log-in
 - PDG and Staff will notify Council when to weigh in on behalf of the City



Questions/Discussion



AMENDMENT NO. TWO
Contract for Professional Services

This Amendment No. Two (“Amendment”) to the Contract for Professional Services (“Contract”) is made this 1th day of November, 2023, (“Effective Date”), by and between the City of Sedona, an Arizona municipal corporation (“City”) and Policy Development Group, Inc., an Arizona corporation (“Consultant”).

RECITALS

- A. City and Policy Development Group (“Consultant”) previously entered into the Contract for Professional Services, dated November 1, 2021 (“Agreement”); and
- B. City Consultant previously entered into Amendment No. One dated November 1, 2022; and
- C. City and Consultant wish to modify and amend the terms of the Agreement subject to and strictly in accordance with the terms of this Amendment.

AGREEMENT

In consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Consultant hereby agree as follows:

- 1. **Recitals.** The recitals set forth above are not merely recitals, but form an integral part of this Amendment.
- 2. **Term.** Section 12 Termination is amended by extending the term of the Agreement from the current expiration of July 1, 2023 through June 30, 2024.
- 4. **Compensation.** Consultant shall be paid \$6,250 per month for 12 months for services performed July 1, 2023 through June 30, 2024, for an additional total amount not to exceed \$75,000. Section 1.B. and Exhibit B are amended by changing the not to exceed total to \$225,000 for all contract terms (initial and extension).
- 5. **Ratification of Agreement.** City and Consultant hereby agree that except as expressly provided herein, the provisions of the Agreement and Amendment No. One, shall be, and remain in full force and effect and that if any provision of this Amendment conflicts with the Agreement, then the provisions of this Amendment shall prevail.

CITY OF SEDONA, an Arizona Municipal Corporation

Karen Osburn, City Manager

ATTEST:

JoAnne Cook, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

CONSULTANT:

Paul C. Senseman Jr, Principal



**CITY COUNCIL
AGENDA BILL**

**AB 2953
November 28, 2023
Regular Business**

Agenda Item: 8d
Proposed Action & Subject: Presentation/discussion regarding September 2023 sales and bed tax report.

Department	Financial Services
Time to Present	20 min
Total Time for Item	30 min
Other Council Meetings	August 22, 2023
Exhibits	A. September 2023 Sales and Bed Tax Report B. PowerPoint Presentation

Finance Approval	CRW 11/16/2023	
City Attorney Approval	Reviewed 11/20/2023 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	For presentation and discussion only.	Amount Budgeted
		\$ N/A
		Account No. (Description)

SUMMARY STATEMENT

Background: A presentation will be made based on the September 2023 Sales and Bed Tax Report. This item will provide an opportunity for the City Council to discuss the report. Additional information regarding the report is below.

Transaction Privilege Tax: Technically, Arizona does not charge a sales tax. While we commonly use the term “sales tax,” it is more correctly called a transaction privilege tax (TPT). The transaction privilege tax is not exclusive to retail sales. Also, the taxpayer, not the customer, is responsible for paying TPT.

Confidentiality Requirements: Arizona’s confidentiality rules regarding TPT prohibit disclosure of any information regarding individual taxpayers. We cannot even disclose whether or not they pay taxes. We cannot disclose information regarding segments of taxpayers with less than 10 taxpayers in the group or when a taxpayer represents 90% or more of any size group.

Reported Categories: In the report, the “sales tax” portion is categorized as follows:

- Retail:
 - Retail sales, excluding food for home consumption (groceries)⁽¹⁾
 - Medical and adult use marijuana
 - Online marketplace

- Use tax
- Restaurant & Bar
- Hotel/Motel
- Construction
 - Prime contracting
 - Speculative builders
 - Owner/builder contracting
 - Maintenance, repair, replacement and alteration (MRRA) construction activities
- Leasing⁽²⁾
 - Commercial rental/leasing of real property
 - Rental/leasing of tangible personal property
- Communications & Utilities
 - Utilities
 - Communications
- Amusements & Other
 - Amusements
 - Transporting
 - Publication
 - Job printing
 - Collections of tax due prior to 2015 not applicable in current categories
 - License fees

Detailed explanations of each category are in the [Sedona City Tax Code](#).

⁽¹⁾ Sedona does not charge tax on food for home consumption (groceries).

⁽²⁾ Sedona does not charge tax on long-term residential rentals (30 or more days).

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): None

MOTION

I move to: for presentation/discussion only.

Sales Tax Revenues by Category

Month	Retail	Restaurant & Bar	Hotel/Motel	Construction	Leasing	Communications & Utilities	Amusements & Other	Totals
City Sales Tax Revenues by Category and by Month								
July 2022	759,167	\$ 406,269	\$ 517,128	\$ 139,987	\$ 155,542	\$ 48,705	\$ 122,342	\$ 2,149,140
August 2022	797,223	369,186	502,766	195,095	156,688	96,617	80,318	2,197,893
September 2022	874,790	486,767	650,976	131,089	173,564	69,253	105,658	2,492,097
October 2022	1,053,822	582,764	868,383	161,238	177,348	39,266	139,165	3,021,986
November 2022	914,839	492,347	744,020	138,314	152,930	83,081	106,366	2,631,897
December 2022	896,682	424,843	586,451	134,064	168,411	67,347	83,243	2,361,041
January 2023	764,648	378,813	644,950	124,431	149,910	70,888	72,280	2,205,920
February 2023	792,929	463,351	765,546	138,808	163,484	68,826	97,392	2,490,336
March 2023	990,262	595,699	984,599	200,709	175,427	75,155	169,033	3,190,884
April 2023	1,113,347	691,082	1,011,113	216,734	174,942	58,701	207,381	3,473,300
May 2023	966,539	592,166	803,577	130,357	172,080	61,165	128,187	2,854,071
June 2023	881,068	534,000	730,408	183,666	166,143	76,532	131,490	2,703,307
Total FY 2023	\$ 10,805,316	\$ 6,017,287	\$ 8,809,917	\$ 1,894,492	\$ 1,986,469	\$ 815,536	\$ 1,442,855	\$ 31,771,872
July 2023	\$ 778,962	\$ 461,212	\$ 540,153	\$ 134,293	\$ 151,190	\$ 79,464	\$ 102,741	\$ 2,248,015
August 2023	752,174	374,561	504,575	141,699	150,880	78,798	85,823	2,088,510
September 2023	901,032	526,505	784,683	171,326	205,232	76,586	110,416	2,775,780
October 2023	-	-	-	-	-	-	-	-
November 2023	-	-	-	-	-	-	-	-
December 2023	-	-	-	-	-	-	-	-
January 2024	-	-	-	-	-	-	-	-
February 2024	-	-	-	-	-	-	-	-
March 2024	-	-	-	-	-	-	-	-
April 2024	-	-	-	-	-	-	-	-
May 2024	-	-	-	-	-	-	-	-
June 2024	-	-	-	-	-	-	-	-
Total Year-to-Date FY 2024	\$ 2,432,168	\$ 1,362,278	\$ 1,829,411	\$ 447,318	\$ 507,302	\$ 234,848	\$ 298,980	\$ 7,112,305
Current Month Comparison to Same Month Last Year								
September 2023 vs. September 2024	\$ 26,242	\$ 39,738	\$ 133,707	\$ 40,237	\$ 31,668	\$ 7,333	\$ 4,758	\$ 283,683
Change from September to September	3%	8%	21%	31%	18%	11%	5%	11%
Year-to-Date Comparison to Year-to-Date Last Year								
Difference in YTD	\$ 988	\$ 100,056	\$ 158,541	\$ (18,853)	\$ 21,508	\$ 20,273	\$ (9,338)	\$ 273,175
% Change from Prior YTD	0%	8%	9%	-4%	4%	9%	-3%	4%

NOTE: For this table only, certain anticipated refunds have been adjusted in the prior months to enhance comparability.

