

AGENDA



4:30 P.M.

CITY COUNCIL MEETING

TUESDAY, JUNE 27, 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 =

- a. Minutes - June 13, 2023 City Council Regular Meeting.
- b. Minutes - June 14 & 15, 2023 City Council Special Meeting.
- c. AB 2945 Approval of Resolution approving and adopting the City's Public Safety Personnel Retirement System Pension Funding Policy for fiscal year 2023-2024.
- d. AB 2961 Approval of a Resolution appointing the City of Sedona Finance Director as Chief Financial Officer of the City for the purpose of submitting the annual expenditure limitation report to the Arizona Auditor General's Office.
- e. AB 2965 Approval of a Resolution approving a revision to the City's Fund Balance Policy.
- f. AB 2969 Approval of a Utility Easement Agreement with Unisource Energy Services.
- g. AB 2966 Approval of a Resolution approving the form of the lease purchase agreement with Zions Bancorporation, N.A. and authorizing the execution and delivery thereof for the purchase of a one (1) ton dump truck with snowplow in an amount not to exceed \$99,243.67, plus interest.
- h. Approval of Zero Traffic Deaths Goal Proclamation, June 27, 2023.

4. APPOINTMENTS - None.

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

6. PUBLIC FORUM

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

7. PROCLAMATIONS, RECOGNITIONS & AWARDS - None.

8. REGULAR BUSINESS

- a. AB 2968 Discussion/possible action regarding the approval of a Resolution approving a new Collection Agreement between the City of Sedona and the US Forest Service allowing the City to provide funding to the US Forest Service for construction, improvements, and maintenance of the non-motorized trail system in and around the Sedona area. USFS staff will also provide a program update and report of accomplishments for this program.
- b. AB 2861 Discussion/possible direction/action regarding the City's lobbyist contract, State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.

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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- c. AB 2964 Discussion/possible action regarding a Resolution authorizing the City of Sedona to enter into a development agreement with MKC Holdings, LLC, for the development of a multi-family project at 10 Navajo Drive with lease term restrictions and City contributions for construction of a Shared Use Path through the project site. 
- d. Reports/discussion regarding Council assignments
- e. 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:

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

10. ADJOURNMENT

Posted: 6/22/23

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
Regular City Council Meeting
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Tuesday, June 13, 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, City Attorney Doug Drury, Deputy Police Chief Ryan Kwitkin, Arts Coordinator Nancy Lattanzi, Director of Engineering/Public Works Kurt Harris, Public Relations Coordinator Kegn Moorcroft, Executive Assistant Sherri O'Connor, Contract Administrator Heidi Weber, Director of Financial Services Cherie White, Deputy City Clerk Marcy Garner, and City Clerk JoAnne Cook.

2. Roll Call/Moment of Art

Nancy Lattanzi introduced dancer Jessica Phillips for the Moment of Art. Phoebe Jones performed a solo, choreographed by Jessica Phillips, from the ballet, *Paquita*. Tala Witkop, Adele Romanoff, Ruper and Ingrid Israel performed a tap dance, choreographed by Kristyn Lazur, to *Higher Love*. Jessica Phillips performed a ballet solo, choreographed by Marius Petipa, to *The Generosity Fairy* in *Sleeping Beauty*.

3. Consent Items

- a. **Minutes - May 23, 2023 City Council Executive Session Meeting**
- b. **Minutes - May 23, 2023 City Council Regular Meeting.**
- c. **Minutes - May 24, 2023 City Council Special Meeting.**
- d. **AB 2947 Approval of a Resolution authorizing entering into a Purchase Agreement for the City of Sedona to purchase the property located at 1294 and 1406 State Route 179 (APN 401-25-002N and 401-25-002P) in Coconino County, City of Sedona, Arizona, for the sum up to \$1,700,000 plus closing costs.**
- e. **AB 2959 Approval of a lease agreement between the City of Sedona and Sedona Recycles, Inc. for the operation of a public recycling center.**
- f. **AB 2958 Approval to lease purchase one vactor truck in an amount not to exceed \$600,812.40, plus interest, from Arizona Wastewater Industries, Inc. via their Sourcewell Cooperative Contract and approval of a Resolution approving the form of the lease purchase agreement with Zions Bancorporation, N.A., Salt Lake City, Utah and authorizing execution and delivery thereof.**
- g. **AB 2960 Approval of the renewal of the existing undercover license plates for undercover vehicles.**

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

4. Appointments – None.

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

Vice Mayor Ploog said the community pool is open and registration for swim lessons is open. There are 14 week long summer camps, the schedule can be found online at www.sedonaaz.gov/your-government/departments/parks-recreation. Adult softball starts this Thursday at 6:00 p.m. Open Gym for Pickleball Organized Play is offered on Tuesdays with volleyball and on Thursdays and Sundays with basketball from 7:00 p.m. - 9:00 p.m., the cost is \$2 per player. Private tennis lessons are offered on Mondays and Wednesdays. Yappy Hour is on Thursdays 8:00 – 9:00 a.m. at the lower softball field at Posse Grounds Park. Councilor Kinsella gave an update from the Tourism Work Group and stated that on July 1st the City will be its official Destination Marketing and Management Organization (DMMO), recognized by the AZ Office of Tourism. She stated the program is open to all businesses within city limits and encouraged all to participate. The tourism landing page on the City's website will be live on July 1, 2023. The Tourism Advisory Board applications are being accepted for those interested. Applications are being accepted for a Tourism and Economics Initiatives Coordinator. Vice Mayor Ploog stated the council meeting streaming issues should be resolved today.

6. Public Forum

Opened at 4:52 p.m.

John Martinez, Sedona, expressed concerns with the proposed OHV ordinance that would prohibit ATVs driving on the highway and said the vehicles are crucial to the placement of flags and the continuation of flags being placed along on 89-A.

Tyler Carson, Sedona, spoke regarding his concerns with the lack of performance arenas for performers and voiced concerns with the availability of the sound system when renting the Pavillion.

Brought back to Council at 4:59 p.m.

7. Proclamations, Recognitions & Awards – None.

8. Regular Business

a. AB 2956 Presentation/discussion by Arizona Public Service (APS) regarding their fire mitigation efforts and summer readiness program.

Presentation by APS Director MacKenzie Rodgers.

Questions and comments from Council.

b. AB 2942 Discussion/presentation by Kent Ellsworth, Executive Director of the Verde Valley Caregivers Coalition, to provide an update to the City Council on their activities, accomplishments, and general service provision

to the community.

Presentation by Kent Ellsworth, Executive Director of the Verde Valley Caregivers.

Questions and comments from Council.

- c. AB 2946 Discussion/possible action on the approval of three (3) year service contracts with the Humane Society of Sedona, Sedona Community Center, Sedona Historical Society, Sedona Public Library, Sedona Recycles, and Verde Valley Caregivers Coalition for fiscal years 2024, 2025, and 2026.**

Presentation by Cherie White and Heidi Weber. Director of the Sedona Library Judy Poe, Doug Copp, Board President for Sedona Recycles, Nate Meyers, Director of Sedona Heritage Museum, Jennifer Brehler, Executive Director of the Humane Society of Sedona, Marjorie Harris, Executive Director of the Sedona Community Center were available for questions.

Questions and comments from Council.

Tracy Randal, James Cashin, Guy Lamunyon, Christian Eaton, and Phillippe Bullet spoke on behalf of the FY2024 Citizens Budget Work Group.

Questions and comments from Council.

Opened to public at 6:24 p.m.

The following spoke in favor of the Library funding recommendation from the FY 2024 Citizen's Budget Work Group: Dr. Kennard Baker Bork, Sedona, Ernie Strauch, Sedona, Laura Rumam, Sedona, Laura Lynn, Sedona, Christian Eaton, Sedona, Peggy Chaikin, Sedona, John Martinez, Sedona.

Peggy Chaikin, Sedona, and John Martinez spoke in favor of the funding for Sedona Recycles

Brought back to Council at 6:44 p.m.

Motion: Councilor Williamson moved to approve the proposed service contracts with the Humane Society of Sedona, Sedona Community Center, Sedona Historical Society, Sedona Public Library, Sedona Recycles, and Verde Valley Caregivers Coalition and authorize the City Manager to sign said contracts subject to approval by the City Attorney. Seconded by Councilor Kinsella. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

Break at 7:19 p.m. Reconvened at 7:44 p.m.

- d. AB 2962 Discussion/possible action on the approval of a Professional Services Contract for design services for the ST-08, SR89a and Forest Road Roundabout with Kimley Horn, Inc. in the approximate amount of \$385,040.**

Presentation by Kurt Harris and Andy Dickey.

Questions and comments from Council.

Motion: Councilor Williamson moved to approve award of a professional services contract for design services for the ST-08, SR89a and Forest Road Roundabout with Kimley Horn, Inc. in an amount not-to-exceed \$385,040, subject to approval of a 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.

- e. AB 2952 Discussion/possible action regarding a request from the Chamber of Commerce and Tourism Bureau for a financial contribution of \$530,000 from the City of Sedona towards the operations of the Visitor Center for fiscal year 2024.**

Presentation by Sedona Chamber of Commerce & Tourism Bureau President and CEO Michelle Conway, Board member Gary Glenn, Board Chair Jennifer Perry, Director of Visitor Services Donna Retegan.

Questions and comments from Council.

Opened to the public at 9:11 p.m.

The following spoke in favor of the Visitor Center: Cheryl Barron, Sedona, Mary Leas, Sedona, John Martinez, Sedona.

Brought back to Council at 9:18 p.m.

Comments and questions from Council.

Motion: Councilor Kinsella moved to approve Sedona Chamber of Commerce and Tourism Bureau's (SCC&TB) request to contract for the operations of the visitor center for FY24 in the amount of \$368,800, subject to approval of a written contract by the City Attorney. Seconded by Councilor Williamson. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

Break at 10:16 p.m. Reconvened at 10:22 p.m.

Comments and questions from Council.

Motion: Councilor Ploog moved to reconsider approval of the Sedona Chamber of Commerce & Tourism Bureau's request to contract for the operations of the visitor center for FY24 in the amount of \$368,800. Seconded by Fultz. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.

Comments and questions from Council.

Motion: Councilor Ploog moved to approve Sedona Chamber of Commerce and Tourism Bureau's (SCC&TB) request to contract for the operations of the visitor center for FY24 in the amount of \$424,000. Seconded by Williamson. Vote: Motion passed with four (4) in favor (Jablow, Ploog, Fultz, Williamson) and three (3) opposed (Dunn, Furman, Kinsella).

- f. AB 2955 Discussion/possible direction regarding a process for the introduction of new city ordinances.**

Presentation by Councilors Furman and Kinsella.

Comments and questions from Council.

Sal Digiovanni, Sedona, spoke in favor of the proposed process.

Comments and questions from Council.

By consensus, Council directed staff to bring back an ordinance regarding the new process for the introduction of new city ordinances for Council consideration on a future agenda.

g. AB 2957 Discussion/possible direction regarding input from City Council on Northern Arizona Healthcare's plan to build a new medical facility in Flagstaff, AZ.

Presentation by Vice Mayor Ploog. By majority consensus, Council agreed to remain neutral on this item.

h. Reports/discussion regarding Council assignments

Councilor Furman, Vice Mayor Ploog, and Councilor Dunn gave an update on their League of AZ Cities and Towns committees.

i. Discussion regarding ideas for future meeting/agenda items.

Mayor Jablow advised the Budget Work Session meeting scheduled for tomorrow will start at 8:00 a.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 11:01 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on June 13, 2023.

JoAnne Cook, CMC, City Clerk

Date

Action Minutes
Special City Council Meeting – Budget Work Session
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Wednesday, June 14, 2022, 8:00 a.m. &
Thursday, June 15, 2022, 8:00 a.m.

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

Mayor Jablow called the meeting to order at 8:00 a.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, Councilor Jessica Williamson.

Staff Present: City Manager Karen Osburn, Deputy City Manager Andy Dickey, City Attorney Kurt Christianson, Finance Director Cherie White, Parks and Recreation Manager Josh Frewin, Police Chief Stephanie Foley, Accounting Technician Kate Dutro, Wastewater Director Roxanne Holland, Human Resources Manager Brenda Tammarine, Public Relations Coordinator Kegn Moorcroft, Accounting Manager Renee Stanley, Executive Assistant Sherri O'Connor, Deputy Chief of Police Ryan Kwitkin, Lieutenant Karl Waak, Lieutenant Scott Martin, Communications/Records Supervisor Erin Loeffler, Magistrate Judge Paul Schlegel, Communications Manager Lauren Browne, Sustainability Manager Bryce Beck, Director of Engineering/Public Works Kurt Harris, Administrative Supervisor Katie Chadwick, Information Technology Director Chuck Hardy, Short-term Rental Specialist Teresah Arthur, Arts Coordinator Nancy Lattanzi, Jeanne Frieder Housing Coordinator, Web Content Manager Rob MacMullen, Housing Manager Shannon Boone, Senior Code Enforcement Officer Brian Armstrong, Community Development Director Steve Mertes, Administrative Assistant Donna Puckett, Principal Planner Cynthia Lovely, and City Clerk JoAnne Cook.

3. Special Business

Work Session regarding City of Sedona budget for Fiscal Year 2023/2024. The Council may take action to give direction regarding amendments or changes to the proposed City budget or Capital Improvements Plan.

- a. Public Comment: Public comment on all budget items will be taken at the outset of the meeting. Each person commenting will have a maximum of two minutes. The entire period for the public comment will not exceed thirty minutes – None.**
- b. An introduction to and overview of the 2023/2024 Fiscal Year Budget process will be presented and discussed.**

Presentation by Cherie White.

Questions and comments from Council throughout entire budget presentation.

Cherie White gave an overview of the budget calendar and how the budget is organized. The goals of the budget work session are to: ensure Council understands what is included in the budget, determine the amount of the budget cap, and discuss the City's financial capacity for addressing priorities. She thanked Sedona Chamber of Commerce CEO Michelle Conway and City of Sedona Planning Manager Cari Meyer for their input. She thanked Public Relations Coordinator Kegn Moorcroft and the public for their work and input on the Community Survey.

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Budget Work Session
Wednesday, June 14, 2023 &
Thursday, June 15, 2023
8:00 a.m.

Cherie introduced the members of the Citizen's Budget Work Group in attendance. Mayor Jablow thanked the CBWG for their time and efforts during the process.

An overview of departmental budgets will be presented and reviewed with any departments requested by the City Council.

Introduction by Cherie White.

Presentation by members of the Citizen's Budget Work Group: Tracy Randall, Guy Lamunyon, James Cashin, Christian Eaton, and Pilisa Rainbow Lady.

Questions and comments from Council throughout the departmental presentations.

c. Recommendations of the Citizen's Budget Work Group –

- Narrow the scope and focus of Council priorities and projects
- Look at incentives for employee retention
- Invest more resources to the trail systems
- Single trash/recycling hauler be reconsidered
- Consider what can be done to increase completion percentage of CIP projects (i.e., staff to project ratio)
- Consider merge of the Magistrate Court with another agency
- Continue the relationship building and cooperation activities.
- Allocate more resources to help keep watershed clean
- Sustainable tourism signage, dog waste containers, recycling containers installed at trail heads

Cherie introduced Accounting Manager Renee Stanley, Accounting Technician Katie Dutro, and future new hire Budget & Financial Analyst Sterling West.

d. An overview of departmental budgets will be presented and reviewed with any departments requested by the City Council-

Wastewater – presentation by Cherie White and Roxanne Holland. Direct costs reflect an increase of 7% over FY23. FY24 one-time cost total \$419,630. There is no decision package.

Parks & Recreation – presentation by Cherie White, Josh Frewin, Karen Osburn, and Andy Dickey. Direct costs reflect an increase of 20% over FY23. FY24 one-time cost total \$60,570. There is no decision package.

By majority consensus, Council agreed to keep \$55,320 in budget for dog park improvements.

Break at 11:01 a.m. Reconvened at 11:10 a.m.

Police – presentation by Cherie White, Chief Foley, Lieutenant Waak, and Erin Loeffler. Direct costs reflect a decrease of 9% over FY23. FY24 one-time cost total \$432,460. Decision package includes: \$133,460 for new position and dedicated second motor officer; \$1,200 for DUI enforcement (CM & CBWG recommended if grant funding received); \$1,200 for Speed & Traffic Enforcement (CM & CBWG recommended if grant funding received).

Break at 12:02 a.m. Reconvened at 12:39 p.m.

Public Transit – presentation by Cherie White and Robert Weber. Direct costs reflect an increase of 15% over FY23. FY24 one-time cost total \$427,010. Decision package includes: \$64,500 for Hanover Multimedia TFT screens (CM recommended from Tourism contingency, CWBD not

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recommended).

Municipal Court – presentation by Cherie White, Judge Schlegel, Karen Osburn, and Andy Dickey. Direct costs reflect an increase of 13% over FY23. FY24 one-time cost total \$100,100. Decision package includes: \$78,510 for new Court Clerk position (CM not recommended, CBWG not recommended); \$49,040 for Temporary Court Clerk (CM and CBWG recommended); \$50,250 to increase Court Security Officer hours (CM and CBWG not recommended). CIP Project request include: increase appropriation by \$152K for Phase 2.

Sustainability – presentation by Cherie White, Bryce Beck, and Andy Dickey. Direct costs reflect a decrease of 19% over FY23. FY24 one-time cost total \$9,660. Decision package includes: \$15,000 for community garden project (CM not recommended, CBWG not recommended).

Break at 2:22 p.m. Reconvened at 2:35 p.m.

Public Works – presentation by Cherie White, Kurt Harris, and Andy Dickey. Direct costs reflect a decrease of 9% over FY23. FY24 one-time cost total \$632,980. There is no decision package.

Information Technology – presentation by Cherie White and Chuck Hardy. Direct costs reflect a 5% over FY23. FY24 one-time cost total \$345,120. Decision package includes: \$36,230 for IT Communications, Cellular Boost (CM and CBWG recommended); \$12,710 IT HelpDesk Position (CM and CBWG not recommended); \$7,000 Hardware/software for new position in PD (CM and CBWG recommended). Carryover Project includes: request to increase appropriation by \$1.3 million.

Tourism & Economic Initiatives – presentation by Cherie White and Karen Osburn. Direct costs reflect an increase of 35%. Decision package includes: \$200,000 for Tourism Data Collection Project.

Council unanimously supported the Tourism & Economic Initiatives Decision Package.

Break at 4:02 p.m. Reconvened at 4:15 p.m.

Break at 4:42 p.m. on Wednesday afternoon. Will reconvene Thursday, June 15, 2023 at 8:00 a.m.

Reconvened on Thursday, June 15, 2023 at 8:00 a.m. Special Budget Work Session Meeting.

City Manager's Office – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of 55% over FY23 due largely to transferring Housing and Sustainability to stand alone departments and the transfer of a 1.FTE to Community Development.

City Manager Admin – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease 19% largely due to transfer of 1 FTE to Comm Dev., decrease in one-time costs for legislative advocate, and transfer of a portion of vacancy savings offset from General Services.

Karen requested the position of Economic Development Director be converted to an additional Deputy City Manager position and requested this be added to the CMO Admin Summary Changes.

By consensus, Council agreed with the addition of 1 FTE for an additional Deputy City Manager position.

City Manager Communications – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of 2% largely due to a decrease in one-time costs including National Citizen Survey. There is no decision package.

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City Manager Arts & Culture – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of <1%. There is no decision package. Carryover project includes: \$232,000 for Art in the Roundabouts. A \$65K donation was received to support the Art in the Roundabouts.

City Manager STR Monitoring/Admin – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of 31% largely due to transfer of software costs to IT. There is no decision package.

General Services – presentation by Cherie White. Direct costs reflect a decrease of 1%. One-time services include: \$80,000 carryover funds for Evaluation of Airport Transfer, \$45,000 for DIF fees and additional cost for DIF Fee Study Update, and \$7.4 million for Bond Payments. Evacuation modeling costs of \$12K will be carried over for FY24. Decision packages include: reduction of contingency of \$64,500 for Hanover Multimedia TFT Screens (CM recommended, CBWG not recommended); reduction of reduction of contingency of \$200,000 for Tourism Data Collection Project CM and CBWG).

- **Small Grants** The total of small grants awarded for FY23 was \$190,000 with \$200,000 projected for FY24.
- **Outstanding Bonds** – As of July 1, 2023 equal \$44.8 million and pledged revenues for FY24 equal \$40.156 million.
- **FY Contingencies Totals** – General Fund \$1.7 million; Grants, Donations, & Restricted Funds \$2.375 million; Wastewater enterprise Fund \$1 million.

Financial Services – presentation by Cherie White. Direct costs reflect an increase of 6%. FY24 total one-time costs is \$99,710. Decision package includes: \$90,000 for Investment Advisory & Consulting Services (CM recommended, CBWG recommended without ESG component); \$50,000 for Internal Control Audit (CM and CBWG not recommended).

Break at 10:05 a.m. Reconvened at 10:18 a.m.

Community Development – presentation by Cherie White and Steve Mertes. Direct costs reflect a decrease of 12%. FY24 total one-time costs is \$238,280. Decision package includes: \$125,000 for Cultural Park Area Master Plan (CM and CBWG recommended); \$11,200 for Temporary Planner position converted to full-time position (CM and CBWG recommended).

Housing – presentation by Cherie White, Shannon Boone, and Karen Osburn. Direct costs reflect a decrease of 12%. FY24 total one-time costs decrease of \$240,000 for transfer of rent incentives program to ongoing costs and decrease to \$100,000. Decision package includes: \$600,000 for Safe Place to Park (CM's initial recommendation changed to recommended and CBWG not recommended at this time-strategic plan first); \$54,000 for Strategic Plan to Address Homelessness (CM and CBWG recommended); \$15,000 for Cold/Wet Weather Emergency Fund (CM recommended and CBWG recommended with reliance on partner organization first); \$2 million for Purchasing Deed Restrictions (CM not recommended and CBWG recommended but no cost to City). There is a total of \$6.9 million reserved for loans for Shelby Drive, Sunset Lofts, and the Down Payment Assistance Program.

Human Resources – presentation by Cherie White, Brenda Tammarine, and Karen Osburn. Direct costs reflects a 17% increase from FY23 largely due to the transfer of \$25,000 for citywide training costs from the city manager's department and \$increase in recruitment/relocation. No one-time costs. Decision package: \$10,000 for Tuition Reimbursement Program (CM and CBWG recommended).

City Attorney's Office – presentation by Cherie White and Kurt Christianson. Direct costs reflects a 5% increase from FY23. No one-time costs and no decision package.

City Council – presentation by Cherie White. Direct costs reflects a 25% increase from FY23 largely related to the addition of communication support contract of \$20,000. No one-time costs or decision package.

By majority consensus, Council agreed to remove \$20,000 for the communications support contract.

City Clerk's Office – presentation by Cherie White and JoAnne Cook. The budget reflects a 13% decrease from FY23 largely related to the decrease in election costs. FY24 one-time costs \$300 for elections advertising/publications. There is no decision package.

Break at 12:30 p.m. Reconvened at 1:09 p.m.

e. An overview of the overall City budget and strategic budget issues for FY 2023/2024 will be presented and discussed.

Presentation by Cherie White, Karen Osburn, and Kurt Christianson.

Questions and comments from Council throughout presentation.

Budget Overview – Estimated July 1 fund balances total \$99.1 million; estimated \$67 million proposed revenues total; estimated \$110 million of total resources available. Excess resources available total \$25.8 million. Estimated ending fund balances total approximately \$81.6 million.

Salary & Benefit Changes – FY23 \$18.9 million, FY24 \$18.7 million

PSPRS Unfunded Liability – Increase of \$63,000

Changes to Operations – FY23 \$18.361 million, FY24 \$18.575 million

Capital Improvement Project (CIP) changes: FY23 56.541 million, FY24 \$34.164 million.

Debt Service changes: FY23 \$7.813 million, FY24 \$7.425 million

Contingencies changes: FY23 \$2.512 million, FY24 \$4.181 million

Council Priorities funded in the budget include: Traffic/transportation improvements FY24 \$20.4 million; CIP/Operations Public transit system total \$4.619 million; Sustainability/climate action totals 17.5 million; Trailhead congestion/impact to neighborhoods (staff time only); Improve citizen communications/relations total \$534K; Manage impact from short-term rentals \$193K; Economic Diversification (Tourism & Economic Initiatives \$266K; Emergency preparedness (staff time only); Community Plan update \$228K; Other property acquisitions (none FY24); Accelerate Brewer Road Park build-out \$2.260 million; Airport \$80K; environmental impact study on OHVs/USFS trail access based on capacity analysis (staff time only); Pickleball Courts \$1.5 million; Enterprise Resource Planning (ERP) system \$600K; Revisit Land Development Code (staff time only).

Revenues changes: FY23 \$70.6 million, FY24 \$67 million.

Transfers between funds are budgeted as follows: Streets Fund \$2.3 million; Housing Fund 2.422 million; Capital Improvements Fund \$6.767 million; Dev. Impact Fees Fund \$4.5 million; Art in Public Places Fund \$4.5 million; Public Transit Enterprise Fund \$3.3 million; Wastewater Enterprise Fund \$3.3 million; Info. Tech Internal Service Fund \$44K; for a total of \$22.7 million.

f. An overview of the Fund Summaries will be presented and discussed.

Presentation by Cherie White and Karen Osburn.

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8:00 a.m.

General Fund – Ongoing revenues are budgeted at \$42.9 million, less \$24M for ongoing expenditures; less \$2.2M in debt services; Less \$7.9M in ongoing transfers to other funds for a net of \$8.4 million.

Reserves are as follows: Operating Reserve \$7.6M; Equipment Replacement Reserve \$1.8M; Net Paid Parking Balance \$0; Loan to Arts Fund \$62K; Loan to DIF Funds \$1.4M. Balance available after reserves \$23.8M.

Streets Fund Reserves- Operating Reserve \$742K; Rehab/Preservation Reserve \$300K; Equipment Replacement Reserve \$37K.

Housing Fund – Ongoing revenues are budgeted at \$122K; Ongoing Transfers budgeted at \$500K. Less ongoing expenditures are budgeted at \$490K. \$6.2 million reserved for Sunset Lofts loan and \$300K reserved for 2250 Shelby Dr. loan; \$400K reserved for Down Payment Assistance loans. Net total is \$132K. There are no reserve requirements for this fund.

Grants, Donations & Restricted Funds – Court restricted \$109K; Police programs \$14K; \$66K various donations purposes; \$45K Prop 207 designated for payment toward unfunded PSPRS liability for a total of \$235K.

Transportation Sales Tax Fund – Capital Reserve of \$6.3M set aside to meet anticipated capital project costs in FY24 and is fully funded at \$7.4M. Revenues project for FY25 is sufficient to cover costs.

Capital Improvements Fund Reserves – Fully funded with \$6.5M budgeted. Balance available after reserves total \$7.2M. Staff's recommendation is to retain for future capital project costs.

Development Impact Fees Funds Reserves- Capital Reserves, \$0. This is insufficient to cover FY24 costs of \$1.4 M and FY25 capital of \$2.6M, loans may be necessary.

Art in Public Places Fund Reserves – \$62K deficit balance, loan will be needed.

Public Transit Enterprise Fund Reserves– Future system implementation \$5M; Equipment Replacement Reserve \$237K (proposed reserve requirement).

Wastewater Enterprise Fund Reserves- ongoing revenues are budgeted at \$7.448 million. Ongoing expenditures are budgeted at \$5.731 million. Transfers from other funds \$3.1M, less ongoing expenditures \$5.731M and Debt service \$4.541M for a net of \$276K.

Information Technology Internal Service Fund Reserves - Equipment Replacement Reserve is \$1.0M and fully funded based on policy reserve requirement. Balance available after reserves is \$703K. Staff recommended to retain the balance as addition to equipment replace reserve.

Break at 3:54 p.m. Reconvened at 4:07 p.m.

An overview of the Capital Improvements Plan will be presented and discussed.

Presentation by Cherie White and Karen Osburn.

Questions and comments from Council throughout presentation.

g. An overview of the Capital Improvements Plan will be presented and discussed.

Capital Improvement Projects (CIP) have been prioritized in the following categories: Imperative (must do), Essential (should do), Important (could do), and Desirable (other year). There is a total \$34.6M in budgeted expenditures with \$3.057M covered by Unrestricted Capital Reserves. Community Facilities Districts funding (CFD) as follows: Sedona in Motion \$20.2M; Wastewater \$5.6M million; Public Transit \$1.8 million; Storm Drainage \$936K; Streets & Transportation

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\$650K; Information Technology \$600K; Sustainability \$452K; Arts & Culture \$232K; Police \$216K; Parks & Recreation \$3.8M; and Municipal Court \$79K.

Carryover expenditures total \$25.8 million and New Appropriation expenditures total \$8.8 million for including 1% arts transfers and CFD finding for total of \$34.6 million.

CIP Budget Changes are as follows: Project Budget total as of FY24 \$123 million, original project budget total \$70 million, increase over original \$53 million, increase over FY23 total \$22.6 million.

h. Recap and review of overall budget, decision packages, capital improvement projects, and financial impacts will be presented and discussed.

Available Surplus Balances in the General Fund ; FY22 \$8.6 million; FY23 \$12.3 million; FY24 \$2.9 million; and total estimated surpluses of \$23.8 million.

By majority consensus, Council agreed to the following surplus allocations:

Loan for DIF Funds to cover capital reserve balance for FY25 – \$0

Set up reserve for future purchase of School District Admin site – \$0

Future Transit Fund needs – \$0

Future Housing Fund needs – \$12M

Future CIP Fund needs – \$0

Other priorities – Streets Fund \$0

Additional contribution to PSPRS unfunded liability of \$5.2M – \$1.2M

Additional reserve in case of recession – \$0

Other ideas – none

Unanimously, Council agreed no changes need to be made to CBWG/Community Survey Input and to CIP projects.

i. Items not completed on Wednesday, June 14, 2023, will be carried over to Thursday, June 15, 2023 beginning at 8:00 a.m.

Questions and comments from Council throughout presentation.

By majority consensus, Council supported all decision packages as indicated below:

Description	Council Direction	One-Time	Ongoing	Total
General Fund				
PD - New position & Dedicated Second Motor Officer	Recommended	\$12,000	\$121,460	\$133,460
Court - New Court Clerk Position	Not recommended	-	\$78,510	\$78,510
Court - Temporary Court Clerk Position	Recommended	\$49,040	-	\$49,040
Court - Increase Court Security Officer Hours	Not recommended	-	\$50,250	\$50,250

Wastewater Enterprise Fund Total		\$36,230	-	\$36,230
Grand Total				

Meeting was carried over from 8:00 a.m. to 6:08 p.m. on Thursday, June 15, 2023, and actions are reflected above.

4. Executive Session

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

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

No Executive Session was held.

5. Adjournment.

Mayor Jablow adjourned the meeting at 6:08 p.m. on Thursday, June 15, 2023.

I certify that the above are the true and correct actions of the Special City Council Meeting held on June 14 & 15, 2023.

JoAnne Cook, CMC, City Clerk

Date



**CITY COUNCIL
AGENDA BILL**

**AB 2945
June 27, 2023
Consent Agenda**

Agenda Item: 3c

Proposed Action & Subject: Approval of a Resolution adopting the City's Public Safety Personnel Retirement System Pension Funding Policy for fiscal year 2023-2024.

Department	Financial Services
Time to Present	N/A
Total Time for Item	
Other Council Meetings	June 14-15, 2023 Budget Work Sessions
Exhibits	A. Resolution Adopting the Public Safety Personnel Retirement System Pension Funding Policy B. Draft Public Safety Personnel Retirement System Pension Funding Policy

City Attorney Approval	Reviewed 6/19/23 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	Approve a resolution adopting the City's Public Safety Personnel Retirement System Pension Funding Policy	Amount Budgeted
		\$ N/A
		Account No. (Description)
		Finance ☒
		Approval

SUMMARY STATEMENT

Background: A.R.S. §38-863.01 requires all employers in the Public Safety Personnel Retirement System to adopt a pension funding policy. The policy must be updated and adopted annually.

The policy must include funding objectives that address at least the following:

- How to maintain stability of contributions to the system
- How and when the funding requirement will be met
- Defining the funded ratio target and the timeline for reaching the targeted funded ratio

A.R.S. §38-863.01 also requires the City Council to formally accept the employer's share of the assets and liabilities under the system based on the system's actuarial valuation report.

The policy is based on a template created by Nick Ponder of the Arizona League of Cities and Towns which addresses all of the requirements of A.R.S. §38-863.01. It incorporates the decision made by the City Council during the FY 2023-24 budget process to continue the "level-dollar" annual payment at approximately \$1,100,000 to pay off the unfunded liability by the end

of the amortization period which would be June 30, 2036, as well as an additional \$1,200,000 plus any Smart and Safe Arizona Fund distributions. The “level-dollar” amount is dependent on many factors including the performance of the pension investments, so staff will continue to re-evaluate the “level-dollar” annual payment amount each year during the budget process.

The changes to the proposed policy compared to last year are as follows:

- Actuarial valuation amounts were updated from the June 30, 2021 amounts to the June 30, 2022 amounts.
- Estimated annual required contribution amount was updated from the FY2022-23 amount to the FY2023-24 amount.
- A one-time additional contribution amount of \$1,200,000
- Minor clean-up

In addition, A.R.S. §38-863.01 requires the City to post the policy on the City’s website. Following adoption, the policy will be posted at <http://www.sedonaaz.gov/your-government/departments/financial-services/financial-policies>.

Each year as part of the budget process, staff will present the policy with any applicable updates to be adopted by the City Council.

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

Board/Commission Recommendation: ☐Applicable - ☒Not Applicable

Alternative(s): Provide direction to staff for adjustments to the policy for review and action at a later council meeting.

MOTION

I move to: approve Resolution No. 2023-__, adopting the City’s Public Safety Personnel Retirement System Pension Funding Policy.

RESOLUTION NO. 2023-__

**A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA,
ARIZONA, APPROVING AND ADOPTING THE CITY'S PUBLIC SAFETY
PERSONNEL RETIREMENT SYSTEM PENSION FUNDING POLICY.**

WHEREAS, the Mayor and Council of the City of Sedona shall have control of the finances and property of the City pursuant to A.R.S. § 9-240(A) and § 9-499.01 et seq.; and

WHEREAS, the Mayor and Council of the City of Sedona shall also have the power to appropriate money and provide for the payment of its debts and expenses pursuant to A.R.S. § 9-240(B); and

WHEREAS, the Second Regular Session of the Fifty-Third Arizona Legislature enacted HB 2097 in 2018 (codified as A.R.S. § 38-863.01) requiring each governing body of a Public Safety Personnel System employer to adopt a pension funding policy for employees who were hired before July 1, 2017, that addresses at least the following:

- (a) How to maintain the stability of the governing body's contributions to the system; and
- (b) How and when the governing body's funding requirements of the system will be met; and
- (c) Defining the governing body's funded ratio target under the system and the timeline for reaching the targeted funded ratio.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that the City formally approves and adopts its Public Safety Personnel Retirement System Pension Funding Policy as presented to the Mayor and City Council and attached hereto as Exhibit A.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 27th day of June, 2023.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

City of Sedona

Public Safety Personnel Retirement System

Pension Funding Policy

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the City and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

Funded Ratio – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational Equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The City's police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agencies' assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund

has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The City of Sedona has one trust fund for police employees.

Council formally accepts the assets, liabilities, and current funding ratio of the City's PSPRS trust fund from the June 30, 2022 actuarial valuation, which are detailed below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
	\$	\$	\$	
Sedona Police	11,923,877	17,111,182	5,187,305	69.7%

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Many funds in PSPRS are underfunded and falling short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Sedona's liability.
- The fluctuating cost of an UAAL causes strain on the City's budget, affecting our ability to provide services.
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity.

Council has taken the following actions to achieve this goal:

- Maintain ARC payment from operating revenues – Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds. The estimated combined ARC for FY2023-24 is \$960,026 and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - o Annually contribute an additional amount to achieve a total of \$1,100,000 in contributions for a "level-dollar" payment
 - o Contribute any Smart & Safe Arizona Fund distributions as an additional payment over and above the \$1,100,000
 - o Contribute a one-time additional \$1,200,000 from General Fund surplus balance for FY2023-24
- Pay the full amount of the contributions at the beginning of each fiscal year to maximize the interest earnings allocated to the City's PSPRS trust fund

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2022 Actuarial Valuation.



**CITY COUNCIL
AGENDA BILL**

**AB 2961
June 27, 2023
Consent Items**

Agenda Item: 3d

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

Department City Attorney
Time to Present N/A
Total Time for Item
Other Council Meetings Annually
Exhibits A. Resolution

City Attorney Approval	Reviewed 6/19/2023 KWC	Expenditure Required \$ N/A
City Manager's Recommendation	Approve a Resolution appointing the City of Sedona Finance Director as Chief Financial Officer of the City.	Amount Budgeted \$ N/A Account No. (Description) Finance ☒ Approval

SUMMARY STATEMENT

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

Community Plan Consistent: ☐ Yes - ☐ No - ☒ Not Applicable

Board/Commission Recommendation: ☐ Applicable - ☒ Not Applicable

Alternative(s):

MOTION

I move to: approve Resolution 2023-__ appointing the City of Sedona Finance Director as Chief Financial Officer of the City for the purpose of submitting the annual expenditure limitation report to the Arizona Auditor General's Office.

RESOLUTION NO. 2023-__

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

WHEREAS, A.R.S. 41-1279.07(E) requires each county, city, town and community college district to annually provide to the Auditor General by July 31 the name of the Chief Fiscal Officer of the governing body designated to officially submit the current year's annual expenditure limitation report (AELR) on the governing body's behalf; and

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

WHEREAS, entities must submit an updated form and documentation for any changes in the individuals designated to file the AELR;

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

1. The recitals above are hereby incorporated as if fully set forth herein.
2. Cherie White is hereby designated as the City of Sedona's Chief Fiscal Officer for purposes of submitting the fiscal year 2023-2024 AELR to the Arizona Auditor General's Office on the governing body's behalf.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 27th day of June, 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 2965
June 27, 2023
Consent Agenda**

Agenda Item: 3e

Proposed Action & Subject: Approval of a Resolution approving a revision to the City's Fund Balance Policy.

Department Financial Services

Time to Present N/A
Total Time for Item

Other Council Meetings June 14-15, 2023 Budget Work Sessions

Exhibits A. Resolution Adopting the Revised City Fund Balance Policy
B. Draft Fund Balance Policy (redline version)

City Attorney Approval	Reviewed 6/19/23 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	Approve a Resolution adopting a new City Fund Balance Policy and replacing the existing policy.	Amount Budgeted
		\$ N/A
		Account No. (Description)
		Finance ☒ Approval

Background: Based on recommendations made during the budget work sessions, changes to the fund balance policy for Streets Fund are presented for Council approval.

The fund balance reserve for the Streets Fund is clarified as specifically a street rehabilitation/pavement preservation reserve.

An operating reserve for the Streets Fund has been added. These costs were recorded in the General Fund prior to FY 2022 and would have been covered by the General Fund operating reserve at that time. A reserve for the operating streets costs other than rehabilitation and pavement preservation is recommended at the same level used in the General Fund at 30%.

An equipment replacement reserve has also been added for the Streets Fund.

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

Board/Commission Recommendation: ☐ Applicable - ☒ Not Applicable

Alternative(s): Provide direction to staff for adjustments to the policy for review and action at a later council meeting.



I move to: approve Resolution No. 2023-___, adopting a new City Fund Balance Policy and replacing the existing policy.

RESOLUTION NO. 2023-__

**A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA,
ARIZONA, APPROVING AND ADOPTING THE CITY FUND BALANCE POLICY**

WHEREAS, the Mayor and Council of the City of Sedona shall have control of the finances and property of the City pursuant to A.R.S. § 9-240(A) and § 9-499.01 et seq.; and

WHEREAS, the Mayor and Council of the City of Sedona shall also have the power to appropriate money and provide for the payment of its debts and expenses pursuant to A.R.S. § 9-240(B); and

WHEREAS, the Fund Balance Policy of the City of Sedona establishes targets for selected fund balances and net assets of the City of Sedona to ensure financial stability and health; and

WHEREAS, the Fund Balance Policy of the City of Sedona establishes guidelines regarding the use of reserves in city funds, including contingencies on surpluses and shortfalls.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that the City formally approves and adopts the attached Fund Balance Policy as presented to the Mayor and City Council.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 27th day of June, 2023.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

City of Sedona Fund Balance Policy

I. Purpose:

To ensure financial stability, the City of Sedona desires to manage its financial resources by establishing fund balance/net asset targets or ranges for selected funds. This will ensure the City maintains a prudent level of financial resources to provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, offset significant economic downturns and revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies.