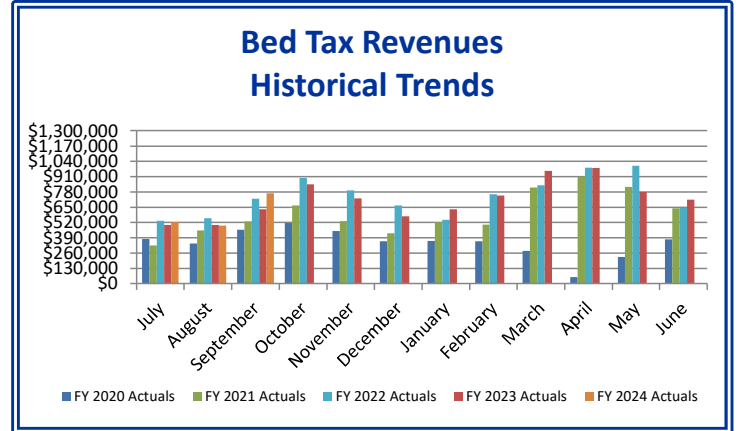
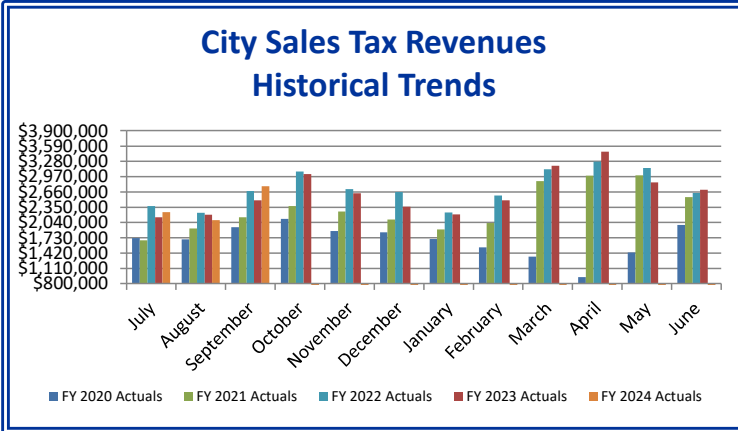
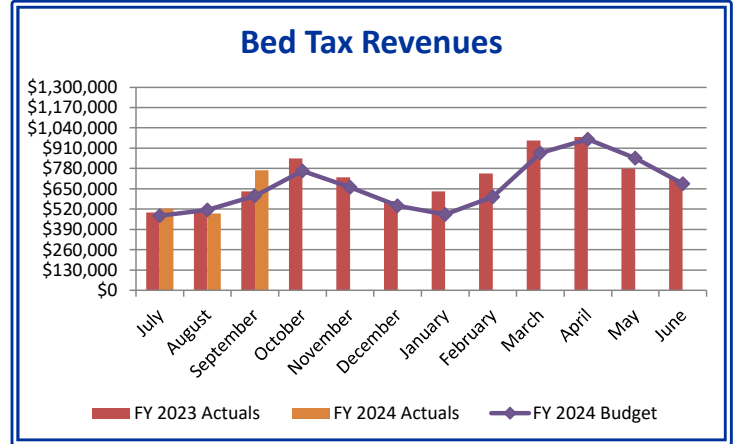
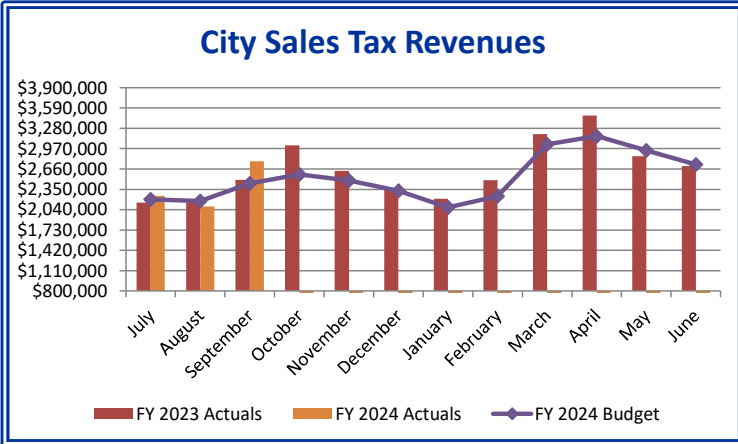
Sales & Bed Tax Revenues by Month

City Sales Tax Revenues

Month	FY 2023 Actuals	FY 2024 Actuals	Actual Variance	FY 2024 Budget	Budget Variance
July	\$ 2,149,138	\$ 2,248,015	5%	\$ 2,198,080	2%
August	2,197,897	2,088,510	-5%	2,172,310	-4%
September	2,492,094	2,775,781	11%	2,440,450	14%
October	3,021,987	-	-	2,578,710	-
November	2,631,897	-	-	2,484,350	-
December	2,361,041	-	-	2,325,920	-
January	2,205,919	-	-	2,073,720	-
February	2,490,337	-	-	2,246,900	-
March	3,190,884	-	-	3,035,630	-
April	3,473,299	-	-	3,160,390	-
May	2,854,072	-	-	2,941,420	-
June	2,703,306	-	-	2,726,100	-
Totals	\$ 31,771,871	\$ 7,112,305	4%	\$ 30,383,980	4%

Bed Tax Revenues

Month	FY 2023 Actuals	FY 2024 Actuals	Actual Variance	FY 2024 Budget	Budget Variance
July	\$ 499,299	\$ 522,779	5%	\$ 478,550	9%
August	498,556	492,948	-1%	514,590	-4%
September	633,082	768,445	21%	604,730	27%
October	844,792	-	-	763,750	-
November	724,025	-	-	661,020	-
December	571,961	-	-	541,360	-
January	633,341	-	-	486,810	-
February	748,220	-	-	598,580	-
March	959,154	-	-	879,630	-
April	982,381	-	-	966,860	-
May	779,126	-	-	847,140	-
June	714,052	-	-	681,970	-
Totals	\$ 8,587,989	\$ 1,784,171	9%	\$ 8,024,990	12%

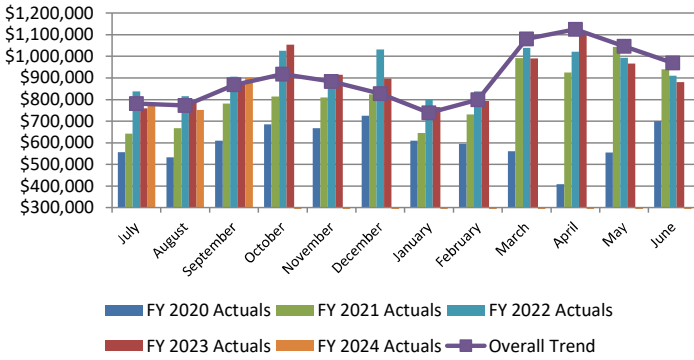


Historical Changes - City Sales Tax

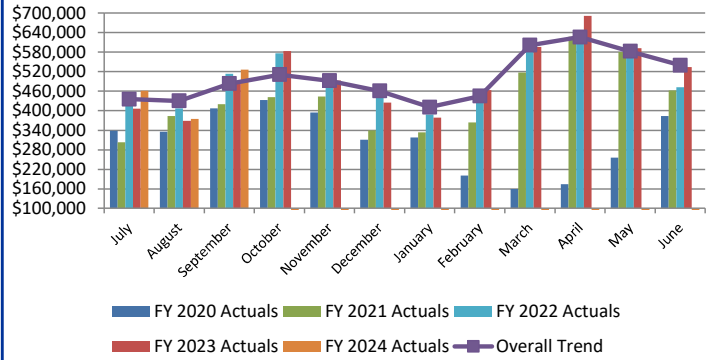
Early FY 2020: Effective October 1, 2019, all retail marketplaces are required to collect and remit taxes. This is the result of Wayfair v. South Dakota; however, many of the marketplaces were already collecting and remitting taxes.

Historical Sales Tax Revenues by Category

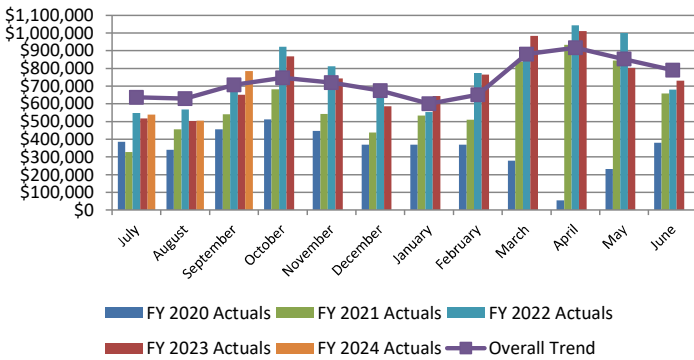
Retail Historical Trends



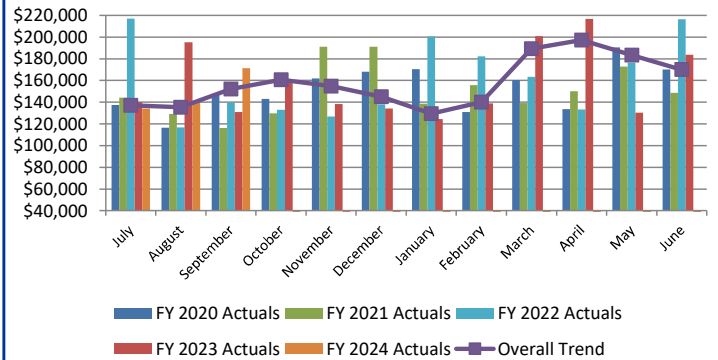
Restaurant & Bar Historical Trends



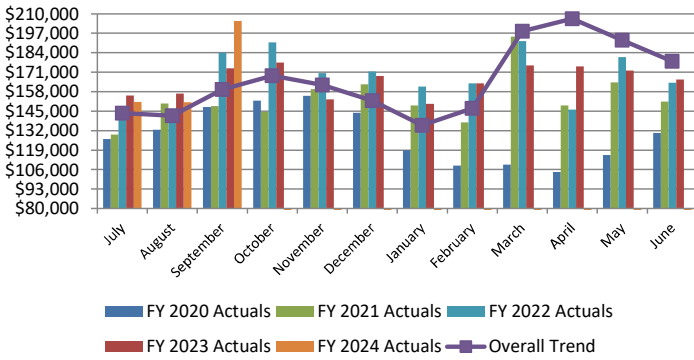
Hotel/Motel Historical Trends



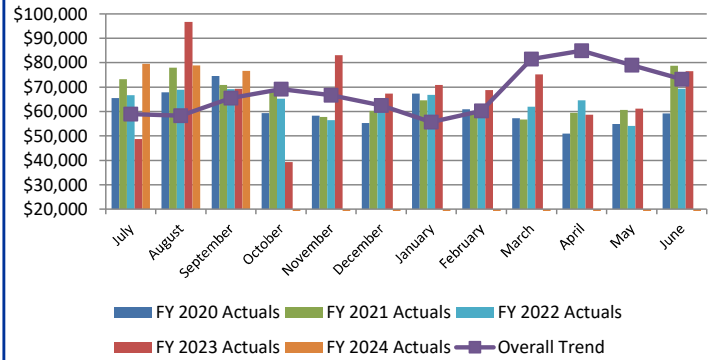
Construction Historical Trends



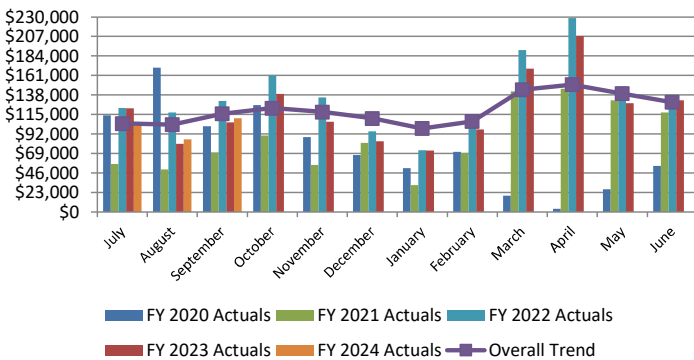
Leasing Historical Trends



Communications & Utilities Historical Trends



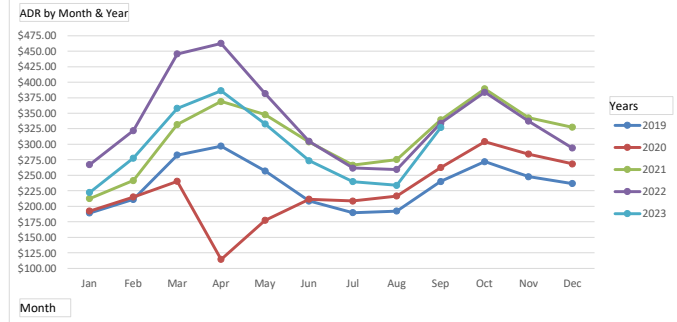
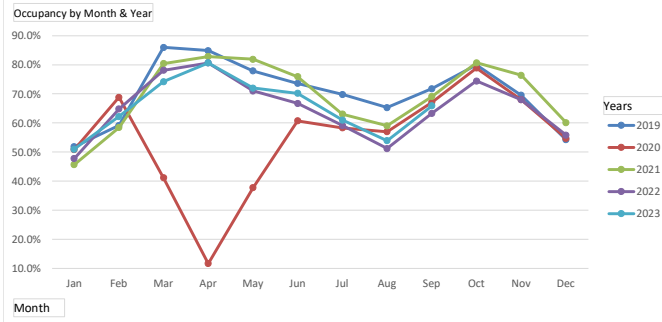
Amusements & Other Historical Trends