II. Definitions:

A. **Fund Balance:** Fund balance means the difference between fund assets and fund liabilities as reported in a governmental fund. Furthermore, Government Accounting Standards Board (GASB) Statement No. 54 establishes the following fund balance classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

1. **Non-spendable fund balance** includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
2. **Restricted fund balance** includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
3. **Committed fund balance** includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
4. **Assigned fund balance** comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
5. **Unassigned fund balance** is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned

amounts are technically available for any valid government purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

- B. Net Assets: Net assets are the difference between assets and liabilities as reported in a financial reporting unit such as proprietary funds and fiduciary funds.
- C. Fund Balance Range: Fund balance range is the range of amounts this policy has set within which the City means to maintain the available fund balance.
- D. Surplus: Surplus is the amount by which the available fund balance exceeds the fund balance target or the upper limit of the fund balance range.
- E. Shortfall: Shortfall is the amount by which the fund balance target or the lower limit of the fund balance range exceeds the available fund balance.
- F. Available Fund Balance: Remaining fund balance after all balances designated as non-spendable, restricted, committed, and/or assigned (other than assigned balances in governmental funds representing residual balances) within the fund.
- G. Expenditures: Expenditures are all uses of financial resources and include operating and capital expenses, debt service, and transfers to other funds.
- H. Operating Expenditures: Operating expenditures are uses of financial resources for personnel, supplies, services and materials, and indirect cost allocations, and exclude capital expenses, debt service, and transfers to other funds.

III. Fund Balance Target or Range:

Fund balance targets or ranges are established for each governmental fund type that contains operating expenses, as well as the enterprise funds. The amounts set for each fund are based on the predictability of revenues, volatility of expenditures, and liquidity requirements of each fund and may need to be reviewed periodically.

The calculation of the various fund balances to proposed expenditures would be established as part of the budget preparation process taking the previous year's estimated actual expenditures and the established fund ratio to determine the ensuing budget year's fund balance requirements.

IV. Designations for Proprietary Funds:

Unrestricted net assets in proprietary funds do not necessarily represent resources available for appropriation. This is due to the fact that capital assets are included in proprietary funds and are offset in unrestricted net assets. Since it is not likely the

organization will sell the capital asset in order to fund operations, its value is not available for appropriation. In order to take this into account when calculating the ratio related to the fund balance range, staff will adjust the net assets to follow the same basis of accounting used for the General Fund.

V. Funds:

A. General Fund: The General Fund is considered to have a high level of risk to operations due to its dependence on revenue streams that are susceptible to economic downturns and revenue reduction impacts from outside agency actions. In addition, the General Fund is the main funding source when responding to unexpected events or emergencies. The fund balance for the General Fund consists of several balances for multiple purposes. These balances are identified below.

1. Operating Reserve: The operating reserve will be maintained to:

- a. Insulate General Fund programs and current service levels from large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in state or federal legislation, adverse litigation or any similar unforeseen action, and/or
- b. Temporarily insulate General Fund programs and current service levels from slower revenue growth that typically occurs during an economic recession.

The Council may use this reserve during the first 18 to 24 months of a recession to either maintain current General Fund services and programs or transition expenditure growth to match lower revenues. For purposes of this policy, lower revenues trigger the Council's assessment of use of this reserve when ongoing revenues fall 3% or more for two consecutive quarters compared to the same quarters of the prior year or the financial forecast estimates that ongoing revenues will fall 3% or more for the next fiscal year. Ongoing revenue is defined as revenue typically received every year. One-time revenue is defined as revenue not received annually or significant revenue in excess of routine levels (i.e., significant construction-related revenues, fluctuating grants and donations, "windfall" revenues, etc.).

The operating reserve target for the General Fund shall be 30% of the total adopted budgeted operating expenditures of the General Fund budget.

2. Budget Carryover Reserve: A reserve will be set aside for any budget carryovers and will not be considered part of any surplus.
3. Equipment Replacement Reserve: An equipment replacement reserve will be established and based on an annual allocation of equipment costs over the useful life of the asset. This reserve will be used to fund the replacement of such equipment.

4. The City may establish additional committed, assigned, or unassigned fund balances in any amount as deemed necessary.
- B. Streets Fund: The fund balance for the Streets Fund consists of several balances for multiple purposes. These balances are identified below.
1. Operating Reserve: The operating reserve will be maintained to:
 - a. Insulate Streets Fund programs and current service levels from large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in state or federal legislation, adverse litigation or any similar unforeseen action, and/or
 - b. Temporarily insulate Streets Fund programs and current service levels from slower revenue growth that typically occurs during an economic recession.

The Council may use this reserve during the first 18 to 24 months of a recession to either maintain current Streets Fund services and programs or transition expenditure growth to match lower revenues. For purposes of this policy, lower revenues trigger the Council's assessment of use of this reserve when ongoing revenues fall 3% or more for two consecutive quarters compared to the same quarters of the prior year or the financial forecast estimates that ongoing revenues will fall 3% or more for the next fiscal year. Ongoing revenue is defined as revenue typically received every year. One-time revenue is defined as revenue not received annually or significant revenue in excess of routine levels (i.e., significant construction-related revenues, fluctuating grants and donations, "windfall" revenues, etc.).

The operating reserve target for the Streets Fund shall be 30% of the total adopted budgeted operating expenditures of the Streets Fund budget.

2. Streets Rehabilitation/Pavement Preservation Reserve: The fund balance target for the Streets Fund (excluding any other committed or assigned fund balances for specific purposes) shall be the difference between the highest expected annual pavement preservation/street rehabilitation cost and the average annual pavement preservation/street rehabilitation cost. The transfers from the General Fund to bridge the gap between revenues and expenditures will be budgeted based on maintaining the target balance. If actual Streets Fund results exceed the target balance, the difference will be considered a surplus up to the total amount of the General Fund transfer. The portion of Streets Fund monies from the City's share of Highway User Revenue Fund (HURF) monies are restricted and cannot be transferred.
3. Equipment Replacement Reserve: An equipment replacement reserve will be established and based on an annual allocation of equipment costs over the useful life of the asset. This reserve will be used to fund the replacement of such equipment.

- C. Grants & Donations Funds: The fund balance in this fund is restricted to the purposes for which the monies were received. Balances will automatically carryover to the following fiscal year.
- D. Wastewater Enterprise Fund: The City's current plan is to gradually eliminate the sales tax subsidy to the Wastewater Enterprise Fund. Once the subsidy is eliminated, the reserve levels will be reevaluated.

The fund balance for the Wastewater Enterprise Fund consists of several balances for multiple purposes. These balances are identified below.

1. **Operating Reserve**: The operating reserve will be maintained to guard against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenses.

The operating reserve range for the Wastewater Enterprise Fund, including maintenance, operations, and administration shall be not less than 25% (90 days) and not more than 33.3% (120 days) of the total budgeted operating expenses of the Fund.

2. **Legal Debt Service Reserve**: Debt service reserves required by any bond covenants shall be established to meet those legal requirements.
3. **Policy Debt Service Reserve**: In addition to any legally required debt service reserves, additional debt service reserves shall be established equal to the average of one year of the remaining enterprise fund debt service repayment requirements for any debt issuances that do not have specified reserve requirements and are not covered by bond insurance.
4. **Budget Carryover Reserve**: A reserve will be set aside for any budget carryovers and will not be considered part of any surplus.
5. **Equipment Replacement Reserve**: An equipment replacement reserve will be established and based on an annual allocation of equipment costs over the useful life of the asset. This reserve will be used to fund the replacement of such equipment.
6. **Major Maintenance Reserve**: A major maintenance reserve will be established and based on an annual allocation of major maintenance costs over the life of the anticipated maintenance need. This reserve will be used to fund the maintenance costs as needed.
7. **Capital Improvements Reserve**: A capital improvements reserve will be established and maintained based on the higher of the estimated ensuing fiscal year's "pay-as-you-go" projects or an average of the "pay-as-you-go" projects over the next five years in accordance with the City's Capital Improvement Plan.

8. The City may establish additional committed, assigned, or unassigned fund balances in any amount as deemed necessary.
- E. Public Transit Enterprise Fund: The fund balance for the Public Transit Enterprise Fund consists of several balances for multiple purposes. These balances are identified below.
1. Budget Carryover Reserve: A reserve will be set aside for any budget carryovers and will not be considered part of any surplus.
 2. Equipment Replacement Reserve: An equipment replacement reserve will be established and based on an annual allocation of equipment costs over the useful life of the asset. This reserve will be used to fund the replacement of such equipment.
 3. The City may establish additional committed, assigned, or unassigned fund balances in any amount as deemed necessary.
- F. Capital Improvements Fund: The Capital Improvements Fund was created to account for resources designated to construct or acquire capital assets and major improvements. Occasionally, these projects may extend beyond a single fiscal year. Therefore, although no specific reserve requirement is established for the Capital Improvements Fund, at a minimum, the fiscal year-end fund balance, coupled with estimated revenues for the ensuing fiscal year, must be sufficient to fund the “pay-as-you-go” capital fund obligations for the next fiscal year. This will follow the City’s Capital Improvement Plan.
- G. Development Impact Fee Funds: The fund balance in this fund is restricted to the purposes for which the monies were received. Balances will automatically carryover to the following fiscal year.
- H. Art in Public Places Funds: The fund balance in this fund is restricted to the purposes for which the monies were received. Balances will automatically carryover to the following fiscal year.
- I. Internal Service Funds: Currently, the City’s only Internal Service Fund is the Information Technology Fund. The fund balance for the Internal Service Funds consists of several balances for multiple purposes. These balances are identified below.
1. Budget Carryover Reserve: A reserve will be set aside for any budget carryovers and will not be considered part of any surplus.
 2. Equipment Replacement Reserve: An equipment replacement reserve will be established and based on an annual allocation of equipment costs over the useful

life of the asset. This reserve will be used to fund the replacement of such equipment.

3. The City may establish additional committed, assigned, or unassigned fund balances in any amount as deemed necessary.

VI. Assignment of Fund Balances

The City Manager is authorized to assign fund balances for specific purposes in accordance with the intent of the City Council and assigned fund balances can only be spent as authorized in the City's Purchasing Policy.

VII. Use of Reserves

It is the intent of the City to limit use of the Operating Reserves to address unanticipated, non-recurring needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves, however, may be used to allow time for the City to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term plan.

VIII. Surplus:

If it is determined there is a surplus (an amount in excess of the fund balance target or the upper limit of the fund balance range for any fund), the funds may be designated or appropriated at the next budget cycle for the following purposes in order of priority:

- A. Eliminate shortfalls in related funds. Any General Fund surplus shall be transferred to cover shortfalls within Streets, Capital Improvement or any other fund initiated by the City to provide City services. Any Utilities Operating Fund (Enterprise) surplus shall be transferred to the respective Utilities Capital Improvements Fund.
- B. Reduction or avoidance of debt. If there is short- or long-term debt within the fund, the surplus may be applied to reduce or eliminate the debt if financial analysis proves this to be advantageous for the City. If a borrowing is scheduled, the surplus may be used to reduce the principal amount the City needs to obtain if financial analysis proves this to be advantageous for the City.
- C. One-time capital needs. Since a surplus does not represent a recurring source of revenue it should not be used to fund a recurring expense; however, if a one-time capital expenditure has been identified, but not already funded through an appropriation, the surplus may be appropriated for this use.
- D. Tax, fee, or rate stabilization. Surplus funds may be designated for stabilization in order to avoid raising taxes, fees, or rates related to the fund in subsequent years.

For instance, a surplus in the Enterprise Fund may trigger reevaluation and possible reduction of the sales tax subsidy provided to the Enterprise Fund in the future.

IX. Shortfall:

If it is determined there is a shortfall (an amount below the fund balance target or the lower limit of the fund balance range for any fund), the fund balance is to be replenished as quickly as possible through the following mechanisms in order of priority:

- A. With exception of funds with legal restrictions as to the use of funding sources, a distribution of surplus from other related funds as delineated under “Surplus” category.
- B. An appropriation during the next annual budget process of at least 20% of the shortfall until the target or lower limit has been reached.
- C. If A. or B. is financially infeasible, a written plan shall be forwarded by the Director of Financial Services to the City Manager for Council approval in order to restore the fund balance to an amount equal to the target or within the range within a practical time frame. This plan may require reduction of services, increases in taxes, fees, or rates, or some combination thereof.



CITY COUNCIL AGENDA BILL

AB 2969
June 27, 2023
Consent Items

Agenda Item: 3f
Proposed Action & Subject: Approval of a Utility Easement Agreement with Unisource Energy Services.

Department Public Works
Time to Present N/A
Total Time for Item N/A
Other Council Meetings N/A
Exhibits A. Utility Easement Agreement

City Attorney Approval	Reviewed 6/19/23 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	Approve the Utility Easement Agreement with UNS Gas, Inc. across city property located at 460 Forest Road, Assessor's Parcel Number 401-16-100.	Amount Budgeted
		\$ N/A
		Account No. (Description)
		Finance ☒ Approval

SUMMARY STATEMENT

Background:

During design development of city property at 430 and 460 Forest Road for the Uptown Parking Garage, it was determined that an existing gas main across the westerly and southwesterly portions of the property at 460 Forest Road (APN 401-16-100) conflicted with the development of the site for a parking garage. Accordingly, staff collaborated with Unisource Energy Services (UNS) representatives on a new location that will continue to serve the needs of UNS and allow development of the property as a parking garage, surface lot, or other land use. The new location for the gas main places it outside of the building envelope and along the west edge of the property line, approximately 5-feet offset, in an underground trench (See Figure 1).

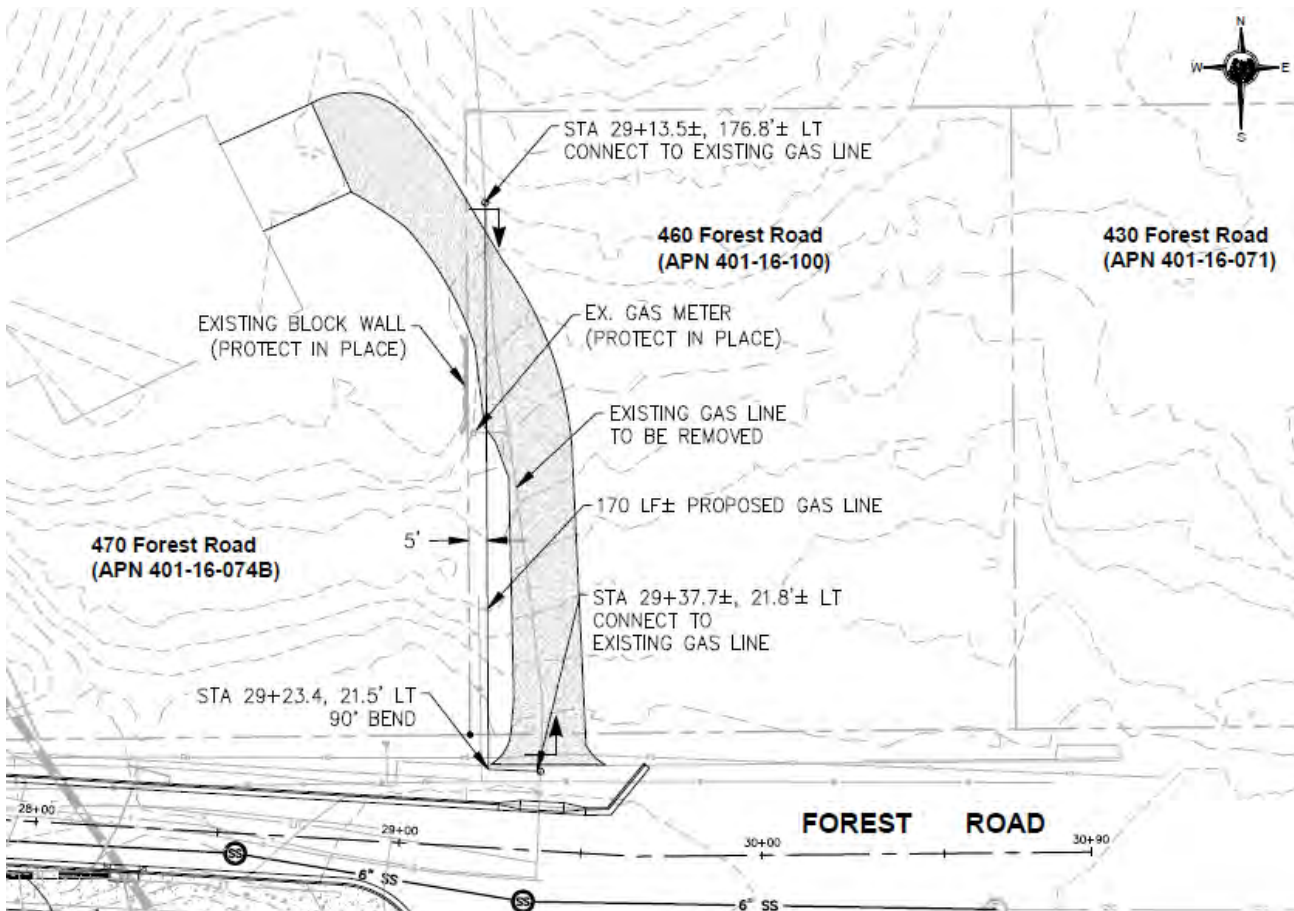


Figure 1

Staff recognizes that the Uptown Parking Garage may or may not move forward, pending the outcome of the “Uptown Parking Alternatives Analysis and Site Selection” study and decision of City Council. However, the new location for the gas main will preclude conflicts and better facilitate any future development of the site. Accordingly, staff recommends approval of the 10-foot wide Utility Easement Agreement (Exhibit A) with UNS across city property located at 460 Forest Road (APN 401-16-100) to support the relocation the existing gas utility main and appurtenances owned by UNS.

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

Board/Commission Recommendation: ☐ Applicable - ☒ Not Applicable

Alternative(s): Council could elect not to approve the Utility Easement Agreement (Exhibit A), which would preclude the relocation of the existing gas across the property at 460 Forest Road.

MOTION

I move to: Approve the Utility Easement Agreement with UNS Gas, Inc across city property located at 460 Forest Road, Assessor’s Parcel Number 401-16-100.

When Recorded return to:
UNS Gas, Inc.
Attn: Right of Way Dept.
6405 Wilkinson Drive
Prescott, AZ. 86301

BW-Coc-401-16-100

UTILITY EASEMENT AGREEMENT

This Easement Agreement is made to be effective as of the _____ day of _____, 2023, by and between **City of Sedona, an Arizona Municipal Corporation**. ("GRANTOR") and **UNS GAS, INC.**, an Arizona corporation, ("GRANTEE"). GRANTOR warrants it is the lawful owner of the real property described below (the "Property").

The Property being a portion of Fee #3877484, Official Records, Coconino County Recorder
Section 06 T. 17 N., R. 07 E., Gila & Salt River Meridian, Coconino County, Arizona.

GRANTOR, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby grants and conveys unto GRANTEE a perpetual right-of-way, privilege and easement upon, across, over, under and through that portion of the Property as described on Exhibit "A" herein to lay, construct, operate and maintain thereon and/or thereunder a natural gas pipeline or pipelines, all of sufficient size as determined by GRANTEE, with such connections, valves, telemetering equipment and poles, conduit, wires, pipes, and all other structures, improvements, appurtenances and facilities, including a gas regulator station, necessary, convenient or expedient for the operation of same (collectively, the "Gas Facilities"), and the right and privilege of patrolling, excavating, inspecting, constructing, installing, altering, adding to the size of, decreasing the size of, repairing, replacing, improving, adding to, maintaining, or removing the whole or any part of the Gas Facilities at any time and from time to time, together with the right of vehicular and pedestrian passage (hereinafter referred to as the "Easement").

GRANTOR also grants the right of reasonable ingress and egress to and from said Easement, over adjoining property of the GRANTOR, for the purpose of constructing, inspecting, maintaining, operating repairing, replacing and/or removing the Gas Facilities, either in whole or in part, at the will of GRANTEE. The Easement is more particularly described as follows:

See Attached Exhibit "A" for text description of Easement
See Attached Exhibit "B" for graphic description of Easement

GRANTOR also grants the use of a temporary construction work space **Five (5)** feet wide adjacent to the Easement and such additional work space adjacent thereto where needed during the initial installation of the Gas Facilities.

GRANTOR may install and maintain a fence of its own design, provided the fence has gates that provide GRANTEE access. If GRANTOR desires the gates locked, GRANTEE will provide its own lock(s) so that the gates can be "double-locked" in order that either the GRANTEE or the GRANTOR may have access.

The GRANTOR shall have the full use of the Easement except for uses which interfere with the enjoyment by GRANTEE of the Easement herein conveyed to it, and provided that no building or structure of any nature or kind whatsoever, nor any part of same, shall be constructed, installed or placed on or over the Easement or any part thereof by GRANTOR or the successors or assigns of GRANTOR.