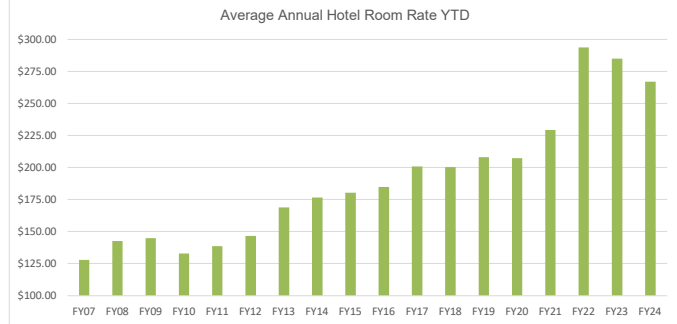
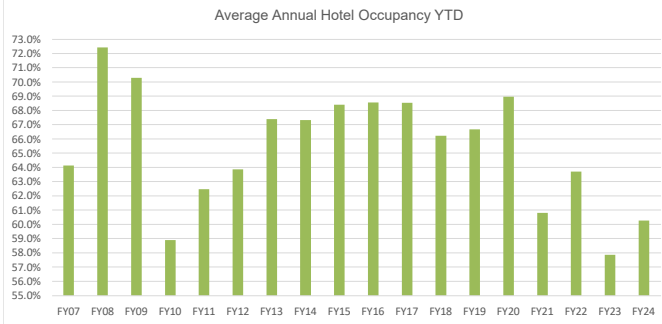
NOTE: The Overall Trend lines represent the trend in relation to total sales tax revenues to demonstrate how each category follows or does not follow the overall seasonal trends.

Historical Hotel Occupancy & Average Daily Room Rate

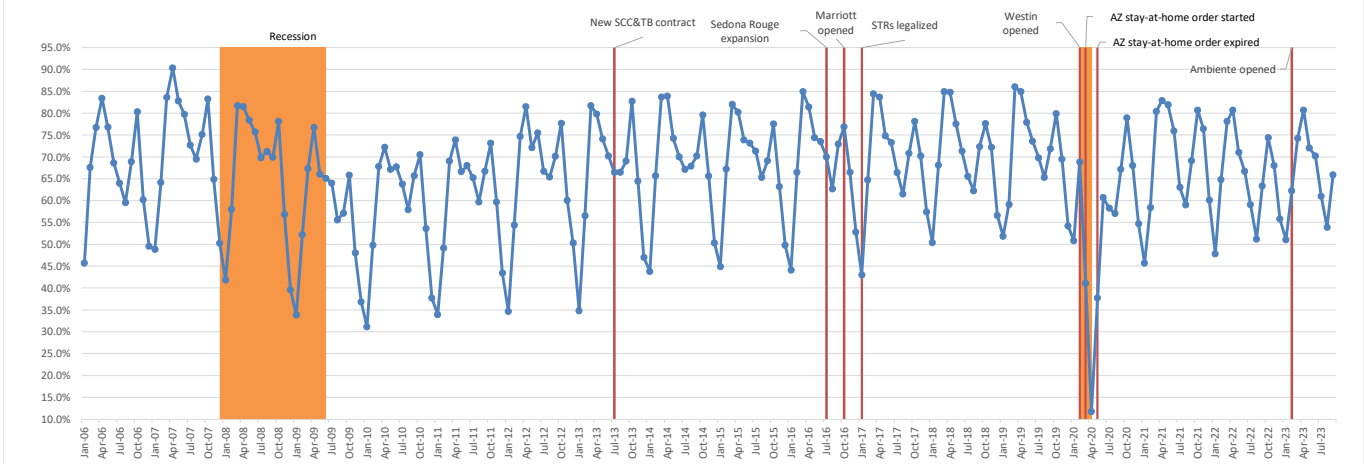
Monthly Hotel Occupancy & Average Daily Room Rate



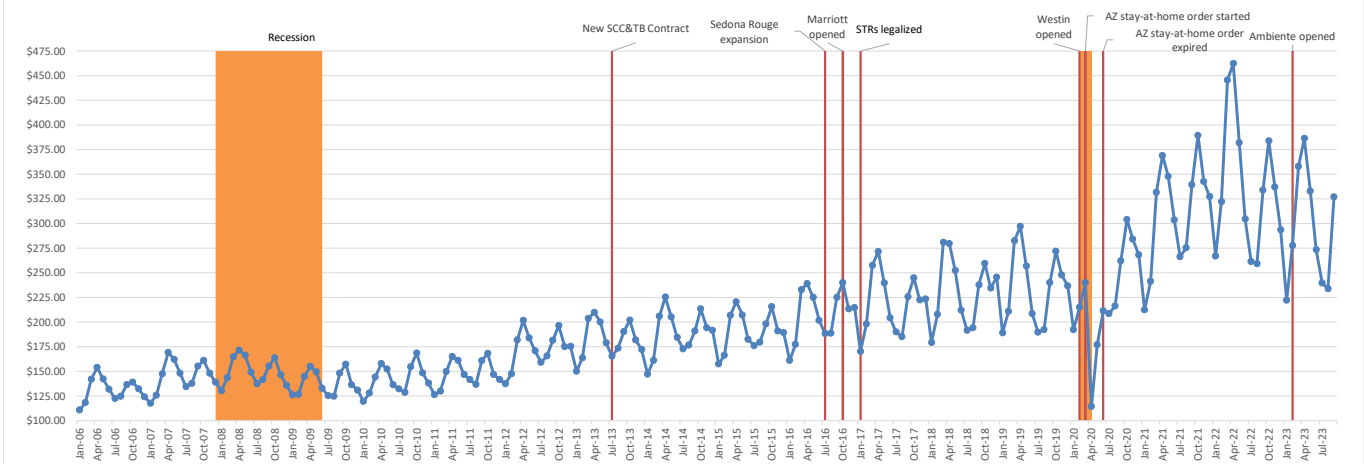
Average Annual Hotel Occupancy & Average Annual Room Rate as of September



Historical Hotel Occupancy



Historical Average Daily Room Rate



City Tax Code Definitions Related to Hotel/Motel Category

Section 8-100. General Definitions.