GRANTOR and its successors and assigns may not erect any wall over any Gas Facilities or change the grade over any underground facilities installed by GRANTEE without the prior written consent of GRANTEE.

GRANTEE shall have the right to keep the Easement clear, without liability to GRANTOR, of any improvement, plant growth, or other natural or man-made material or substance that substantially impedes GRANTEE's use of the Easement.

GRANTEE may assign, lease or license this Easement, or any right herein, in whole or in part to one or more persons or entities at any time and from time to time.

GRANTEE agrees to release all right and interest to any right -of-way or utility easement on the property as may exist or may have existed outside of the proposed easement herein.

The foregoing instrument was acknowledged before me, the undersigned notary public, this _____ day of _____, 2023 by _____ as the _____ of _____.

Packet Page41

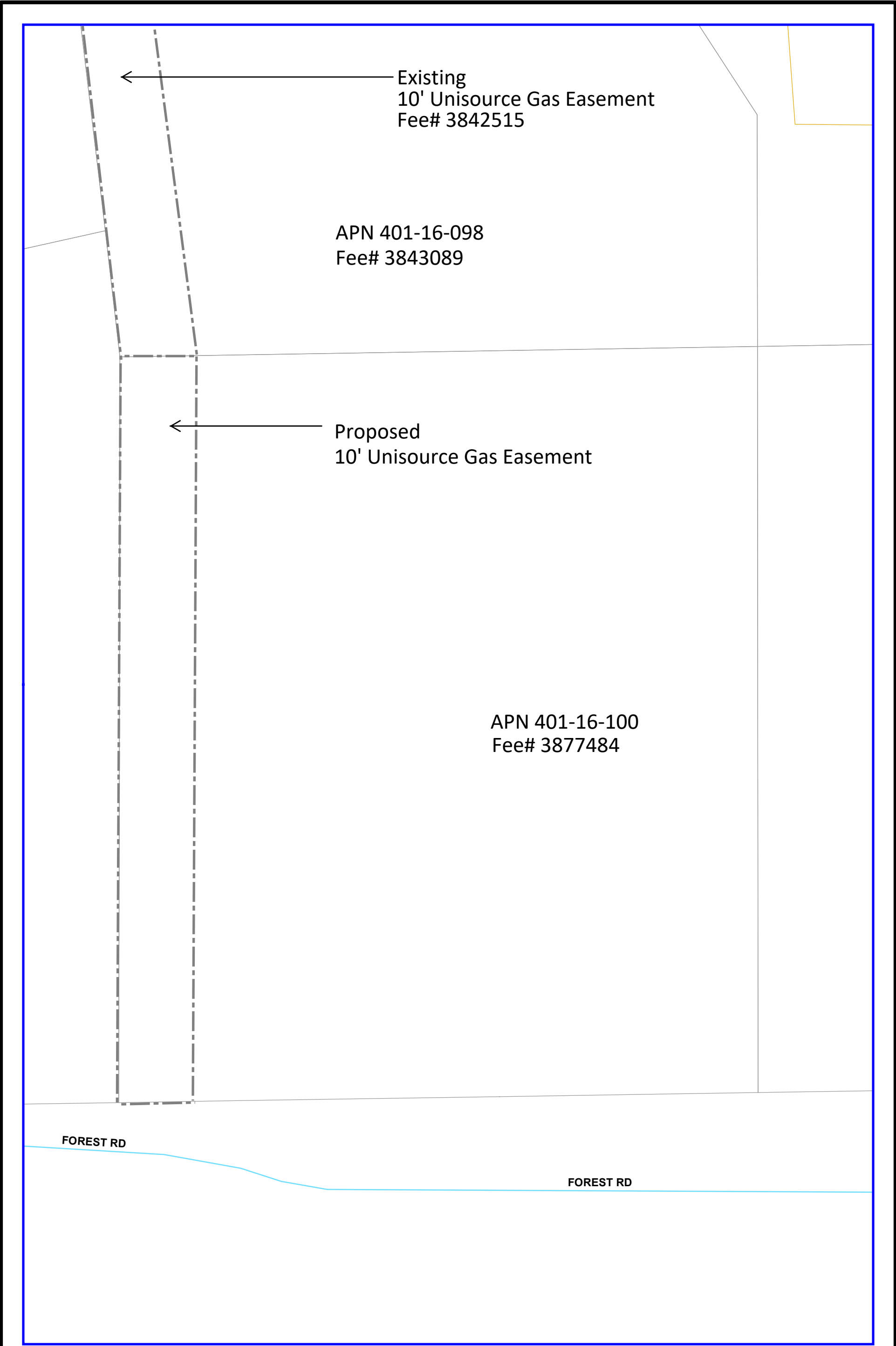
Exhibit "A"

A 10' wide easement, laying east of, running parallel with, and abutting the west property line of APN401-16-100, recorded on June 30, 2020, Fee# 3877484 recorded in the Office of the County Recorder, Coconino County, Arizona:

Also known as Lot 41, Manzanita Hills unit I, according to the plat of record in the office of the County Recorder of Coconino County, Arizona, recorded in Case 2, Map 261.

Portion of the Northeast Quarter of Section 07, Township 17 North, Range 06 East, Gila and Salt River Meridian, Coconino County, Arizona

Containing .038 Acres more or less.



Section 06, T.17N, R.07E
G&SRM, Not to Scale





CITY COUNCIL AGENDA BILL

AB 2966
June 27, 2023
Consent Items

Agenda Item: 3g

Proposed Action & Subject: Approval of a Resolution approving the form of the lease purchase agreement with Zions Bancorporation, N.A. and authorizing the execution and delivery thereof for the purchase of a one (1) ton dump truck with snowplow in the amount not to exceed \$99,243.67, plus interest.

Department Financial Services

Time to Present N/A

Total Time for Item N/A

Other Council Meetings N/A

Exhibits

- A. Resolution
- B. Quote – Zions Bancorporation, N.A.
- C. Lease Purchase Agreement
- D. Escrow Agreement

City Attorney Approval	Reviewed 6/19/23 KWC	Expenditure Required
		\$ Ranges from \$22,739.33 to \$22,739.34 (FY 2025 – FY 2029 annual lease purchase payments)
City Manager's Recommendation	Approve a Resolution approving the form of the lease purchase agreement with Zions Bancorporation, N.A. and authorizing the execution and delivery thereof for the purchase of a one (1) ton dump truck with snowplow in the amount not to exceed \$99,243.67, plus interest.	Amount Budgeted
		\$ (Lease purchase payments to begin in FY 2025)
		Account No. N/A (Description)
		Finance ☒ Approval

Background: The Public Works Department purchased its 2012 Dodge Ram 3500 dump truck with snowplow in 2012. The dump truck is primarily used to maintain streets during inclement weather events and for daily and in-house projects and has been in service for 11 years.

In FY22, Public Works rebuilt the motor of the current dump truck for \$5,495.37, and now the radiator requires repairs in the amount of \$1,000.00. Due to the age, condition, and continuous need for repairs, Public Works would like to replace this vehicle to save on future repair costs and have a reliable vehicle for maintenance tasks and snow removal. Public Works would like to replace the 2012 Dodge Ram 3500 with a 2023 Chevrolet Silverado 3500HD 4x4 dump truck (shown below).

Public Works obtained quotations from three (3) dealerships with Molle Chevrolet in Blue Springs, MO being the lowest responsive quotation at \$99,243.67. Public Works will auction the 2012 Dodge Ram 3500 dump truck with snowplow and estimates it will sell for \$20,000.00.



Lease Purchase Information: The 2023 Chevrolet Silverado 3500HD 4x4 dump truck will be financed through a lease purchase agreement with Zions Bancorporation, N.A. (quotation attached hereto as Exhibit B) and includes the following terms:

- Five (5) year term commencing on July 13, 2023
- Annual payments ranging from \$22,739.33 to \$22,739.34
- Payments in arrears (at the end of each year instead of the beginning)
- Interest rate of 4.71%
- No prepayment penalty

Lease purchase payments would begin in FY 2025 and be paid from the Replacement Motor Vehicles Fund.

Please note: A lease purchase agreement is a debt financing arrangement for the purchase and acquisition of vehicles. This is not a leasing arrangement in which vehicles are turned back into the vendor at the end of the lease or per mile charges assessed. The City will own the vehicle with clear title at the end of the lease purchase term.

Community Plan Consistent: ☐Yes - ☐No - ☒Not Applicable

Board/Commission Recommendation: ☐Applicable - ☒Not Applicable

Alternative(s):



I move to: approve Resolution No. 2023-_____, approving the form of the lease purchase agreement with Zions Bancorporation, N.A. and authorizing the execution and delivery thereof a one (1) ton dump truck with snowplow in the amount not to exceed \$99,243.67, plus interest.

RESOLUTION NO. 2023-__

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

WHEREAS, the City of Sedona ("City") has determined that the leasing of the dump truck with snowplow as described in the Lease Purchase Agreement is for a valid public purpose and is essential to the operations of the City; and

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

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

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

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

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

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 27th day of June, 2023.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

City of Sedona, AZ

\$99,244 Equipment Lease Series 2023

Dated July 13, 2023

Dump Truck

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City of Sedona, AZ

\$99,244 Equipment Lease Series 2023

Dated July 13, 2023

Dump Truck

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/13/2023	-	-	-	-	-
07/13/2024	18,064.96	4.710%	4,674.38	22,739.34	22,739.34
07/13/2025	18,915.82	4.710%	3,823.52	22,739.34	22,739.34
07/13/2026	19,806.75	4.710%	2,932.58	22,739.33	22,739.33
07/13/2027	20,739.65	4.710%	1,999.68	22,739.33	22,739.33
07/13/2028	21,716.49	4.710%	1,022.85	22,739.34	22,739.34
Total	\$99,243.67	-	\$14,453.01	\$113,696.68	-

Yield Statistics

Bond Year Dollars	\$306.86
Average Life	3.092 Years
Average Coupon	4.7100009%
Net Interest Cost (NIC)	4.7100009%
True Interest Cost (TIC)	4.7100010%
Bond Yield for Arbitrage Purposes	4.7100010%
All Inclusive Cost (AIC)	4.7100010%

IRS Form 8038

Net Interest Cost	4.7100009%
Weighted Average Maturity	3.092 Years

City of Sedona, AZ

\$99,244 Equipment Lease Series 2023

Dated July 13, 2023

Dump Truck

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Call Date	Call Price	Dollar Price
07/13/2028	Term 1 Coupon	4.710%	4.710%	99,243.67	100.000%	-	-	99,243.67
Total	-	-	-	\$99,243.67	-	-	-	\$99,243.67

Bid Information

Par Amount of Bonds	\$99,243.67
Gross Production	\$99,243.67
Bid (100.000%)	99,243.67
Total Purchase Price	\$99,243.67
Bond Year Dollars	\$306.86
Average Life	3.092 Years
Average Coupon	4.7100009%
Net Interest Cost (NIC)	4.7100009%
True Interest Cost (TIC)	4.7100010%

ARIZONA FIXED EQUIPMENT LEASE

Long Name of Entity: City of Sedona
Address: 102 Roadrunner Drive
City, State Zip: Sedona, AZ 86336
Attention: Heidi Weber
Public Finance Office: Procurement Officer
County: Yavapai
Amount: 99,243.67
Rate: 4.71
Maturity Date: July 13, 2028
First Pmt Date: July 13, 2024
Payment Dates: July 13
Auto Extend: 5
Governing Body: City Council
Resolution Date: June, 2023
Dated Date: July, 2023
Day: 13th
State: Arizona

\$ 99,243.67
City of Sedona
Lease Purchase Agreement

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

LEASE/PURCHASE AGREEMENT

Dated as of July 13, 2023

by and between

ZIONS BANCORPORATION, N.A.,
as Lessor

and

CITY OF SEDONA,
as Lessee

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Escrow Agreement	Exhibit G

LEASE/PURCHASE AGREEMENT

THIS LEASE/PURCHASE AGREEMENT, dated as of July 13, 2023, by and between ZIONS BANCORPORATION, N.A., a national banking association duly organized and existing under the laws of the United States of America, as lessor (the “Bank” or “Lessor”), and City of Sedona (the “Lessee”), a public agency of the State of Arizona (the “State”), duly organized and existing under the Constitution and laws of the State, as lessee;

W I T N E S S E T H:

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

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

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

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

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

ARTICLE I

DEFINITIONS AND EXHIBITS

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

“Acquisition Amount” means \$99,243.67 and is the amount represented by Lessee to be sufficient to acquire the Leased Property and pay any ancillary costs associated therewith.

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

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

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

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

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

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

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

“Escrow Agreement” means the Escrow Agreement dated July 13, 2023 executed by Lessee, Bank and the Escrow Agent, pursuant to which the Escrow Account is established and administered. A copy of the Escrow Agreement shall be found in Exhibit G.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) General Tax and Arbitrage Representations and Covenants.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) The Lessee has general taxing powers.

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

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

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

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

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

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

- or -

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

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

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

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

ARTICLE III

AGREEMENT TO LEASE; TERM OF LEASE; LEASE PAYMENTS

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

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

SECTION 3.2 Term. The Term of this Lease shall commence on the date of execution of this Lease, which is also the date on which the Acquisition Amount is deposited with the Escrow Agent, including delivery to the Bank by the Lessee of fully completed documents in the forms set forth in Exhibits B, C, D, E, F, and G attached hereto, and continue until the end of the fiscal year of Lessee in effect at the Commencement Date (the "Original Term"). Thereafter, this Lease will be extended for 5 successive additional periods of one year coextensive with Lessee's fiscal year, except for the last such period which may be less than a full fiscal year, (each, a "Renewal Term") subject to an Event of Nonappropriation as described herein below in this Section 3.2 and in Section 3.3(a), with the final Renewal Term ending on July 13, 2028, unless this Lease is terminated as hereinafter provided. The Original Term together with all scheduled Renewal Terms shall be referred to herein as the "Scheduled Term" irrespective of whether this Lease is terminated for any reason prior to the scheduled commencement or termination of any Renewal Term as provided herein.

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

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

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

SECTION 3.4 Lease Payments.

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

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

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

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

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

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

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

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

ARTICLE IV

INSURANCE

SECTION 4.1 Insurance. Lessee, at Bank's option, will either self-insure, or at Lessee's cost, will cause casualty insurance and property damage insurance to be carried and maintained on the Leased Property, with all such coverages to be in such amounts sufficient to cover the value of the Leased Property at the commencement of this Lease (as determined by the purchase price paid for the Leased Property), and public liability insurance with respect to the Leased Property in the amounts required by law, but in no event with a policy limit less than \$1,000,000 per occurrence. All insurance shall be written in such forms, to cover such risks, and with such insurers, as are customary for public entities such as the Lessee. A combination of self-

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

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

ARTICLE V

COVENANTS

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

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

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

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

SECTION 5.3 Maintenance, Utilities, Taxes and Assessments.

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

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

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

SECTION 5.4 Modification of the Leased Property.

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

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

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

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

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

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

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

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

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

ARTICLE VI

ASSIGNMENT AND SUBLEASING

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

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

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

- (a) take possession of the Leased Property by virtue of the Bank's ownership interest as lessor of the Leased Property;
- (b) hold the Lessee liable for the difference between (i) the rents and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term, as appropriate, and (ii) the rent paid by a lessee of the Leased Property pursuant to such lease; and
- (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Lease, the Security Documents (defined in Section 9.3), the Escrow Agreement or as a secured party in any or all of the Leased Property or the Escrow Account hereunder.
- (d) terminate the Escrow Agreement and apply the proceeds in the Escrow Account to the Lease Payments due hereunder.

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

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

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

ARTICLE VIII

PREPAYMENT OF LEASE PAYMENTS IN PART

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

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

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

ARTICLE IX

MISCELLANEOUS

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

If to Bank:

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

If to the Lessee:

CITY OF SEDONA
102 Roadrunner Drive
Sedona, AZ 86336
Attention: Heidi Weber

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[SIGNATURE PAGES TO FOLLOW]

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

ZIONS BANCORPORATION, N.A., as Lessor

By: _____
Authorized Officer

CITY OF SEDONA, as Lessee

By: _____

Title

EXHIBIT A

FIXED RATE

LEASE PAYMENT DEBT SERVICE SCHEDULE*

1. Interest. Interest components payable on the principal amount outstanding have been computed at the rate of four and seventy-one hundredths' percent (4.71 %) per annum calculated based on twelve 30-day months during a 360-day year.

2. Payment Dates and Amounts.

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/13/2023	-	-	-	-	-
07/13/2024	18,064.96	4.710%	4,674.38	22,739.34	22,739.34
07/13/2025	18,915.82	4.710%	3,823.52	22,739.34	22,739.34
07/13/2026	19,806.75	4.710%	2,932.58	22,739.33	22,739.33
07/13/2027	20,739.65	4.710%	1,999.68	22,739.33	22,739.33
07/13/2028	21,716.49	4.710%	1,022.85	22,739.34	22,739.34
Total	\$99,243.67	-	\$14,453.01	\$113,696.68	-

EXHIBIT B

DESCRIPTION OF THE LEASED PROPERTY

One (1) Dump Truck

VIN # _____

EXHIBIT C

RESOLUTION OF GOVERNING BODY

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

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

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

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

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

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

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

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

Adopted and approved this _____ day of _____, 2023.

By _____

Print Name _____

Title _____

Attest:

By _____

Print Name _____

Title _____

STATE OF ARIZONA

)

) ss.

COUNTY OF YAVAPAI

)

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

I further certify that the above and foregoing instrument constitutes a true and correct copy of the minutes of a regular meeting of the governing body including a Resolution adopted at said meeting held on June 27, 2023, as said minutes and Resolution are officially of record in my possession, and that a copy of said Resolution was deposited in my office on _____, 2023.

In witness whereof, I have hereunto set my hand on behalf of the Lessee this _____ day of _____, 2023.

By _____

Print Name _____

Title _____

EXHIBIT D
Opinion of Lessee's Counsel

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

As counsel for City of Sedona ("Lessee"), I have examined duly executed originals of the Lease/Purchase Agreement (the "Lease") dated this 13th day of July, 2023, between the Lessee and ZIONS BANCORPORATION, N.A., Salt Lake City, Utah ("Bank"), and the proceedings taken by Lessee to authorize and execute the Lease (the "Proceedings"). Based upon such examination as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a body corporate and politic, legally existing under the laws of the State of Arizona (the "State").

2. The Lease and the Proceedings have been duly adopted, authorized, executed, and delivered by Lessee, and do not require the seal of Lessee to be effective, valid, legal, or binding.

3. The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Proceedings were adopted and the Lessee's execution of the Lease was authorized.

4. The Lease is a legal, valid, and binding obligation of Lessee, enforceable against Lessee in accordance with its terms except as limited by the state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws of general application affecting the enforcement of creditor's rights generally.

5. Either there are no usury laws of the State applicable to the Lease, or the Lease is in accordance with and does not violate all such usury laws as may be applicable.

6. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property (as defined in the Lease) from the Bank under the Lease, or the acquisition and leasing of the Leased Property from the Bank under the Lease comply with all such procurement and public bidding laws as may be applicable.

7. There are no legal or governmental proceedings or litigation pending or, to the best of my knowledge, threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of the Lease.

8. The adoption, execution and/or delivery of the Lease and the Proceedings, and the compliance by the Lessee with their provisions, will not conflict with or constitute a breach of or default under any court decree or order or any agreement, indenture, lease or other instrument or any existing law or administrative regulation, decree or order to which the Lessee is subject or by which the Lessee is or may be bound.

9. Although we are not opining as to the ownership of the Leased Property or the priority of liens thereon, it is also our opinion that the Security Documents attached as Exhibit E to the Lease are sufficient in substance, form, and description, and indicated place, address, and method of filing and/or recording, to completely and fully perfect the security interest in every portion of the Leased Property granted under the Lease, and no other filings and/or recordings are necessary to fully perfect said security interest in the Leased Property.

Attorney for Lessee

EXHIBIT E

SECURITY DOCUMENTS

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

EXHIBIT F

DELIVERY AND ACCEPTANCE CERTIFICATE

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

Reference is made to the Lease/Purchase Agreement between the undersigned (“Lessee”), and ZIONS BANCORPORATION, N.A. (the “Bank”), dated July 13, 2023 , (the “Lease”) and to that part of the Leased Property described therein which comprises personal property (collectively, the “Equipment”). In connection therewith we are pleased to confirm to you the following:

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

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

Lessee:

CITY OF SEDONA

By: _____
(Authorized Signature)

Date: _____

EXHIBIT G

ESCROW AGREEMENT

[Attach Escrow Agreement]

FORM OF ESCROW AGREEMENT

This Escrow Agreement (this “Agreement”) dated July 13, 2023, by and among ZIONS BANCORPORATION, N.A., a national banking association (hereinafter referred to as “Lessor”), CITY OF SEDONA, a body politic and corporate of the State of Arizona (hereinafter referred to as “Lessee”), and ZIONS BANCORPORATION, National Association, a national banking association (hereinafter referred to as “Escrow Agent”).

Reference is made to that certain Lease/Purchase Agreement, dated July 13, 2023, between Lessor and Lessee (hereinafter referred to as the “Lease”), covering the acquisition and lease of certain Leased Property described therein (the “Leased Property”). It is a requirement of the Lease that the Acquisition Amount be deposited with the Escrow Agent hereunder for the purpose of providing a mechanism for the application of such amounts to the payment of Leased Property costs.

The parties agree as follows:

1. Creation of Escrow Account.

(a) There is hereby created a special trust fund to be known as the “City of Sedona Escrow Account” (the “Escrow Account”) to be held in trust by the Escrow Agent for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof. On the date hereof, from proceeds of the Lease, Lessor has caused the amount of \$99,243.67 to be transferred to Escrow Agent for deposit into the Escrow Account.

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

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

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

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

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

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

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

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

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

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

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

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

2. Acquisition of Property.

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

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

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

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

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

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

2. Delivery to Lessor invoices (and proofs of payment of such invoices, if Lessee seeks reimbursement); bills of sale (if title to such Leased Property has passed to Lessee); a description, and serial and/or VIN number for each item and any additional documentation reasonably requested by Lessor; and
3. In the case of the final distribution from the Escrow Account, delivery to Lessor a properly executed Delivery and Acceptance Certificate as required by the Lease.

3. Deposit to Escrow Account. Upon execution of the Lease and the satisfaction of any conditions specified in the Lease or otherwise, Lessor will cause the Acquisition Amount of \$99,243.67 to be deposited into the Escrow Account. Lessee agrees to pay any costs with respect to the Leased Property in excess of amounts available therefor in the Escrow Account and to pay delivery costs in excess of amounts available therefor in the Escrow Account; provided, however,

that any amount required for either such purpose shall be payable solely from moneys that have been appropriated by Lessee for such purpose.

4. Excessive Escrow Account. Any funds remaining in the Escrow Account on or after the date on which Lessee executes the Delivery and Acceptance Certificate, or upon a termination of the Escrow Account as otherwise provided herein, shall be delivered by the Escrow Agent to Lessor, and Lessor shall apply such funds to amounts owed under the Lease.

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

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

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

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

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

(d) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person

requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, Escrow Agent may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Escrow Account, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Escrow Account. Escrow Agent acknowledges that Lessor reserves the right, by delivery of written notice to Escrow Agent, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Escrow Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Lessor to Escrow Agent (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

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

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

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

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

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

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

9. Miscellaneous.

(a) Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This agreement may not be amended except in writing signed by all parties hereto. This agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below:

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

If to Lessee: City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
Attn: Heidi Weber, Procurement Officer

If to Escrow Agent: ZIONS BANCORPORATION, National Association
Corporate Trust Department
6001 North 24th Street, Bldg. B
Phoenix, AZ 85016
Attn: Pamela Saucer, Asst. Vice President

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

(c) To the extent applicable and except as stated below, pursuant to the provisions of the Section 41-4401 of the Arizona Revised Statutes, and in accordance with federal law and Escrow Agent's practice, Escrow Agent hereby warrants and certifies that Escrow Agent complies with the Immigration Reform and Control Act of 1986 and employment with the Escrow Agent is contingent on the successful completion of the I-9 verification process and the E-Verify requirements of Section 23-214(A) of the Arizona Revised Statutes. Such employment with

Escrow Agent is not contingent on any of the other requirements of Section 23-214(A). Escrow Agent does not knowingly employ any individuals in the United States who are not legally authorized to work in the United States. For associate confidentiality reasons, Escrow Agent generally does not disclose or allow the inspection of its personnel records of its associates to third parties, including I-9 or e-Verify documentation. However, if there are concerns about an individual's eligibility to perform work in connection with this Agreement, please contact Lessor in accordance with Section 9 (a) of this Agreement and Lessor will investigate and respond to these concerns.

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

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

ZIONS BANCORPORATION, N.A.
as Lessor

CITY OF SEDONA
as Lessee

By: _____
Lee Davis, Vice President

By: _____
_____, Mayor

ZIONS BANCORPORATION, National Association
as Escrow Agent

By: _____
Pamela Saucer, Asst. Vice President

SCHEDULE 1

TO THE ESCROW AGREEMENT

FORM OF DISBURSEMENT REQUEST

Re: Lease/Purchase Agreement, dated July 13, 2023 (the "*Lease*"), between ZIONS BANCORPORATION, N.A., as Lessor, and CITY OF SEDONA, as Lessee (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease.)

In accordance with the terms of the Escrow Agreement, dated July 13, 2023 (the "*Escrow Agreement*") by and among ZIONS BANCORPORATION, N.A., a national banking association ("*Lessor*"), CITY OF SEDONA ("*Lessee*") and ZIONS BANCORPORATION, National Association, (the "*Escrow Agent*"), the undersigned hereby requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow Agreement for the following purposes:

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

The undersigned hereby certifies as follows:

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

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

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

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

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

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

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

(vii) No material adverse change in Lessee's financial condition shall have occurred since the date of the execution of the Lease.

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

Dated: _____

By: _____
Authorized Representative

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

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

By: _____
Name: _____
Title: _____



City of Sedona Proclamation Request Form

Full Name of Contact Person	Savannah Sandoval
Contact Phone Number	928-203-5128
Contact Mailing Address	102 Roadrunner Drive, Sedona, AZ 86336
Contact Email Address	ssandoval@sedonaaz.gov
Group, Organization, Activity or Event Being Recognized (Please make sure you provide complete and current information about the group or event)	COS - Public Transit
Website Address (if applicable)	
Name of the sponsor(s) of the Proclamation (2 Council members or the City Manager)	Karen Osburn
What is the proclaimed day, days, week or month? (e.g. 10/11/12, October 11-17, 2012, October 2012)	June 27, 2023
Would you like to attend a Council meeting for formal presentation of the Proclamation or would you like to pick it up?	☐ Presentation at Meeting ☒ Pick up Proclamation
If you would like the Proclamation presented at a Council meeting, please provide the full name and contact information (phone number and email address) of the party who will accept it on behalf of the group.	

Provide information about the organization/event including a mission statement, founding date, location and achievements.

Please explain why this Proclamation and any events accompanying it are important to the Community and are consistent with the City's vision statement and Community Plan goals. What is the clear reason for the Proclamation and why are you requesting this honor? What activities/events are planned around this Proclamation and how do you plan to promote this to the community?

The city would like to apply for the Safe Streets for All ("SS4A") Grant through the U.S. Department of Transportation. This grant emphasizes the need to establish safe streets to prevent roadway deaths and serious injuries. The Bipartisan Infrastructure Law (BIL) has appropriated \$5 billion in funds over 5 years, 2022-2026. This proclamation will support future Actions Plans. SS4A required an eligible Action Plan to be in place before applying to implement projects and strategies.

Please include a draft of the proposed Proclamation with this request, preferably a Word file in electronic format.

**Office of the Mayor
City of Sedona, Arizona**



**Zero Traffic Deaths Goal
June 27, 2023**

WHEREAS, Sedona has experienced 710 vehicle accidents between 2017 and 2021, resulting in 150 injuries and 5 fatalities; and

WHEREAS, City of Sedona adopted the Transportation Master Plan (TMP) that identifies solutions to eliminate or reduce the congestion, enhance mobility, and improve safety needs for all road users; and

WHEREAS, multiple plans have focused on the need for improvements to traffic safety, including, GO! Sedona Pathways Plan and the Sedona Trails and Pathways System (ST&PS); and

WHEREAS, City of Sedona, alongside the U.S. Department of Transportation is committed to achieving the goal of zero fatalities and serious injuries in the roadway; and

NOW, THEREFORE, I, SCOTT JABLOW, MAYOR OF THE CITY OF SEDONA, ARIZONA, ON BEHALF OF THE SEDONA CITY COUNCIL, is devoted to the ambitious long-term goal of reaching zero roadway fatalities by 2028.

Issued this 27th day of June, 2023.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk



CITY COUNCIL AGENDA BILL

AB 2968
June 27, 2023
Regular Business

Agenda Item: 8a

Proposed Action & Subject: Discussion/possible action regarding the approval of a Resolution approving a new Collection Agreement between the City of Sedona and the US Forest Service allowing the City to provide funding to the US Forest Service for construction, improvements, and maintenance of the non-motorized trail system in and around the Sedona area. USFS staff will also provide a program update and report of accomplishments for this program.

Department City Manager's Office

Time to Present 15 minutes

Total Time for Item 30 minutes

Other Council Meetings October 23, 2018

Exhibits

- A. 2024 Collection Agreement City and USFS
- B. FY2024 Scope of Work
- C. FY2024 Collection Agreement Financial Plan
- D. 2023 RRRD Trails Accomplishment Report
- E. Resolution for IGA Collection Agreement With USFS

City Attorney Approval	Reviewed 6/19/23 KWC	Expenditure Required
		\$ 60,000
City Manager's Recommendation	Approve a Resolution authorizing the City to enter into an IGA Collection Agreement with the US Forest Service.	Amount Budgeted
		\$ 60,000 (FY24 Proposed Budget amount)
		Account No. 10-5245-09-6405 (Description) (Professional Services – General Services Sustainability Division)
		Finance Approval ☒

Background: Since the late 1990's, the Forest Service, U.S. Department of Agriculture, Coconino National Forest (USFS), and the City of Sedona have worked together to accomplish the goals of the City's Trails and Urban Pathways Plan and the Forest Service Amendment 12 and improve and maintain the non-motorized trail system located on National Forest System lands adjacent to the City of Sedona.

The USFS wishes to renew the agreement with the City of Sedona that allows for work of mutual benefit on the trail system that surrounds the community. The current agreement expires on October 23, 2023. The purpose of the agreement is to continue the City of Sedona's partnership with the USFS to improve and maintain the non-motorized trail system located on Forest lands adjacent to the City of Sedona.

During the past two decades, the City and USFS have worked together on numerous trail and trailhead projects that have resulted in the trail system that exists today. This trail system benefits the residents' health and welfare along with the City's tourism economy. Under this new collection agreement, the USFS and City will continue to collaborate on projects that meet the needs of the City's residents and visitors for access to and use of the public land trail system.

Future work under this partnership is intended to be used to fund the maintenance of non-motorized trails in and around the Sedona City limits, management of a trail maintenance volunteer program, planning and oversight of trail maintenance volunteer work events, and supervision of volunteer trail patrollers and ambassadors.

Type of agreement: Collection Agreement.

Term: Five years.

The Financial Plan and Scope of Work for fiscal year 2024 are attached as Exhibits B and C and will be approved as part of this agenda item. The Financial Plans and Scopes of Work for each of the subsequent four years of the Master Collection Agreement will be approved annually by the City Manager. The USFS will provide the City with a written annual accomplishment report, including a summary of expenditures, and proposed Scope of Work for each year of the agreement. Annual reporting is due to the City by September 30th of each year. The anticipated work for FY24 includes maintenance and repair of portions of the Dry Creek, Carrol Canyon, Thunder Mountain, Sugarloaf, Hangover/Huckaby, Western Gateway, Hogs, Chapel, and Bell Rock areas. This work will be accomplished by the district trail crew and volunteers. Last year's accomplishment report is attached as Exhibit D.

The intention of this agreement is for the USFS and the City to cooperatively fund the aforementioned future work with eight resource specialists (two trail crew supervisors and six trail recreation technicians) for 1,010 work days. The Agreement provides for the City to convey \$60,000.00 to the USFS for the following:

- \$59,195.00 to support management, supervision, planning and oversight of trail maintenance volunteer program
- \$805.00 for miscellaneous supplies.

The last several agreements have been City-funded in the amount of \$40,000. Since it has been at least a decade since this amount has been increased, staff and the USFS are requesting the annual funding amount be increased to \$60,000. In the previous agreement the City contribution of \$40,000 represented a 50%/50% cost share with the USFS. The proposed agreement includes \$60,000.00 from the City, which represents an approximate 30%/70% cost share with the USFS who will provide the other 70% to fund this program.

The City Council and City's Citizen Budget Work Group during their budget workshops all endorsed and supported the allocation of this funding for this purpose. This funding will be included in the Fiscal Year 2024 budget, proposed for adoption on August 8, 2023.

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

In the Climate Action Plan, transportation related desired actions included bike/pedestrian infrastructure, and reduced congestion. Identified strategies include developing and

maintaining a safe, convenient, and effective system for walking, biking, and other active forms of transportation. This project addresses those desired actions and strategies.

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

Alternative(s): don't participate with the USFS with trail improvements and maintenance.

[REDACTED]

I move to: approve Resolution 2023-__ authorizing the entering into of the IGA Collection Agreement between the City of Sedona and the US Forest Service.



FS Agreement No. _____

Cooperator Agreement No. _____

COLLECTION AGREEMENT
Between The
CITY OF SEDONA
And The
UNITED STATES DEPARTMENT OF AGRICULTURE,
U.S. FOREST SERVICE
COCONINO NATIONAL FOREST

This COLLECTION AGREEMENT is hereby entered into by and between the City of Sedona, hereinafter referred to as “The City”, and the United States Department of Agriculture (USDA), Forest Service, Coconino National Forest, hereinafter referred to as the “U.S. Forest Service,” under the provisions of the Cooperative Funds Act of June 30, 1914 (16 U.S.C. 498 as amended by Pub. L. 104-127),.

Background: The City and the U.S. Forest Service have partnered to manage the non-motorized urban trail system within the Sedona area for nearly two decades. Past projects include several miles of trail construction, maintenance and signing, trailhead construction and maintenance, and environmental review. Both parties intend to continue to work together to meet the needs of City residents and area visitors for access to, and use of, the public lands trail system. A new agreement is needed to replace the one that expires on October 23, 2023.

Title: Sedona Urban Trails V

I. PURPOSE: The purpose of this agreement, and incorporated Financial Plan, is to document the voluntary contribution of funds from The City to the U.S. Forest Service to continue our partnership efforts to provide non-motorized trail opportunities for City residents and visitors to public lands within and surrounding the Sedona area.

II. THE CITY SHALL:

- A. LEGAL AUTHORITY. The City shall have the legal authority to enter into this agreement, and the institutional, managerial, and financial capability to ensure proper planning, management, and completion of the project, which includes funds sufficient to pay the nonfederal share of project costs, when applicable.
- B. Perform in accordance with the Financial Plan.
- C. Upon presentation of a Bill for Collection, deposit with the U.S. Forest Service the amount agreed to in the Financial Plan.



- D. Provide additional funding each year of the Agreement, if funds are available and approved by the City Council, for the continued urban trail maintenance, construction, reconstruction, restoration, or other trail improvements within the Sedona area as proposed by the U.S. Forest Service. The City's fiscal year cycle is July 1 to June 30 of each year.

III. THE U.S. FOREST SERVICE SHALL:

- A. ADVANCE BILLING. The maximum total cost liability to the The City for this agreement is \$60,000 per year. The U.S. Forest Service shall bill The City prior to commencement of work for deposits sufficient to cover the estimated costs (including overhead) for the specific payment period. Overhead shall not be assessed.

Billing Method: A single lump sum advance bill

Billing must be sent to:

J. Andy Dickey, Deputy City Manager
City of Sedona
102 Roadrunner Dr.
Sedona, AZ 86336

- B. Perform in accordance with the attached Financial Plan (Attachment A) and proposed Scope of Work (SOW; Attachment B).
- C. Provide all personnel, equipment, and contracting services necessary to complete all work funded under this Agreement.
- D. Provide The City with a written annual accomplishment report, including the summary of expenditures, and a proposed SOW for each year of the agreement for urban trails within the Sedona area. Reporting is due to The City by September 30 of each year.
- E. If requested, provide an oral presentation to The City of the annual accomplishments, and plans for the following years' trail work under this Agreement.
- F. If requested, provide detailed financial documentation of all expenditure of funds provided by The City under this Agreement.

IV. IT IS MUTUALLY AGREED AND UNDERSTOOD BY AND BETWEEN THE PARTIES THAT:

- A. PRINCIPAL CONTACTS. Individuals listed below are authorized to act in their respective areas for matters related to this agreement.

Principal Cooperator Contacts:



Cooperator Program Contact	Cooperator Administrative Contact
Name: J. Andy Dickey, Deputy City Manager, City of Sedona Address: 102 Roadrunner Dr. City, State, Zip: Sedona, AZ, 86336 Telephone: (928) 203-5039 FAX: Email: adickey@sedonaaz.gov	Name: Address: City, State, Zip: Telephone: FAX: Email:

Principal U.S. Forest Service Contacts:

U.S. Forest Service Program Manager Contact	U.S. Forest Service Administrative Contact
Name: Kevin Kuhl, Assistant Recreation Staff Officer, Coconino NF, Red Rock Ranger District Address: 8375 AZ-179 City, State, Zip: Sedona, AZ, 86351 Telephone: (928) 203-7519 FAX: Email: kevin.kuhl@usda.gov	Name: Address: City, State, Zip: Telephone: FAX: Email:

- B. **REFUNDS**. Funds collected in advance by the U.S. Forest Service, which are not spent or obligated for the project(s) approved under this agreement, may be refunded to The City, authorized for use for a new agreement by The City, or waived by The City. A Data Universal Numbering System (DUNS) number and registration in the System for Award Management (SAM) by The City may be necessary to process a refund. Due to processing costs, any balance less than \$25 shall not be refunded to The City.
- C. **PUBLIC NOTICES**. It is the U.S. Forest Service's policy to inform the public as fully as possible of its programs and activities. The City is/are encouraged to give public notice of the receipt of this agreement and, from time to time, to announce progress and accomplishments. Press releases or other public notices should include a statement substantially as follows:

"The Red Rock Ranger District of the Coconino National Forest, U.S. Forest Service, Department of Agriculture, and the City of Sedona are working together to maintain and improve local trails..."

The City may call on the U.S. Forest Service's Office of Communication for advice regarding public notices. The City is/are requested to provide copies of notices or announcements to the U.S. Forest Service Program Manager and to the U.S. Forest Service's Office of Communications as far in advance of release as possible.



- D. FREEDOM OF INFORMATION ACT (FOIA). Public access to agreement records must not be limited, except when such records must be kept confidential and would have been exempted from disclosure pursuant to Freedom of Information regulations (5 U.S.C. 552). Requests for research data are subject to 2 CFR 215.36.

Public access to culturally sensitive data and information of Federally-recognized Tribes may also be explicitly limited by P.L. 110-234, Title VIII Subtitle B §8106 (2009 Farm Bill).

- E. PARTICIPATION IN SIMILAR ACTIVITIES. This agreement in no way restricts the U.S. Forest Service or The City from participating in similar activities with other public or private agencies, organizations, and individuals.
- F. ENDORSEMENT. Any of The City's contributions made under this agreement do not by direct reference or implication convey U.S. Forest Service endorsement of The City's products or activities and does not by direct reference or implication convey The City's endorsement of the Forest Service products or activities.
- G. NOTICES. Any communication affecting the operations covered by this agreement by the U.S. Forest Service or The City will be sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax, as follows:

To the U.S. Forest Service Program Manager, at the address specified in the agreement.

To The City, at The City's address shown in the agreement or such other address designated within the agreement.

Notices are effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

- H. COLLABORATION. The U.S. Forest Service and The City may mutually agree to collaborate in the review of draft publications, interpretive signs, manuscripts, and other printed material and audiovisuals prior to completion. This agreement, in and of itself, does not authorize The City's participation in the project.
- I. PROPERTY IMPROVEMENTS. Improvements placed by The City on National Forest System land at the direction or with the approval of the U.S. Forest Service become property of the United States. These improvements are subject to the same regulations and administration of the U.S. Forest Service as would other national forest improvements of a similar nature. No part of this agreement entitles The City to any interest in the improvements, other than the right to use them under applicable U.S. Forest Service regulations.