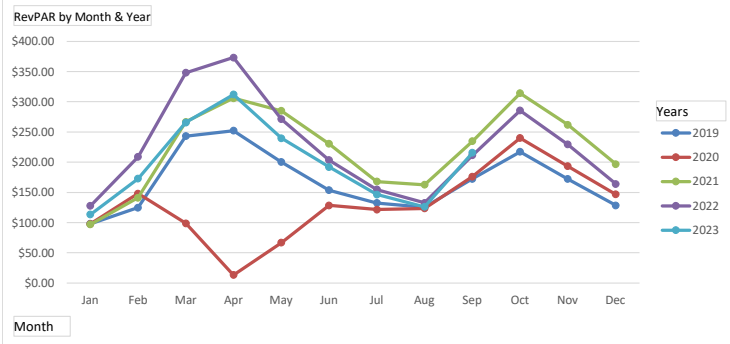
"Hotel" means any public or private hotel, inn, hostelry, tourist home, house, motel, rooming house, apartment house, trailer, or other lodging place within the City offering lodging, wherein the owner thereof, for compensation, furnishes lodging to any transient, except foster homes, rest homes, sheltered care homes, nursing homes, or primary health care facilities.

"Lodging (Lodging Space)" means any room or apartment in a hotel or any other provider of rooms, trailer spaces, or other residential dwelling spaces; or the furnishings or services and accommodations accompanying the use and possession of said dwelling space, including storage or parking space for the property of said tenant.

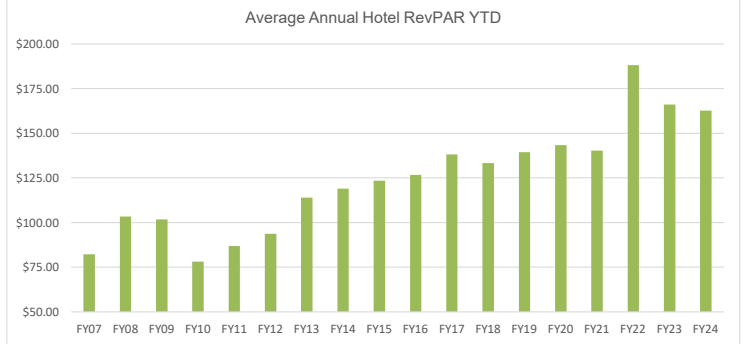
NOTE: The above occupancy and average daily room rate data is for traditional hotel type entities only.

Historical Hotel Revenue Per Available Room

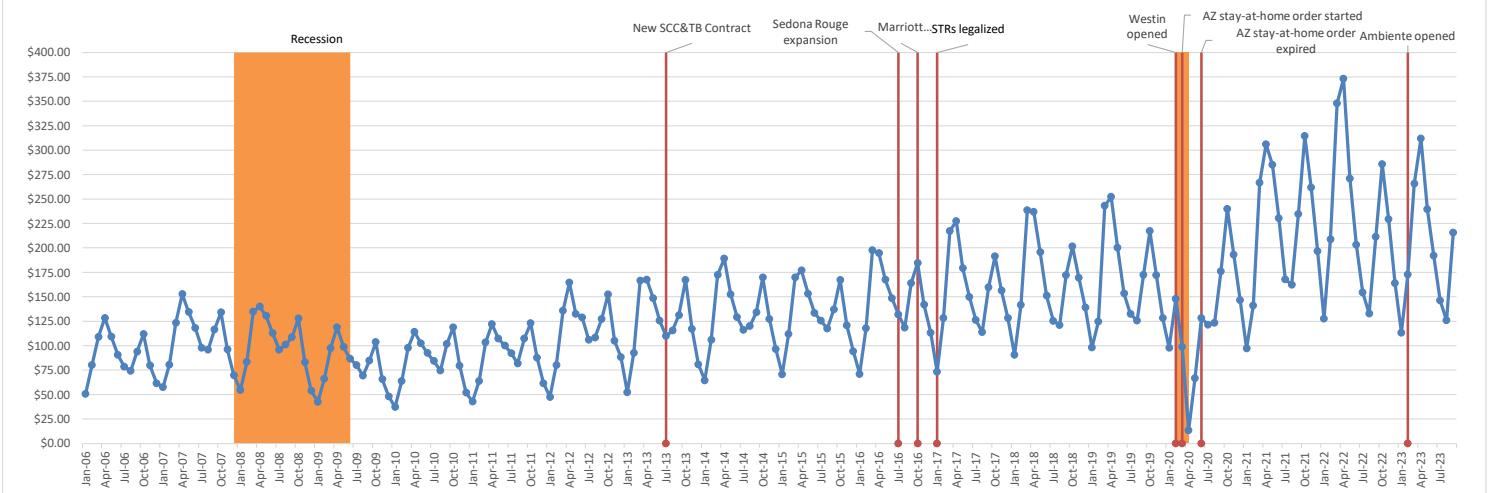
Monthly Hotel Revenue per Available Room



Average Annual Hotel Revenue per Available Room as of September



Historical Average Daily Room Rate



NOTE: Revenue per Available Room (RevPAR) is the average daily room rate times the occupancy rate.

September 2023 Sales & Bed Tax Revenues

City Council Meeting
November 28, 2023



Comparison to Prior Year and Budget

City Sales Tax Revenues

Month	FY 2023 Actuals	FY 2024 Actuals	Actual Variance	FY 2024 Budget	Budget Variance
July	\$ 2,149,138	\$ 2,248,015	5%	\$ 2,198,080	2%
August	2,197,897	2,088,510	-5%	2,172,310	-4%
September	2,492,094	2,775,781	11%	2,440,450	14%
October	3,021,987	-	-	2,578,710	-
November	2,631,897	-	-	2,484,350	-
December	2,361,041	-	-	2,325,920	-
January	2,205,919	-	-	2,073,720	-
February	2,490,337	-	-	2,246,900	-
March	3,190,884	-	-	3,035,630	-
April	3,473,299	-	-	3,160,390	-
May	2,854,072	-	-	2,941,420	-
June	2,703,306	-	-	2,726,100	-
Totals	\$ 31,771,871	\$ 7,112,305	4%	\$ 30,383,980	4%

Bed Tax Revenues

Month	FY 2023 Actuals	FY 2024 Actuals	Actual Variance	FY 2024 Budget	Budget Variance
July	\$ 499,299	\$ 522,779	5%	\$ 478,550	9%
August	498,556	492,948	-1%	514,590	-4%
September	633,082	768,445	21%	604,730	27%
October	844,792	-	-	763,750	-
November	724,025	-	-	661,020	-
December	571,961	-	-	541,360	-
January	633,341	-	-	486,810	-
February	748,220	-	-	598,580	-
March	959,154	-	-	879,630	-
April	982,381	-	-	966,860	-
May	779,126	-	-	847,140	-
June	714,052	-	-	681,970	-
Totals	\$ 8,587,989	\$ 1,784,171	9%	\$ 8,024,990	12%