- J. PURCHASE OF ASSETS. Any assets (such as equipment, property, or improvements) purchased by the U.S. Forest Service with The City's contributions shall become the property of the U.S. Forest Service.
- K. TERMINATION FOR COLLECTION AGREEMENTS. Either party, in writing, may terminate this agreement in whole, or in part, at any time before the date of expiration. The U.S. Forest Service shall not incur any new obligations for the terminated portion of this agreement after the effective date of termination and shall cancel as many obligations as possible. Full credit must be allowed for U.S. Forest Service expenses and all non-cancelable obligations properly incurred up to the effective date of termination.
- L. DEBARMENT AND SUSPENSION. The City shall immediately inform the U.S. Forest Service if they or any of their principals are presently excluded, debarred, or suspended from entering into covered transactions with the Federal Government according to the terms of 2 CFR Part 180. Additionally, should The City or any of their principals receive a transmittal letter or other official Federal notice of debarment or suspension, then they shall notify the U.S. Forest Service without undue delay. This applies whether the exclusion, debarment, or suspension is voluntary or involuntary.
- M. MODIFICATIONS. Modifications within the scope of this agreement must be made by mutual consent of the parties, by the issuance of a written modification signed and dated by all properly authorized, signatory officials, prior to any changes being performed. Requests for modification should be made, in writing, at least 30 days prior to implementation of the requested change. The U.S. Forest Service is not obligated to fund any changes not properly approved in advance.
- N. COMMENCEMENT/EXPIRATION DATE. This agreement is executed as of the date of the last signature, and is effective through five years at which time it will expire. The expiration date is the final date for completion of all work activities under this agreement.
- O. AUTHORIZED REPRESENTATIVES. By signature below, each party certifies that the individuals listed in this document as representatives of the individual parties are authorized to act in their respective areas for matters related to this agreement. In witness whereof, the parties hereto have executed this agreement as of the last date written below.

 ,

 Date

 AARON MAYVILLE, Forest Supervisor
U.S. Forest Service, Coconino National Forest

 Date



The authority and format of this agreement have been reviewed and approved for signature.

Date

U.S. Forest Service Grants Management Specialist

Burden Statement

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0217. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call toll free (866) 632-9992 (voice). TDD users can contact USDA through local relay or the Federal relay at (800) 877-8339 (TDD) or (866) 377-8642 (relay voice). USDA is an equal opportunity provider and employer.



SCOPE OF WORK

Funding (\$60,000.00) will be used to fund Forest Service trail crews to perform the following work under Forest Service technical oversight within the Red Rock Ranger District in the vicinity of Sedona and the Village of Oak Creek:

- Maintenance of non-motorized trails within the City of Sedona city limits
Conduct annual maintenance on trails, trailheads, and trail signage in the portion of the Coconino National Forest within city limits. Trail maintenance includes clearing, rocking, brushing, drainage, tread regrading, and repairs to trail structures. Sign maintenance includes replacing damaged or missing signs and posts, refurbishing old signs, graffiti removal, and installation of new signs and kiosks where needed. Trail locations include portions of the Dry Creek, Carrol Canyon, Thunder Mountain, Sugarloaf, Hangover/Huckabee, Western Gateway, Hogs, Chapel, and Bell Rock areas. This work will be accomplished by the district trail crew and volunteers.
- Management of the trail maintenance volunteer program
Provide training, oversight, logistics support, and project priorities for trail maintenance volunteers from the Sedona area.
- Planning and oversight of trail maintenance volunteer work events
Organize and lead at least 10 volunteer trail maintenance events during the winter trail season.
- Supervision of volunteer trail patrollers and ambassadors
Training and oversight of volunteer trail patrollers who collect information on maintenance needs and assist with providing information to trail users about trail etiquette and safety.



Burden Statement

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Attachment AForest Service Agreement # Cooperator Agreement # **Collection Agreement Financial Plan
Cooperator and FS Contributions**

COST ELEMENTS and related data				Cooperator Contribution	FS Non-Cash Contribution	
Line Item Cost Subtotals				Subtotal	Subtotal	Combined Subtotals
PERSONNEL						
Resource Specialists (List all personnel):	# of Days	\$/Day				
GS-7 Trail Crew Supervisor	20.00	\$259.21	\$5,184.20			\$5,184.20
GS-5 Recreation Technician (Trails) 1	130.00	\$150.03	\$19,503.90			\$19,503.90
GS-5 Recreation Technician (Trails) 2	100.00	\$150.03	\$15,003.00			\$15,003.00
GS-5 Recreation Technician (Trails) 3	130.00	\$150.03	\$19,503.90			\$19,503.90
GS-7 Trail Crew Supervisor	240.00	\$259.21		\$62,210.40		\$62,210.40
GS-5 Recreation Technician (Trails) 4	130.00	\$150.03		\$19,503.90		\$19,503.90
GS-5 Recreation Technician (Trails) 5	130.00	\$150.03		\$19,503.90		\$19,503.90
GS-5 Recreation Technician (Trails) 6	130.00	\$150.03		\$19,503.90		\$19,503.90
Subtotal, Personnel:	1,010.00		\$59,195.00	\$120,722.10		\$179,917.10
TRAVEL						
Explanation of trips: From Where/To Where/For Whom	Vehicle Mileage Cost	# of Miles	PerDiem and Lodging			
				\$0.00		\$0.00
Vehicle #4116	\$0.50	3,000.00	\$0.00		\$1,500.00	\$1,500.00
Subtotal, Travel:	\$0.50	3,000.00	\$0.00	\$0.00	\$1,500.00	\$1,500.00
EQUIPMENT						
Name and Type of Equipment:	Unit Cost	Quantity				
				\$0.00		\$0.00
					\$0.00	\$0.00
Subtotal, Equipment:	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00
SUPPLIES						
Name and Type of Supplies:	Unit Cost	Quantity				
Work gloves	\$15.23	40.00	\$609.20			\$609.20
Eye Protection	\$9.79	20.00	\$195.80			\$195.80
Set trail tools (lopper, pruning saw, mattock)	\$150.00	5.00		\$750.00		\$750.00
Subtotal, Supplies:	\$175.02	65	\$805.00	\$750.00		\$1,555.00

CONTRACTUAL				
Describe Contracts that will most likely result from this project:				
				\$0.00
				\$0.00
Subtotal, Contractual:		\$0.00	\$0.00	\$0.00
OTHER				
Describe Other Costs of the Project:				
				\$0.00
				\$0.00
Subtotal, Other:		\$0.00	\$0.00	\$0.00
TOTAL DIRECT CHARGES		\$60,000.00	\$122,972.10	\$182,972.10
OVERHEAD ASSESSMENT (if applicable, see FSH 1909.13)	Insert Rate Here:	10.0%		
			\$12,297.21	
Total Party Costs		\$60,000.00	\$135,269.31	\$195,269.31
COST ELEMENTS SUBJECT TO NATIONAL PASS-THROUGH RATES			Cooperator Contribution	
TOTAL CHARGES		\$0.00		
OVERHEAD ASSESSMENT (if applicable, see FSH 1909.13)	Insert Rate Here:	0.0%		
				\$0.00
Total Pass-Through Costs		\$0.00		
TOTAL PROJECT COSTS				\$195,269.31

Burden Statement

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Red Rock Ranger District Trails Accomplishment Report 2023 Field Season



The 2023 trails season, here on the Red Rock Ranger District, made for a highly successful and busy year. The Red Rock District has more than 400 miles of trails on the district with more than 300 miles in close proximity of the city of Sedona and the Village of Oak Creek. With more than three million visitors on the trails each year, the trail crew's work is vital to the recreational experience of all the different users on the trails. To many local businesses and residents, the trail system is the life blood of their businesses. The Forest Service, in collaboration with numerous volunteers, non-profit groups, and local governments, is dedicated to maintaining and enhancing trails throughout the district in a sustainable and safe manner that is uniquely tailored to the Sedona and Verde Valley area.

A special THANK YOU to all our partners, volunteer groups, and volunteer event sponsors including the Sedona Red Rock Trail Fund, Sedona Chamber of Commerce, Friends of the

Forest, Verde Valley Cyclists Coalition, City of Sedona, Beaver Creek Trails Coalition, Cornville Community Association, Yavapai County, Coconino County, and local businesses.

Summary of Accomplishments:

During the Fall 2022-Spring 2023 trail season, a combination of workers from the Forest Service, American Conservation Experience, Friends of the Forest, Verde Valley Cyclists Coalition, Beaver Creek Trails Coalition, Summit to Sea Trails Specialist LLC, and many other individual volunteers completed extensive maintenance improvements of non-motorized trails in the Red Rock Ranger District.

- **411** total miles of trail on the Red Rock Ranger District.
- **284** miles in the Sedona/Village of Oak.
- **215** miles of trail maintenance completed during the 2022 field season.
- **196.4** miles of trail brushed.
- **2206** ft. of retaining walls built and armoring.
- **1835** feet of tread work.
- **58** social trails naturalized.
- **1842** drainage structures newly constructed and/or maintained.
- **66** new cairns/signs installed.
- **35** old signs & old cairns removed.
- **2100** feet of fencing constructed.
- **197** trees logged out.
- **29,292** square feet restoration/naturalization.

- **560** volunteers (Friends of the Forest and public).
- **2957** total **volunteer hours** donated to district trail work.
- **\$94,032** total value of labor provided by volunteers during the trail season.
- **39** public trail work events with an average of **15** volunteers attending each event.



Red Rock Trail Crew Leads Meghan and Kelly

Crews – Forest Service, Volunteers, Partners

Forest Service Trail Crew (FS)

The Forest Service trail crew is made up of **one** trails coordinator, **one** trails foreman, and **13** season trail crew workers. The trail crew is responsible for directing work projects completed by volunteers, leading youth corps, and completing the backlog of deferred maintenance. The trail crew spends about **50%** of their time working with volunteers and partner organizations. The relationship with local volunteers allows the crew to integrate into the Sedona trail community, which creates a great working relationship with all of our volunteers. The FS hosted **39** public volunteer trail work events for projects in the Sedona area. The Forest Service crew completed a total of **215** miles of annual maintenance throughout the trail system in the 2023 field season. The crew spends most of the season doing basic maintenance on the trails, building, and reconstructing trails, and building/repairing sections of damaged trail due to monsoons. The crew also staffs public events and provides trail information and etiquette information to trail users. On an average day, the crew would make over **30** public contacts with trail users.



(Above) Roam Fest sponsored trail work event on Made in The Shade trail with a great turn out. (Below) “Cathedral Rock Renewal Project” trail closure volunteers comprised of Friends of the Forest and The Westerners with FS Trail Crew, assisted with educating visitors about the Cathedral Rock Trail Closure order.





Above: Friends of the Forest Trail Maintenance and Construction Crew logging out the trail corridor.

Below: The trail crew is busy November through April conducting volunteer trail events nearly every Thursday and Saturday, this event was on Mescal trail.





Youth Conservation Corps (ACE, AZCC, ALC)

Youth Conservation Corps make up an important workforce for the district by performing trail maintenance and heavy construction. All of these crews are funded out of grants that the district and its partners have put together or through Great American Outdoors Act funding. This year's focus area was continued heavy maintenance and reconstruction on the Cathedral Rock trail with American Conservation Experience (ACE). Total crew times consisted of 8 weeks of a 7 person ACE crew. The crews built over **700** feet of new fencing to delineate the trail, **320** ft. of rock armored stairs, and **5** rock armored drainage dips and rehabbed **800** square feet of social trails. This included planting **200** native seed balls cultivated with assistance from the RRRD Biologist to aid with restoration efforts. A total of **15** different youth workers assisted the trail crew during the season as part of the Corps skills training and education program.



ACE Crew constructing rock check steps on Cathedral Rock trail.





ACE assisting with rigging operations to gather material on Cathedral Rock trail. This is accomplished by using grip hoists, wire ropes, nylon straps, rock baskets, shackles, and pulleys to create mechanical advantage.



Friends of the Forest (FOF)

The FOF Trail Maintenance and Construction crew (TM&C) has a cadre of over **85** volunteers that work almost every other Friday of the year. Average attendance every Friday of the season was **11** participants that provided **880** hours of volunteer work on over **24** workdays dedicated to trail projects throughout the district. FOF TMC is often tasked with not only assisting with deferred trail maintenance but also more specialized projects like fencing and kiosk installation, signage projects, and logout.





Friends of the Forest logging out the trail corridor.



Friends of the Forest building signs and cairns around Bell Rock.



Friends of the Forest Crew building a retaining wall to fortify the trail.



Friend of the Forest trail maintenance crew provides a critical service in cutting back vegetation that is constantly encroaching on district trails and logging out trees.

Volunteer Workday Crews

Volunteer work events consist of local residents, members of local organizations including the Verde Valley Cycling Coalition (VVCC), Beaver Creek Trail Coalition (BCTC), Westerns, Sedona Chamber of Commerce, the Red Rock Trail Fund, and local businesses. We also receive sponsorships through some of these organizations and other entities for these events. This year we hosted over **15** public volunteer works events usually held on Thursday and Saturdays. The average attendance at the volunteer events was at least **15-20** and totaled over **2,077** volunteer hours. These events are a great way for us to show the community what trail work is all about and to get education out to the community. We are also very lucky that usually have lunch provided by our wonderful sponsors. Sponsors for this year included Sedona Red Rock Trail Fund, Verde Valley Cycling Coalition, Thunder Mountain Bicycles, City of Sedona, Trail Lovers, Wildland Trekking, Santa Cruz Bicycles, Pink Jeep, Enchantment Resort, Roam Fest, and Beaver Creek Trails Coalition. These newer trail work sponsors expanded the outreach of our events to their social media followers, customers, and employees which allowed for a deeper engagement within our community.



Forty-five volunteers participating in the “tailgate safety talk” before performing maintenance on the Baldwin area trails.



Volunteers are always excited to be out on the trails and giving back. Volunteers reconstructing drainage features on Bear Mountain trail. Volunteers getting treated to lunch and cold drinks after the events conclude.



Projects Completed

New Junction signs, Double Black Diamond signs, and Trail Blazing Technique

The Red Rock Trail continues to improve signage at more than 150 trail junctions. This is accomplished by updated old signage, refining signage locations, and including additional signage context like our new “Double Black Diamond” and “Preferred Directional Route” signage for bikers. We also experimented with using concrete stain to better mark steep down hill segments of slick rock where some mountain bike users may not understand the intended line for the user. This passively helps the user navigate technical terrain, limit trail widening, and improve the overall experience by using the stain to replicate tire marks on the rock.

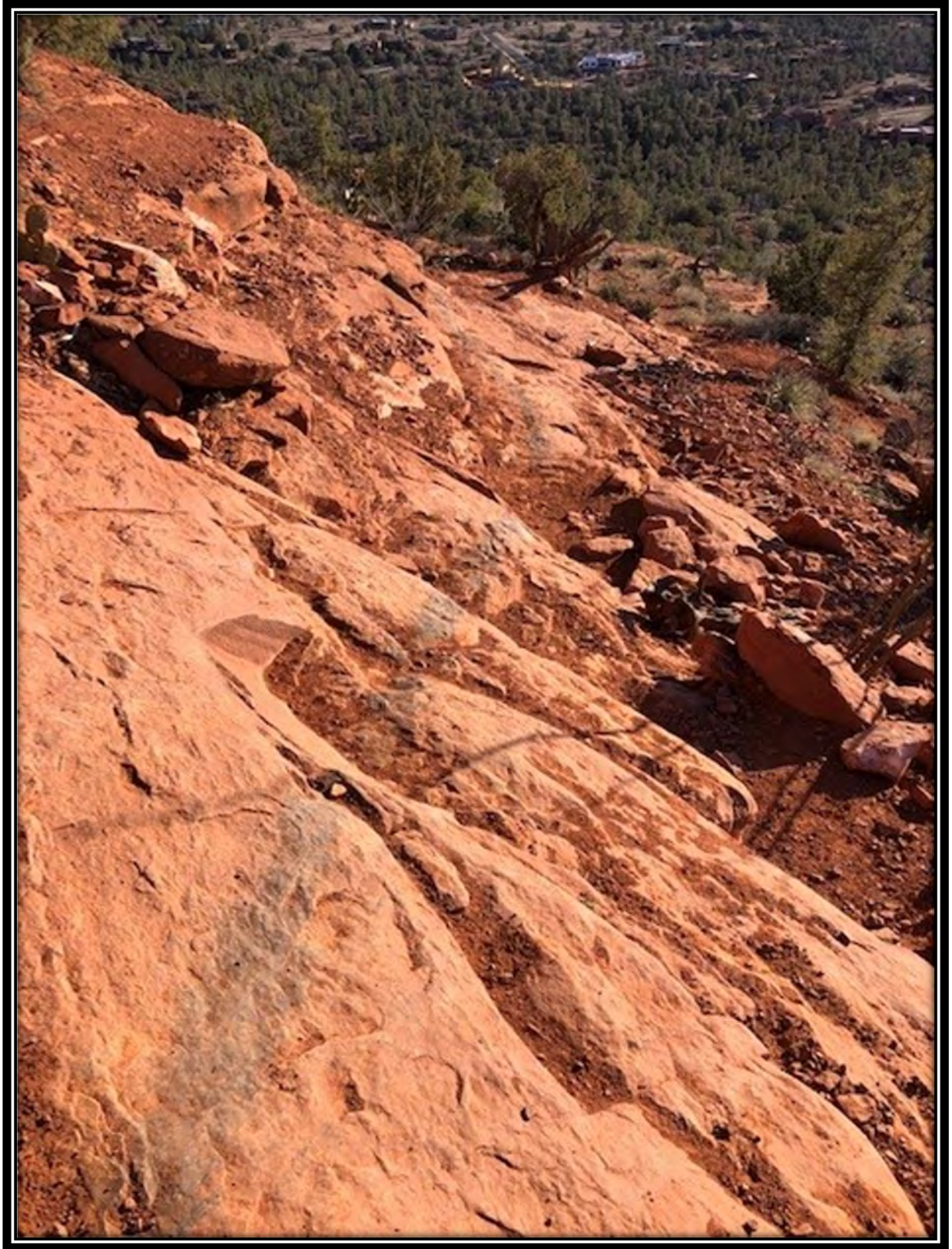




New "Double Black Diamond" trail signs to better educate users on type of trail experience one can expect within our unique trail systems and terrain.



New grey concrete stain being used to “blaze” the route on steep slick rock trails where users can follow quickly. This stain replicates the marks left by tires and acts a passive indicator to delineate the route. Look closely and you can see the dirt from tires following the line.

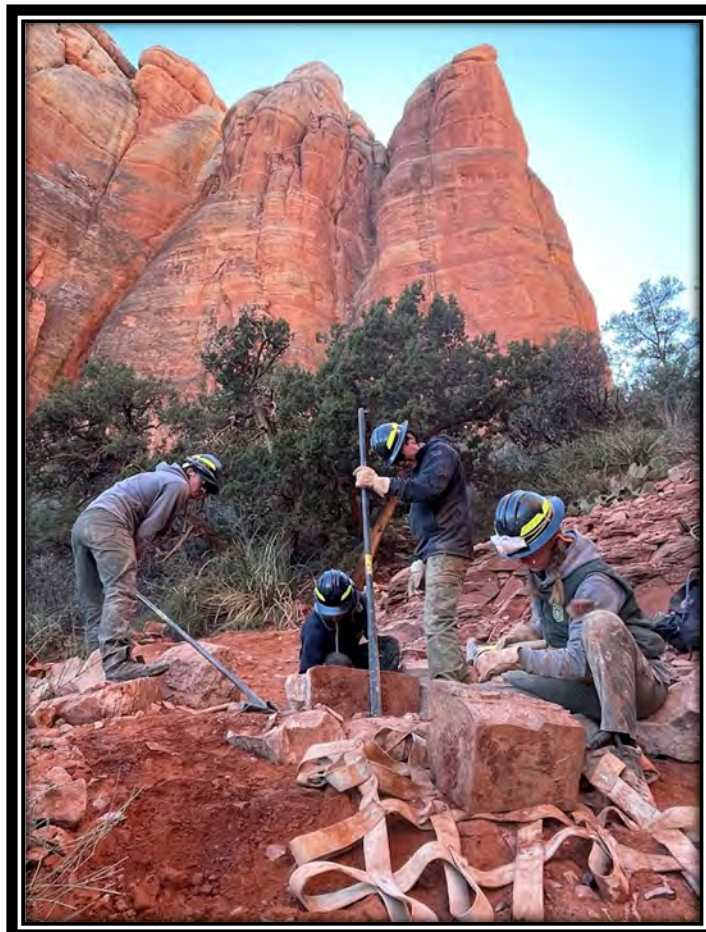


The new route blazing technique to show users the line and limit trail widening.

Cathedral Rock Phase IV

Deferred maintenance needs for the iconic Cathedral Rock Trail were addressed through funding from Great American Outdoors Act and from Red Rock Trail Fund. With this funding were able to secure 8 weeks of ACE crews and 6 weeks of professional contract trail crew Summit to Sea Trails Specialist LLC to assist with constructing armored rock check steps, retaining walls, armored drainage dips and construct 700 feet of fencing to delineate the trail in conjunction to restoration of social trails.

This entire project was further complimented by a partnership between Friends of Forest and The Westerners to educate users of the Forest Closure Order of Cathedral Rock Trail from February 1st until March 31st. This allowed for a safer and more efficient work site, and helped to better educate forest visitors of why the area was closed and what other recreational opportunities to explore. Both volunteer organizations teamed up in a minimum of pairs of two, staffing two locations, one at the trailhead and one at the Templeton/Cathedral Rock Trail junctions. These pairs worked a four-hour AM or PM shift alternating staffing locations to increase their engagement. Their cross coordination and logistically planning for this project was amazing and key to our success.





FS Trail Crew use a wide variety of tools to split and shape stone. These specialized tools include rock saws, masonry hammers, rock drills, and wedges.





New check steps and trail delineation fencing.



(Above) Crews constructing new checks steps and (Below) installing fencing.

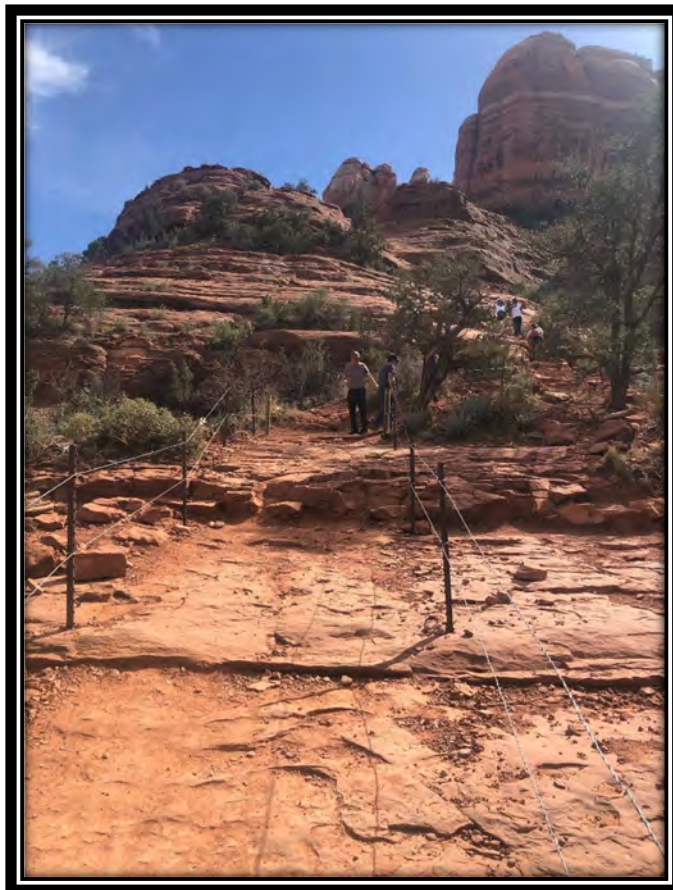




Summit to Sea Trails Specialists constructed this 30ft high retaining wall, installed check steps, and assisted with restoration of user created routes.

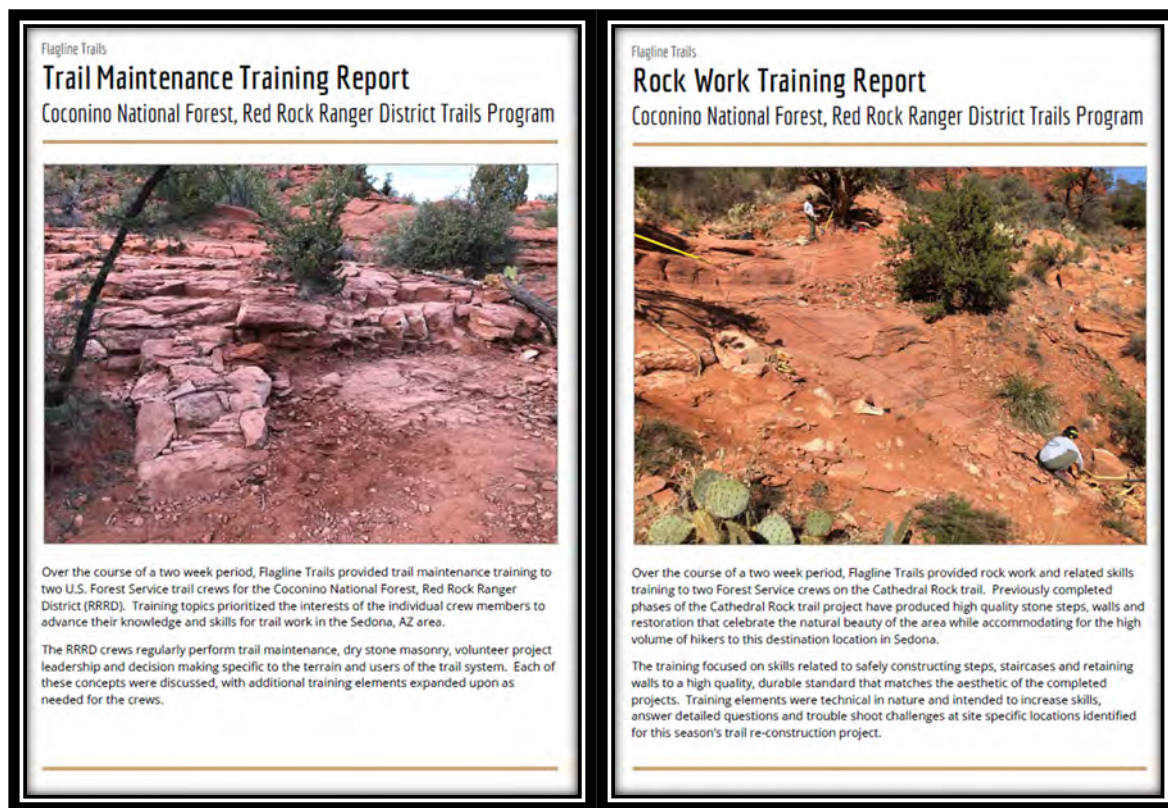


New fencing to better delineate the system trail and rock check steps to harden erosive soils.



Crew Training

New to this season was two separate trainings for the Red Rock Trail Crew. These two trainings focused on deferred maintenance and rigging/dry masonry. The first training assisted getting our crews up to speed on the Red Rock maintenance techniques and the theory behind why we do where we do it. This is an important and highly nuanced concept especially when working with so many volunteers. Being able to explain, show, and teach volunteers how to assist us with maintenance is a big part of our job especially with how closely we work with our local community. The second training taught our crews how to safely calculate working loads while rigging which utilizes grip hoists, wire ropes, pulleys, and mechanical advantage. Once building rock materials were harvested the crew learned how to use a wide variety of hand and power tools to shape and split these rocks. Finally, the crew learned how to layout complex project sites, accounting for rise over run among many other principles. These trainings help us build a better and safer work force and in addition further invests in our employees.



Training report cover sheets for comprehensive specialized training provided to FS Trail Crew and funded by SRRTF.



(Above) Trail Crew learning the theory behind our maintenance techniques. (Below) Trail Crew learning how to calculate loads and set up complex rigging operations. Both trainings were conducted by Flag Line Trails LLC.





Crews learning how to safely rig rock and another example of splitting techniques that were learned on the Cathedral Rock project.

Trail Maintenance Projects

Throughout the season the trail crew tackles deferred maintenance and special projects. The deferred maintained is typically comprised of brushing, logging out trails, drainage maintenance, signage, and small rock projects. Other special projects can be larger scale and require specialized tools like rock nets, rock bars, splitting tools etc. Here are a couple different projects the Red Rock Trail Crew worked on.



Crews assessed damage to the trails after the March snow event. 10+ inches of snow brought down hundreds of trees and large rock falls all around the Red Rock Ranger District.



New retaining walls and rock armored ramps.



Trail Crew constructed new retaining and restoration on Aerie trail.



Above-Before, Below-After





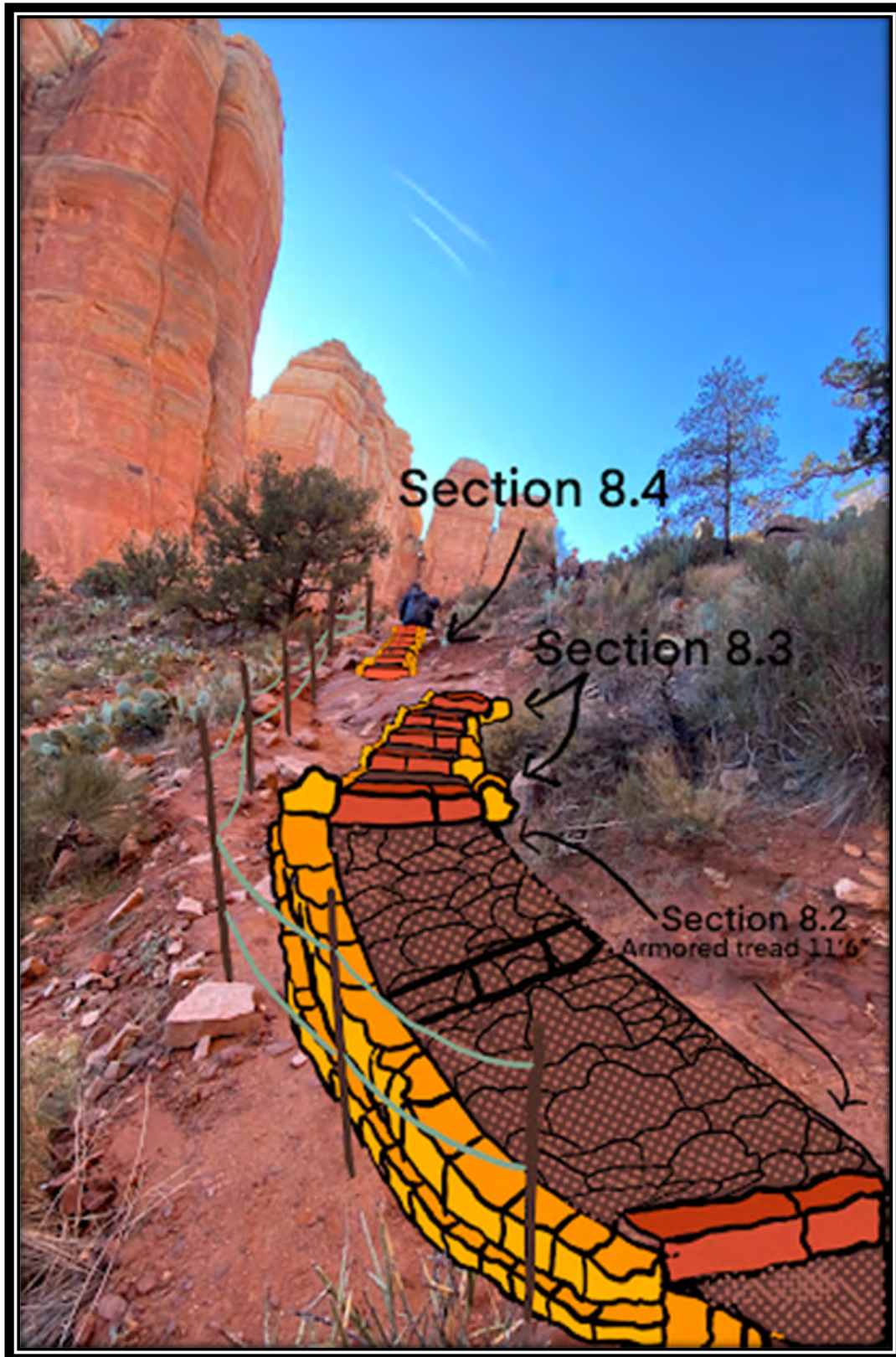
New buck and rail fencing to better delineate the system trail and reduce social trail use near the developed Huckaby trailhead.

Future Projects

Cathedral Rock Trail Phase IV

The SRRTF has submitted a grant with the National Forest Foundation to work on the final section of Cathedral Rock trail. This is the upper most portion of the trail just below the terminus. A combination of Forest Service, Summit to Sea Trails Specialist LLC, and Conservation Corp crews will complete 6 weeks of work constructing rock check steps, retaining walls, drainage structures and installing fencing. This will improve users experience, reduce resource damage and social trail creation, and fortify the tread on the iconic Cathedral Rock trail.

We are also planning a similar project on the first ½ mile of Soldiers Pass trail. This will include rock check step reconstruction, fencing and restoration, and improved drainage through the construction of rock backed water bars or rolling grade dips.



Concluding section of Cathedral Rock Trail to be completed Spring 2024



Failing rock check steps to be reconstructed near Soldiers Wash in Fall of 2023 (above).
Social trails and drainage needs along Soldiers Pass trail (below).



Red Rock Trails NEPA Expansion 2024-27

This project will improve the trail system near the Village of Oak Creek in the Turkey Creek area. Currently there is only one system trail, and this project will add ~35 miles of nonmotorized single track to this system through user adoption and new construction. Additional routes, Singletrack Bypass extension, Rector Connector Bypass, and Hardline, in the Village of Oak Creek area will increase connectivity and reduce user conflict. Oak Creek Elementary School singletrack trail project will build roughly three miles of trail on gentle flowing terrain and add trails in the community of Cornville that has limited access to this type of recreational opportunity. Doe Mountain Loop trail will adopt the user created perimeter trail on Doe Mountain. Scheurman Mountain connector increases the connectivity of the two systems of trails on either side of Red Rock Loop Road and reduces users entering Red Rock High School Property during school hours. NEPA is currently on going.

Trail Use Survey 2023-24

This project aims to gather existing relevant data, identify meaningful metrics, develop a sampling/measurement methodology, implement the methodology and determine current trail recreation use. Non-motorized trail use is the largest dispersed type of use on the district and a challenge to measure. This use is the focus of this project. In 2015 the FS undertook a comprehensive assessment of non-motorized trail use and determined the total and by trail amount of use. Seven years and one pandemic later an updated count is needed to assist FS management. Surveying is currently ongoing and will conclude in 2024.

Trail Condition Survey

The SRRTF is funding a comprehensive TMO Trail Condition Survey to inform how the district plans maintenance needs for its 5-year trails planning and influence how it will complete much needed maintenance on different systems of trails based on a myriad of factors. The Red Rock Ranger District has been working with Flag Line Trails specialists to create survey protocol and identify which trails are included in this project. All surveys and reports are expected to be done and submitted by the end of calendar year 2023.



Forest Service hosting a site visit with Flag Line Trails and SRRTF donors to discuss Comprehensive Trail Condition Assessment Project (2022).



RESOLUTION NO. 2023-__

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING A COLLECTION AGREEMENT WITH USDA, U.S. FOREST SERVICE, COCONINO NATIONAL FOREST, FOR MANAGEMENT OF NON-MOTORIZED URBAN TRAIL MAINTENANCE, CONSTRUCTION, AND RELATED PROJECTS SERVING RESIDENT AND VISITOR ACCESS TO THE TRAIL SYSTEM.

WHEREAS; the City of Sedona ("City") and the USDA, U.S. Forest Service, Coconino National Forest ("USFS") have partnered to manage the non-motorized urban trail system within the Sedona, Arizona, area, to meet the needs of the residents and visitors through a collection agreement that identifies voluntary funding by the City and projects for the trail system; and

WHEREAS; the previous five-year agreement expires on October 23, 2023; and

WHEREAS; the City and the USFS desire to continue the collection agreement as set out in FS Agreement; and

WHEREAS; the funding of the agreement would be as set out in the accompanying Financial Plan.

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

The City of Sedona, through its Mayor and Council, hereby approves the Collection Agreement with the USFS for voluntary contribution of funds by the City for construction, maintenance, and related project costs for the urban trail system, and authorizes the Mayor to execute said agreement on behalf of the City of Sedona, Arizona.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 27th day of June, 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 2861
June 27, 2023
Regular Business

Agenda Item: 8b

Proposed Action & Subject: Discussion/possible direction/action regarding the City's lobbyist contract, State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.

Department	City Manager
Time to Present	15 Minutes
Total Time for Item	30 Minutes
Other Council Meetings	January 24, 2023; February 14, 2023; February 28, 2023; March 14, 2023; March 28, 2023, April 11, 2023
Exhibits	None

City Attorney Approval	Reviewed 6/19/2023 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	For discussion and direction only.	Amount Budgeted
		\$ N/A
		Account No. N/A (Description)
		Finance ☒ Approval

SUMMARY STATEMENT

Background: During the course of the State Legislative Session, many bills are introduced that have a potential impact on the City of Sedona. The League of Arizona Cities and Towns, the City's legislative advocate and City staff routinely monitor bills of interest as they progress through the legislative process.

This item is scheduled to provide a summary update on relevant bills and the State budget, to answer questions that the City Council may have regarding any individual bill or the budget as the legislative session comes to a close.

This item is also scheduled to allow City Council to discuss the City's contract with its lobbyists.

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

Board/Commission Recommendation: ☐Applicable - ☒Not Applicable

Alternative(s): None

MOTION

I move to: for presentation and direction purposes only.



**CITY COUNCIL
AGENDA BILL**

**AB 2964
June 27, 2023
Regular Business**

Agenda Item: 8c

Proposed Action & Subject: Discussion/possible action regarding a Resolution authorizing the City of Sedona to enter into a development agreement with MKC Holdings, LLC, for the development of a multi-family project at 10 Navajo Drive with lease term restrictions and City contributions for construction of a Shared Use Path though the project site.

Department Community Development

Time to Present 5 minutes

Total Time for Item 20 minutes

Other Council Meetings N/A

Exhibits
A. Resolution
B. Development Agreement
C. Navajo Lofts Site Plan

City Attorney Approval	Reviewed 6/19/23 KWC	Expenditure Required \$ 300,000 (Contribution to construction of shared use path after completed and not likely to be completed in FY24)
City Manager's Recommendation	Approve a Resolution authorizing the City of Sedona to enter into a Development Agreement with MKC Holdings, LLC, for the development of a multi-family project at 10 Navajo Drive with lease term restrictions and City contributions for construction of a Shared Use Path though the project site.	Amount Budgeted \$ 325,000 (estimated as FY26 in 10-year CIP Plan) Account No. (Description) SIM-11a – Rodeo to Dry Creek SUP – Streets & Parks Development Impact Fee Funds Finance Approval ☒

SUMMARY STATEMENT

Background:

Ensuring an adequate supply of affordable housing in Sedona is a key interest of City Council, established for years as a Council priority area. In the citizen survey conducted in Fall 2017, 63% of the respondents rated the availability of affordable quality housing in Sedona as poor. In the same National Citizen Survey conducted in 2020, 73% of respondents rated the availability of affordable quality housing as poor. The situation has only become more dire since then. In the 2022 National Citizen Survey only 6% of respondents rated the availability of affordable quality housing as excellent or good.

From incorporation until 2017, residential densities in the City were limited to a maximum of 12 units per acre. In 2017, City Council approved a Major Community Plan text amendment, supporting the consideration of densities that exceed 12 units per acre if the project includes strategies for achieving housing diversity, affordability, and availability to address local housing needs. While various projects have been considered under this allowance for increased density, only one has been constructed (Pinon Lofts), with another one approved and moving through the permitting process (Sunset Lofts).

The City now has another project that seeks to use this allowance for density to exceed 12 units per acre – Navajo Lofts, under development by the same owner as Pinon Lofts and Sunset Lofts. The project is located on approximately 4.5 acres at 10 Navajo Drive (APN 408-24-536B). The project is zoned commercial (CO) and has 60 townhouse/duplex units for an overall density of 13.3 units per acre. To permit this density, the property owner is proposing a development agreement that would restrict the initial lease term to a minimum of 90 days and not permit short term rentals.

Separate from the rental restriction, the project site is identified in the GO! Sedona Pathways Plan as a location for a future shared use path. The site plan for the project includes a shared use path easement and the developer has agreed to construct this pathway with the City paying the first \$300,000 of the cost with any cost above \$300,000 being split equally between the City and the developer. The City Engineer has reviewed the proposed shared use path, and based on the cost to the City to construct similar paths, believes this to be a reasonable cost.

The Planning and Zoning Commission reviewed and unanimously approved the Development Review application for this project on February 15, 2022. The approved site plan is included as Exhibit C and the entire application and project plans can be reviewed online at the following link:

<https://www.sedonaaz.gov/your-government/departments/community-development/projects-and-proposals/navajo-lofts>

To address the density of the project, Planning and Zoning Commission's approval included the following condition:

- The applicant shall submit a development agreement to address the availability of the units for long term rental for Staff review and City Council approval. At a minimum, this development agreement shall contain provisions for minimum lease terms and a prohibition on short term rentals. A development agreement shall be approved by Sedona City Council prior to the issuance of the first building permit for this project.