Comparison to Pre-COVID

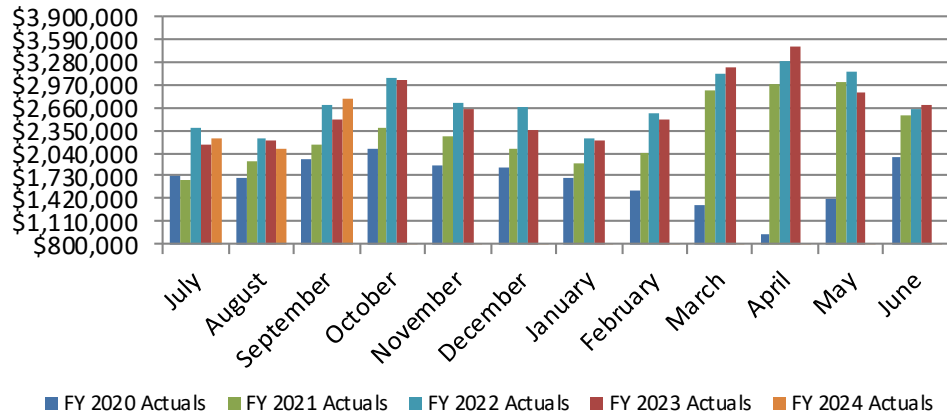
	Sept 2019	Sept 2023	% Change	FY2020 YTD	FY2024 YTD	% Change
Sales Tax	\$1,945,123	\$2,775,781	43%	\$5,365,448	\$7,112,305	33%
Bed Tax	\$457,901	\$768,445	68%	\$1,178,881	\$1,784,171	51%

NOTE: Western Region CPI increase from Sept 2019 to Sept 2023 was 20%.

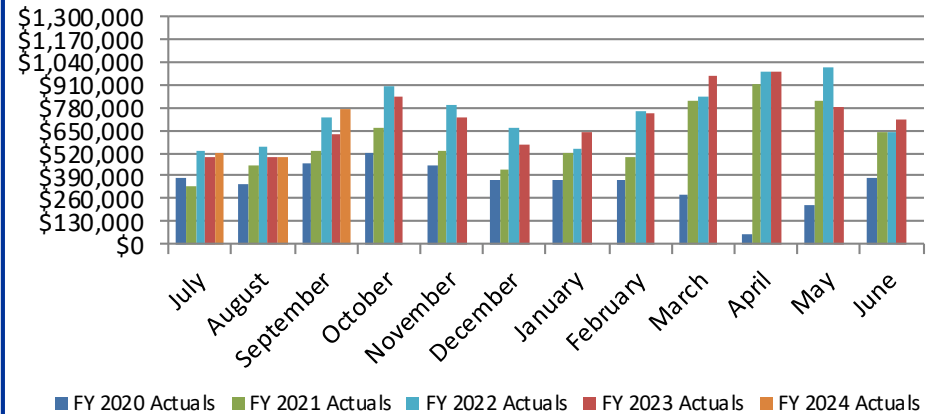


Historical Trends

City Sales Tax Revenues Historical Trends



Bed Tax Revenues Historical Trends

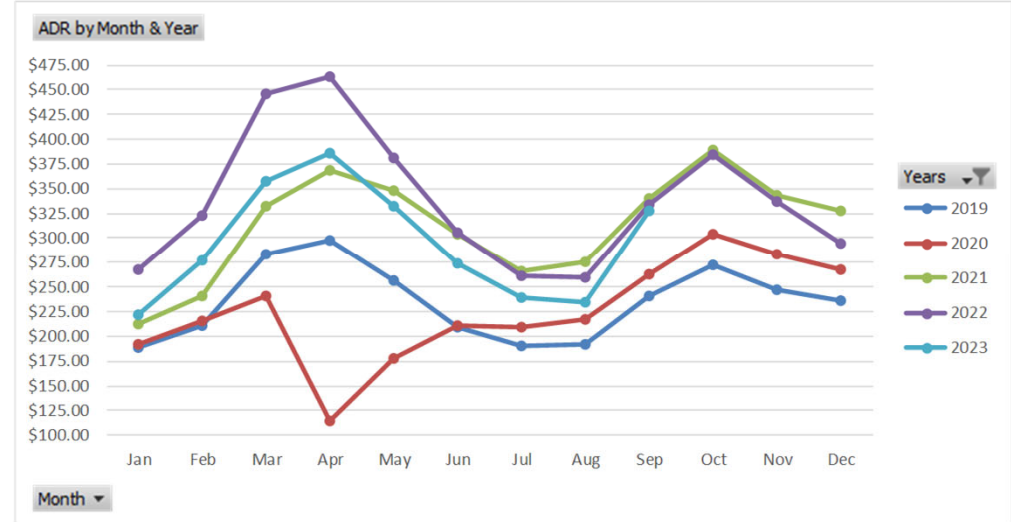
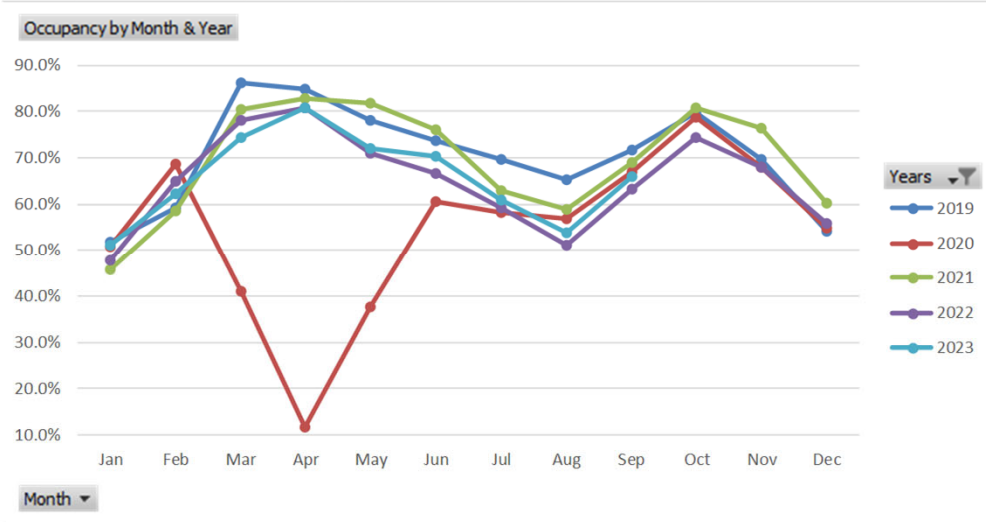


YTD Sept 2023 sales tax is 2% less than the YTD Sept 2021 peak. YTD Sept 2022 sales tax was 6% less than the YTD Sept 2021 peak.
 YTD Sept 2023 bed tax is 1% less than the YTD Sept 2021 peak. YTD Sept 2022 bed tax was 10% less than the YTD Sept 2021 peak.



Traditional Hotel Occupancy & ADR

Monthly Hotel Occupancy & Average Daily Room Rate



SCTC Section 8-100. General Definitions.