The applicant is now going through the building permit review for this project. Prior to permit issuance, the development agreement must be approved by City Council.

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

The Sustainability Department reviewed the Development Review application for Navajo Lofts, and it was found to be consistent with the adopted plans. Construction of higher density multifamily housing and additional shared use paths are in line with the Climate Action Plan and Sustainability goals.

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

The Planning and Zoning Commission unanimously approved the Navajo Lofts project on February 22, 2022, with a condition that the applicant enter into a development agreement with the City with provisions for minimum lease terms and a prohibition on short term rentals.

Alternative(s): None

MOTION

I move to: approve Resolution 2023-__ authorizing the City of Sedona to enter into a Development Agreement with MKC Holdings, LLC, for the development of a multi-family project at 10 Navajo Drive with lease term restrictions and City contributions for construction of a Shared Use Path through the project site.

RESOLUTION NO. 2023-__

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING A DEVELOPMENT AGREEMENT WITH MKC HOLDINGS, LLC, FOR THE DEVELOPMENT OF A MULTI-FAMILY PROJECT AT 10 NAVAJO DRIVE WITH LEASE TERM RESTRICTIONS AND CITY CONTRIBUTIONS FOR CONSTRUCTION OF A SHARED USE PATH THOUGH THE PROJECT SITE.

WHEREAS, the City is authorized pursuant to A.R.S. 9-500.05 to enter into development agreements with businesses or landowners located in the City.

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

Section 1. That it is deemed in the best interest of the City of Sedona and its citizens that the City enter into a Development Agreement with MKC Holdings, LLC, which provides for lease term restrictions for a multi-family development and a financial contribution from the City towards the construction of a public shared use path located at 10 Navajo Drive, Sedona, Arizona.

Section 2. That the Mayor is authorized and directed to execute and deliver said agreement on behalf of the City of Sedona.

ADOPTED AND APPROVED by the Mayor and Council of the City of Sedona, Arizona, this 27th day of June, 2023.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

**DEVELOPMENT AGREEMENT
BETWEEN
CITY OF SEDONA AND MKC HOLDINGS, LLC**

This Development Agreement ("Agreement") is effective as of the _____ day of _____, 2023 ("Effective Date"), by and between the CITY OF SEDONA, an Arizona municipal corporation ("City"), and MKC HOLDINGS, LLC, an Arizona limited liability company ("Property Owner").

RECITALS

- A. Property Owner owns certain real property located in Sedona, AZ, as more fully described in **Exhibit "A"**, attached hereto and made a part hereof ("Property").
- B. Property Owner intends to improve and develop the Property by constructing certain residential improvements consisting of 60 multi-family/townhouse apartment units ("Project").
- C. This Agreement is entered into by authority of A.R.S. § 9-500.5, the City finding that the consideration and commitments herein from and to the Property Owner and the City are justified based on other consideration provided hereby, including without limitation the economic benefits to the City and the overall community resulting from this Agreement and that this Agreement is consistent with the Sedona Community Plan in effect on the Effective Date of this Agreement.

AGREEMENT

In consideration of the Recitals, which are confirmed as true and correct and incorporated by this reference, the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the City and Property Owner agree as follows:

1. Shared Use Path Improvements.

1.1 Project Construction Costs. Property Owner shall provide the City an easement, substantially in the form as shown in **Exhibit "B"** attached hereto and made a part hereof ("Shared Use Path Easement"), for a public shared-use trail path along the southeast portion of the Property starting at Cantabile Street to the southern boundary then westerly to the west property line and shall at Property Owner's sole cost and expense, design, construct or cause to be constructed, and dedicate to the City the Shared Use Path (collectively the easement and Shared Use Path are referred to as the "SUP"), subject to the terms and conditions of this Agreement.

1.2 Design, Plans, Bidding, Construction and Dedication. Property Owner, at its sole cost and expense shall design, plan, bid, and construct the SUP and upon completion of the SUP shall dedicate the SUP to the City in accordance with applicable laws, including without limitation all laws, rules, ordinances and standards of the City. Property Owner, at its sole cost, shall be responsible for the preparation of infrastructure plans detailing the SUP subject to the approval of the City. Property Owner shall comply with all applicable state laws governing the procurement of services related to the construction of public infrastructure for which reimbursement is sought, including the requirements of Title 34 of the Arizona Revised Statutes. All plans required by this Agreement shall be funded by Property Owner but shall be prepared under the direction and approval of the City.

1.3 Dedication and Acceptance of the SUP. Upon substantial completion, i.e., completion of all major components of the SUP Property that the Owner is required to construct ("Substantial Completion"), Property Owner shall promptly dedicate and convey to the City the SUP, free and clear of all liens and encumbrances and at no cost to the City. The City Engineer or his/her

designee shall inspect the completed SUP, within no later than fifteen (15) days after Substantial Completion, to determine whether it has been constructed substantially in accordance with the applicable standards and the approved plans. Upon timely completion of the inspection and review the City shall either: (a) approve the construction of the SUP; or (b) provide a punch list of specific items that are not in accordance with applicable standards and/or the approved plans that are to be corrected by the Property Owner. If City fails to provide Property Owner, within forty-five (45) days after Substantial Completion, the punch list referenced above, the City shall be deemed to have approved and accepted the SUP. So long as the SUP is constructed in accordance with the applicable standards and approved plans, all punch lists items have been timely completed, the SUP is free and clear of all liens, and accurate "as built" drawings and plans of the SUP have been provided to the City, the City shall accept the SUP. Property Owner shall bear all risk of, and shall indemnify the City and its officials, employees and City Council members, against any claim arising prior to the City's acceptance of the SUP from any injury or property damage to any person, party or utility. After acceptance by the City, the Property Owner shall have no further obligation to the City or liability with respect to the SUP.

1.4 Warranty. From the date of acceptance of the SUP by the City, Property Owner or its contractor shall provide a one-year warranty against defective workmanship and/or materials related to the SUP. After the one-year warranty period, City shall be responsible for all future maintenance or repairs of the SUP. The requirements of this Section 1.4 survive the termination or expiration of this Agreement.

2. **SUP Cost Reimbursement.** Notwithstanding Section 1 of this Agreement, within thirty (30) days after Substantial Completion and acceptance of the dedication of the SUP, the City shall reimburse Property Owner 100 Percent (100%) of the SUP design and construction costs up to and including \$300,000.00. In the event that the SUP design and construction costs exceeds \$300,000.00, the City shall reimburse Property Owner Fifty Percent (50%) of the SUP design and construction costs in excess of \$300,000.00, and the Property Owner shall be responsible for paying the remaining Fifty Percent (50%) of the SUP design and construction costs in excess of \$300,000.00. The costs of the SUP is non-development impact fee eligible.
3. **Lease Term/Short Term Rentals.** Property Owner shall not lease any dwelling unit in the Project for an initial lease term of less than 90 days. Any tenant shall not be allowed to assign a lease or sublease a dwelling unit without the express prior written consent of the Property Owner. If an assignment or sublease is approved by the Property Owner such assignment or sublease shall not be for a term less than the balance of the existing lease term. Prior to leasing or selling any dwelling unit in the Project, Property Owner shall cause to be recorded a declaration of restrictions, covenants and conditions, or similar document, having a term of no less than thirty (30) years, prohibiting the use of any dwelling unit in the Project as a short-term rental, as defined in Sedona City Code 5.25.020. The requirements of this Section 3 shall survive the termination or expiration of this Agreement.
4. **Default.** A party shall be in default under this Agreement if it fails to perform, in any material respect, any covenants made by it or obligations assumed by it under this Agreement, which failure adversely affects the other party's interest under this Agreement, and in such an event, each party shall be entitled to all available legal and equitable remedies, including, but not limited to, the right of specific performance, including all costs of enforcement of this Agreement, with reasonable attorneys' fees and costs paid to the prevailing party.
5. **MISCELLANEOUS PROVISIONS.**

5.1 Entire Agreement. This Agreement, including the following exhibits which are incorporated in this Agreement by reference, constitutes the entire agreement and understanding of the parties hereto and supersedes all offers, negotiations and other agreements of any kind. This Agreement may be amended only in writing and signed by both parties. This Agreement and all the covenants, terms and provisions contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated by any party, without the prior written consent of the other party. Such consent may not be unreasonably withheld or delayed. This Agreement is not intended to confer any rights or benefits to any individual or entity other than to the City and to Property Owner, nor shall anything contained herein create any partnership, joint venture or similar arrangement between the Property Owner and the City. Entire Agreement. This provision applies only to the entirety of this Agreement; additional and separate zoning stipulations and agreements with the City may apply to the Property, and this provision has no effect on them.

Exhibit "A" Legal Description of Property

Exhibit "B" Shared Use Path Easement and Plans

5.2 Arizona Law. This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of Arizona.

5.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall have the force and effect of an original, and all of which shall constitute but one document.

5.4 Notices. All notices required to be given under this Agreement shall be deemed given upon the earlier of actual receipt or five (5) days after being mailed by registered or certified mail, return receipt requested, addressed as follows:

If to City: City Manager
 105 Roadrunner Drive
 Sedona, AZ 86336

With a copy to: City Attorney
 105 Roadrunner Drive
 Sedona, Arizona 86336

If to Property Owner: MKC Holdings, LLC
 15010 N. 78th Way, Suite 109
 Scottsdale, AZ 85260

With a copy to: Tiffany & Bosco, P.A.
 John A. Hink, Esq.
 2525 E. Camelback Road
 Floor 7
 Phoenix, AZ 85016

5.5 Authority. This Agreement is not intended to supersede the authority granted by law to any regulatory board or agency of the City. Therefore, nothing in this Agreement shall be construed or implied to require the City's Planning and Zoning Commission or any other regulatory boards or agencies of the City (however designated) to approve the plans for any aspect of the Project or

other action required under this Agreement.

5.6 Time of Essence. Time is of the essence and a material provision of this Agreement.

5.7 Tax Consequences. City makes no representation concerning the tax consequences or liability resulting from this Agreement. The parties have each had an opportunity to consult with legal counsel concerning the terms and effects of this Agreement and either party's failure to do so is at its own choosing.

5.8 Conflicts of Interest. This Agreement is subject to the provisions of A.R.S. § 38-511, relating to conflicts of interest.

5.9. No Personal Liability. No current or former member, official, or employee of the City or Property Owner when acting within the scope of their official capacity shall be personally liable (a) in the event of any default or breach by the City or Property Owner, as applicable; (b) for any amount which may become due to the nonbreaching party or its successor or assign; or (c) pursuant to any obligation of the City or Property Owner, as applicable, under the terms of this Agreement.

5.10. Termination for Violation of Law. In the event the terms of this Agreement are determined to be in violation of any Federal, State, County or City law, regulation or ordinance, the either party may terminate this Contract immediately upon giving written notice to the other party.

5.11. Effective Date and Term. This Agreement shall be effective (the "Effective Date") upon execution by the Parties hereto and recordation in accordance with A.R.S. § 9-500.05 (as amended). The term of this Agreement shall extend from the Effective Date of this Agreement and shall automatically terminate upon completion of the SUP and acceptance by the City.

5.12. Governing Law/Jury Trial Waiver. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement. This Agreement has been made and entered into in Coconino County, Arizona and any lawsuit to dispute or enforce any provision of this Agreement must be brought in Coconino County, Arizona. Both Parties hereby waive any right to a jury trial which they may otherwise have in the event of litigation arising out of this Agreement or the subject matter thereof and consent to a trial to the court.

6. WAIVER OF CLAIM FOR DIMINUTION IN VALUE.

6.1. Property Owner agrees and understands that the City is entering into this Agreement in good faith and with the understanding that the City will not be subject to a claim for diminished value of the Property from the Property Owner or other parties having an interest in the Property as a result of the SUP, and any other right, duty, or obligation arising from the terms of this Agreement.

6.2. By signing this waiver, Property Owner waives and fully releases any and all financial loss, claims, suits, damages, right to compensation, diminution of value or cause of action Property Owner may have now or in the future under the provisions of A.R.S. § 12-1134 through and including A.R.S. § 12-1136 (but specifically excluding any provisions included therein related to eminent domain) arising from this Agreement and the construction of the SUP pursuant to this Agreement. This waiver constitutes a complete release of any and all claims and causes of action that may arise or may be asserted under the Private Property Rights Protection Act with regard to the Property arising from the placement of SUP on the Property pursuant to this

Agreement. Property Owner agrees to indemnify, hold harmless, and defend City, its officers, employees, and agents, from any and all claims, causes of actions, demands, losses and expenses arising from this Agreement, including attorney's fees and litigation costs, that may be asserted by or may result from any of the present or future owners of any interest in the Property seeking potential compensation, damages, attorney's fees, or costs under the Act that they may have, as a result of the application of the City's existing land use laws under this Agreement. Property Owner acknowledges and agrees that neither this Agreement nor any action of the City related thereto will result in a reduction of the fair market value of the Property as defined in A.R.S. § 12-1136.

6.3. This waiver runs with the land and is binding upon all present and future owners of the Property. Property Owner warrants and represents that it owns all right, title and interest to the Property, free and clear of any lien or encumbrance, and that no other person has an ownership interest in the Property. The person who signs on behalf of Property Owner personally warrants and guarantees to the City he/she has the legal power to bind the Property Owner to this waiver.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date set forth above.

CITY OF SEDONA,
an Arizona municipal corporation

Karen Osburn, City Manager

ATTEST:

City Clerk (SEAL)

APPROVED AS TO FORM:

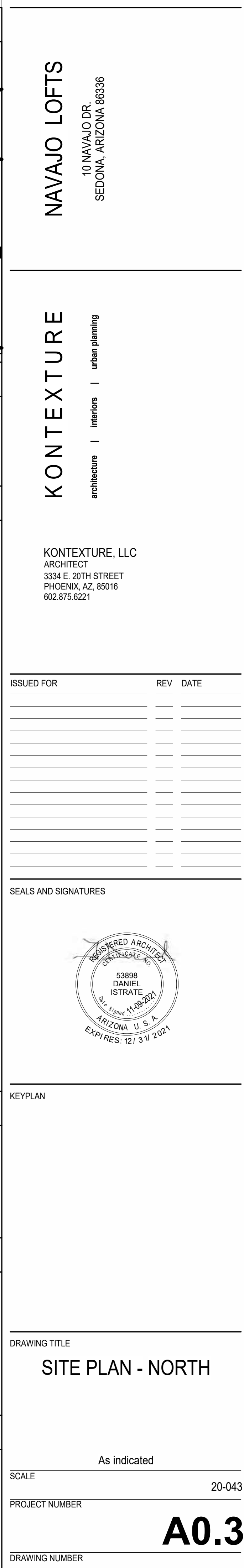
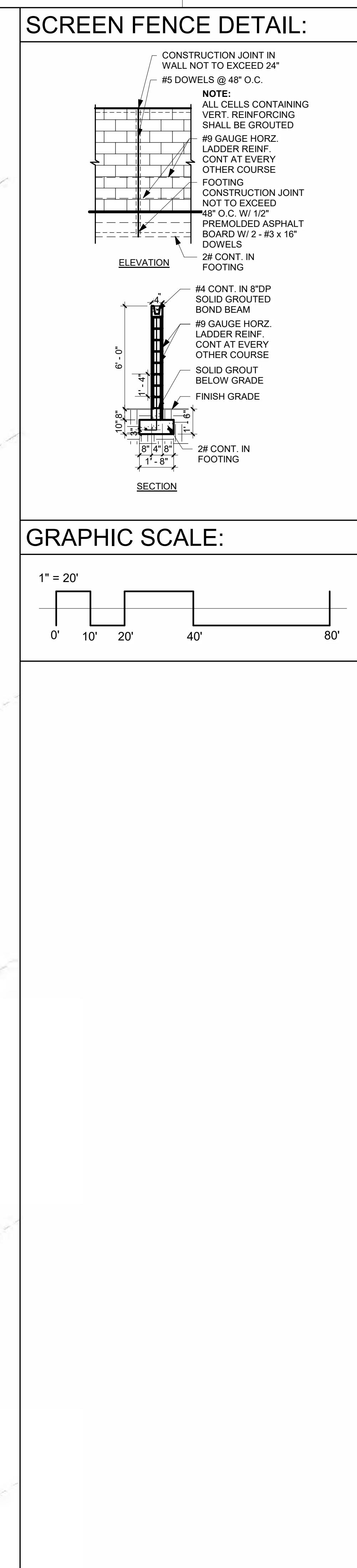
Kurt W. Christianson, City Attorney

MKC Holdings, LLC.
an Arizona limited liability company

By: _____
Keith Holben, Manager

Exhibit “A”
(Property)

Exhibit “B”
(Shared Use Path Easement)





THE NAVAJO LOFTS PROJECT WILL CONSIST OF THIRTY (30) NEW DUPLEX BUILDINGS PLACED ON THE PROPERTY LOCATED AT 10 NAVAJO DR. SEDONA, ARIZONA 86336. TWO (2) BUILDING TYPES. BLDG. OPT. 1 WILL CONSIST OF 2,259 SQ. FT. BUILDING OPT. 2 WILL CONSIST OF 2,285 SQ. FT. EACH UNIT WILL HAVE AN ENCLOSED TWO (2) AND ONE (1) CAR GARAGE AND STORAGE.

PROJECT INFO

PROJECT DESCRIPTION:
 TWENTY THREE (23) TWO LEVEL MULTI-FAMILY BUILDING DUPLEXES.
 SEVEN (7) TWO LEVEL MULTI-FAMILY BUILDING DUPLEXES

SITE INFORMATION:

APN:	408-24-536B
ZONING:	
LOT SIZE (NET):	196,163 SQ. FT. = 4.50 AC.
SUBDIVISION	N/A
LOT SALES:	NO

TOTAL SITE:	196,163 SQ.FT. = 4.50 AC.
OPEN SPACE AREA:	38,125 SQ. FT. (OPEN SPC + GUN. CHAN.) 15,000 SQ. FT. (GUNNETH CHANNEL) 10,316 SQ. FT. (PRIVATE YARDS) 48,441/169,163 = 28.6%
NEW LANDSCAPE:	38,125 SQ. FT. = 88 AC

SQ. FT. UNIT A:	2,009	SQ. FT.
SQ. FT. UNIT B:	2,187	SQ. FT.
SQ. FT. UNIT C:	1,866	SQ. FT.
SQ. FT. UNIT D:	2,115	SQ. FT.

FOOTPRINT - BLDG A/B:	2,259	SQ. FT.
FOOTPRINT - BLDG C/D:	2,285	SQ. FT.
# OF UNITS:	60	UNITS
# OF BLDGS:	30	BLDGS

FLOOR AREA COVERAGE:

Opt. A/B	2,259 x 7 =	15,813 S.F.
Opt. C/D	2,285 x 23 =	52,555 S.F.
Offices	242 x 2 =	484 S.F.
Gazebo	225 x 1 =	225 S.F.
	69,077 / 106,163 =	40.83%

APPLICANT/DESIGN PROFESSIONAL:

KONTEXTURE
DANIEL ISTRATE
3334 N. 20TH. STREET
PHOENIX, AZ 85016
T. 602.875.6221
F. 602.875.6239
DANIEL.ISTRATE@KONTEXTURE.COM

OWNER / DEVELOPER :
MKC HOLDINGS LLC

MRC HOLDINGS LLC
15010 N 78TH WAY STE. 109
SCOTTSDALE, AZ. 85260

BUILDING CODES

International Building Code with Amendments	2018 IBC
International Mechanical Code with Amendments	2018 IMC
National Electrical Code/NFPA-70 with Amendments	2017 NEC
International Plumbing Code with Amendments	2018 IPC
International Energy Code with Amendments	2018 IECC
International Existing Building Code with Amendments	2018 IRC

PARKING CALCULATIONS

2 PARKING SPACE PER UNIT:	60 UNITS X 2 = 120
TOTAL PARKING REQUIRED	= 120
TOTAL PARKING PROVIDED	= 131
TOTAL ADA PARKING REQUIRED	= 3
TOTAL ADA PARKING PROVIDED	= 3

SITE AMENITIES

1.- BBQ GRILL AND PICNIC TABLE
2.- POOL
3.- DOG PARK
4.- BYCICLE RACK



KONTEXTURE

KONTEXTURE, LLC
ARCHITECT
3334 E. 20TH STREET
PHOENIX, AZ, 85016
602.875.6221

[illegible]

SEALS AND SIGNATURES



KEYPLAN

DRAWING TITLE

SITE PLAN - SOUTH

As indicated

20-043

PROJECT NUMBER

DRAWING NUMBER