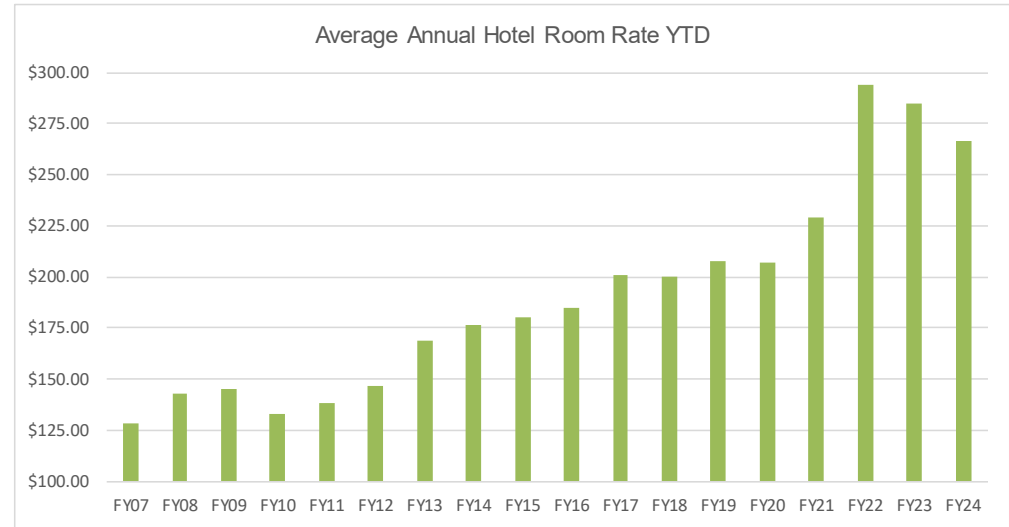
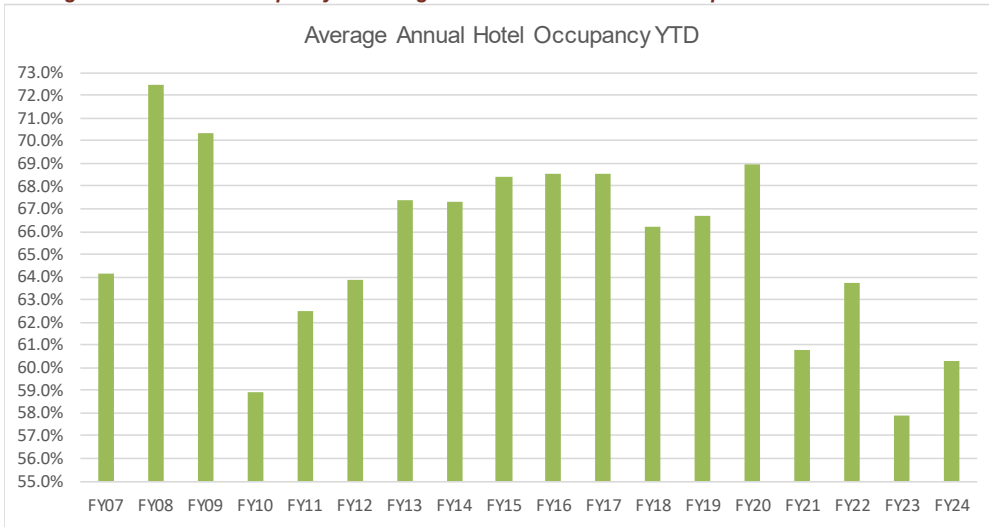
"Hotel" means any public or private hotel, inn, hostelry, tourist home, house, motel, rooming house, apartment house, trailer, or other lodging place within the City offering lodging, wherein the owner thereof, for compensation, furnishes lodging to any transient, except foster homes, rest homes, sheltered care homes, nursing homes, or primary health care facilities.

"Lodging (Lodging Space)" means any room or apartment in a hotel or any other provider of rooms, trailer spaces, or other residential dwelling spaces; or the furnishings or services and accommodations accompanying the use and possession of said dwelling space, including storage or parking space for the property of said tenant.



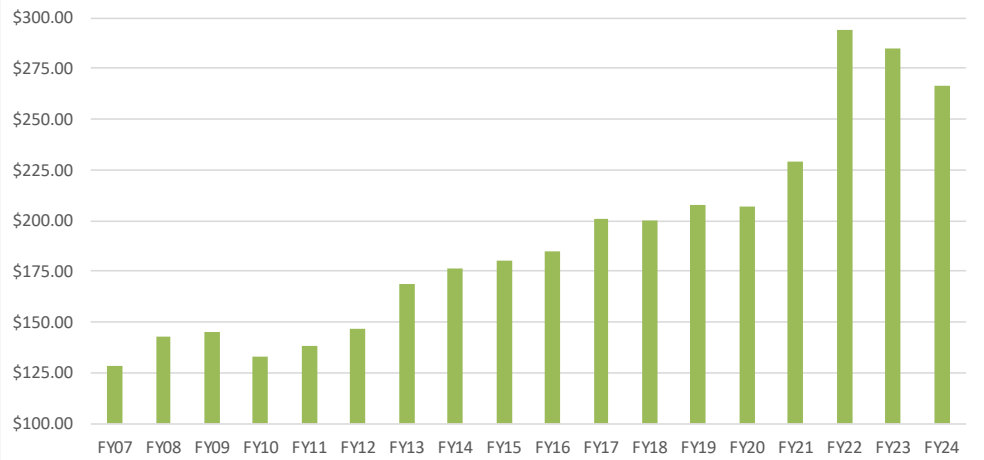
Average Annual Traditional Hotel Occupancy & ADR

Average Annual Hotel Occupancy & Average Annual Room Rate as of September

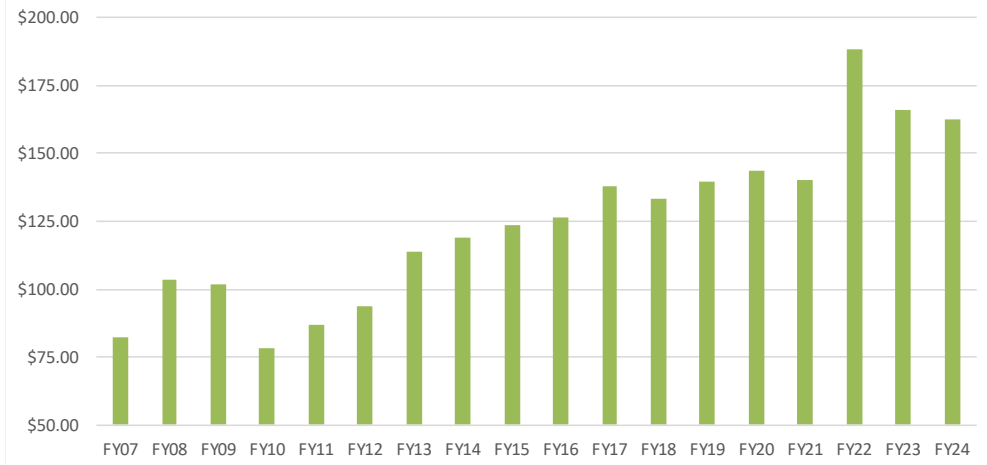


Average Annual Traditional Hotel ADR & RevPAR

Average Annual Hotel Room Rate YTD

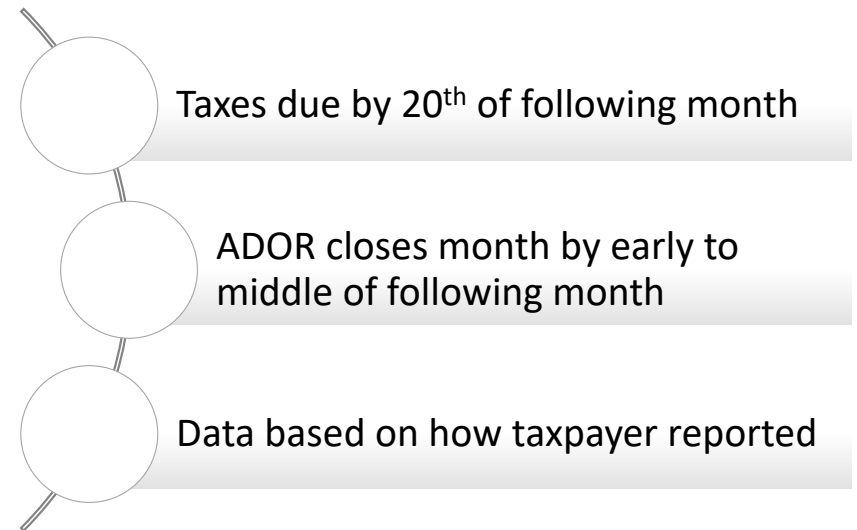


Average Annual Hotel RevPAR YTD



September 2023 Revenues by Period End Date

Period End Date	Amount	Period End Date	Amount
1990	2.82	2023:	
2001	(64.76)	Jan	247.22
2002	(16.50)	Feb	2,164.94
2003	(34.75)	Mar	5,868.89
2004	(241.59)	Apr	15,051.80
2007	(1.71)	May	5,668.10
2010	57.98	Jun	5,474.62
2015	1.71	Jul	12,688.15
2016	(357.76)	Aug	122,502.28
2017	940.46	Sep	3,349,825.36
2018	768.70	Oct	6,057.77
2019	1,317.59	Nov	11.14
2020	1,149.50	Dec	(5,973.74)
2021	2,850.43	2024	2.00
2022	18,264.46	Grand Total	\$3,544,225.11



Month	Retail	Restaurant & Bar	Hotel/Motel	Construction	Leasing ⁽¹⁾	Communi-cations & Utilities	Amusements & Other	Totals
City Sales Tax Revenues by Category and by Month								
July 2022	759,167	\$ 406,269	\$ 517,128	\$ 139,987	\$ 155,542	\$ 48,705	\$ 122,342	\$ 2,149,140
August 2022	797,223	369,186	502,766	195,095	156,688	96,617	80,318	2,197,893
September 2022	874,790	486,767	650,976	131,089	173,564	69,253	105,658	2,492,097
October 2022	1,053,822	582,764	868,383	161,238	177,348	39,266	139,165	3,021,986
November 2022	914,839	492,347	744,020	138,314	152,930	83,081	106,366	2,631,897
December 2022	896,682	424,843	586,451	134,064	168,411	67,347	83,243	2,361,041
January 2023	764,648	378,813	644,950	124,431	149,910	70,888	72,280	2,205,920
February 2023	792,929	463,351	765,546	138,808	163,484	68,826	97,392	2,490,336
March 2023	990,262	595,699	984,599	200,709	175,427	75,155	169,033	3,190,884
April 2023	1,113,347	691,082	1,011,113	216,734	174,942	58,701	207,381	3,473,300
May 2023	966,539	592,166	803,577	130,357	172,080	61,165	128,187	2,854,071
June 2023	881,068	534,000	730,408	183,666	166,143	76,532	131,490	2,703,307
Total FY 2023	\$ 10,805,316	\$ 6,017,287	\$ 8,809,917	\$ 1,894,492	\$ 1,986,469	\$ 815,536	\$ 1,442,855	\$ 31,771,872
July 2023	\$ 778,962	\$ 461,212	\$ 540,153	\$ 134,293	\$ 151,190	\$ 79,464	\$ 102,741	\$ 2,248,015
August 2023	752,174	374,561	504,575	141,699	150,880	78,798	85,823	2,088,510
September 2023	901,032	526,505	784,683	171,326	205,232	76,586	110,416	2,775,780
October 2023	-	-	-	-	-	-	-	-
November 2023	-	-	-	-	-	-	-	-
December 2023	-	-	-	-	-	-	-	-
January 2024	-	-	-	-	-	-	-	-
February 2024	-	-	-	-	-	-	-	-
March 2024	-	-	-	-	-	-	-	-
April 2024	-	-	-	-	-	-	-	-
May 2024	-	-	-	-	-	-	-	-
June 2024	-	-	-	-	-	-	-	-
Total Year-to-Date FY 2024	\$ 2,432,168	\$ 1,362,278	\$ 1,829,411	\$ 447,318	\$ 507,302	\$ 234,848	\$ 298,980	\$ 7,112,305
Current Month Comparison to Same Month Last Year								
September 2023 vs. September 2024	\$ 26,242	\$ 39,738	\$ 133,707	\$ 40,237	\$ 31,668	\$ 7,333	\$ 4,758	\$ 283,683
Change from September to September	3%	8%	21%	31%	18%	11%	5%	11%
Year-to-Date Comparison to Year-to-Date Last Year								
Difference in YTD	\$ 988	\$ 100,056	\$ 158,541	\$ (18,853)	\$ 21,508	\$ 20,273	\$ (9,338)	\$ 273,175
% Change from Prior YTD	0%	8%	9%	-4%	4%	9%	-3%	4%



⁽¹⁾In Sept 2023, Leasing included significant delinquencies. Excluding delinquent collections, it is estimated that Sept 2023 would have been 2% more than Sept 2022.

Comparison to Pre-COVID by Category

	Sept 2019	Sept 2023	% Change
Retail	\$901,032	\$609,904	48%
Restaurant & Bar	\$526,505	\$407,547	29%
Hotel/Motel	\$784,683	\$457,079	72%
Construction	\$171,326	\$147,385	16%
Leasing	\$205,232	\$147,723	39%
Communications & Utilities	\$76,586	\$74,529	3%
Amusements & Other	\$110,416	\$100,956	9%



Increase/(Decrease) in Revenues

	Over (Under) Prior Year	Over (Under) Budget ⁽¹⁾
Sales Tax	\$ 273,175	\$ 301,295
Bed Tax	153,234	186,301
Total	\$ 426,409	\$ 487,596

⁽¹⁾ FY2024 sales and bed tax projections were based on conservative estimates in case of a recession occurring during the fiscal year. While the occurrence of a potential recession remains to be seen, any sales and bed tax revenues higher than the amount budgeted will add to the estimated General Fund surplus of \$1.8M for FY2024.



Questions?

