

# CITY OF SEDONA ARIZONA

## NOTICE OF PUBLIC HEARING

### NOTICE OF INTENTION TO INCREASE WASTEWATER RATES OR RATE COMPONENTS, FEES, OR SERVICE CHARGES

Pursuant to A.R.S. § 38-431.02 and A.R.S. § 9-511.01, notice is hereby given to the general public that the Mayor and Council of the CITY OF SEDONA will hold a **PUBLIC HEARING on May 27, 2014 at 4:30 p.m.** at City Hall, Council Chambers, 102 Roadrunner Drive, Sedona Arizona to seek public comment regarding the intent to increase wastewater rates and rate components, fees, or service charges. A Wastewater System Rate Study Report (Report) by Hoag Consulting, LLC has been prepared. This Report analyzes the City's projected rate-based revenue requirements and current wastewater rate structure. The Report proposes a number of changes to the current structure and suggests annual rate increases over the next four years to accomplish the goals of making the City wastewater system charges more equitable to the different customer classes and of making the wastewater utility more self-sustaining.

Rate Adjustments and new fees effective July 1, 2014 that are being considered include the following:

- An increase in the sewer availability charge of \$27.16 per parcel per month per Tables 22 and 28 of the Report (attached hereto), based on 0.5 Equivalent Residential Units (ERUs) per parcel.
- A new minimum monthly service charge of \$34.04 per active account per Table 23 of the Report (attached hereto) which is based on 0.63 ERU's per account.
- A 20% increase in the current Septage Disposal Fees per Table 24 of the Report (attached hereto).
- Adoption of Restaurant and Hotel "water usage billing" for calculating monthly wastewater charges. Charges shall have variable and fixed charge elements. The variable element shall be based on a Variable Unit Rate times the average of the prior 12 months of all actual metered water usage at the parcel served by the wastewater account. The fixed element shall be \$34.04 per account. The Variable Unit Rate shall be \$1.06 per Hundred Gallons (Hgal) for Restaurants, and \$0.70 per Hgal for Hotels, per Table 28 of the Report (attached hereto).
- Adjustments of wastewater rates for the different customer account billing classifications as set forth in Table 28 of the Report (Attached hereto). These adjustments will be based on an initial cost-of-service adjustment to the current rate for each classification, plus a uniform increase of 4% to all unit rates for the new rates and fees effective in Fiscal Year (FY) 2014-15 on July 1, 2014. Thereafter, these rates and fees will be increased by 4% per year at the beginning of each fiscal year on July 1. These annual increases will continue for the next three years through FY 2017-18, as indicated in Table 28 of the Report (attached hereto).

It is proposed that the Capacity Fee for single family Residential dwelling units be increased from the current fee of \$8,631 to \$9,456 per Residential dwelling unit. It is proposed that the Capacity Fee for Multi-family or Apartment dwelling units be decreased from the current fee of \$8,631 to \$7,306 per Multi-family or Apartment dwelling unit, as set forth in Table 4 of the Hoag Consulting, LLC Wastewater Capacity Fees Study (attached hereto).

It is proposed that capacity fee calculations for various non-residential classifications such as restaurants, retail stores, markets, offices and other buildings, repair shops, theaters, libraries, churches, hotels, schools, public restrooms and other specified customer classifications be based on the interior square footage, or other criteria as specified, all as set forth in Table 5 of the Wastewater Capacity Fees Study (attached hereto).

The above-referenced reports prepared by Hoag Consulting, LLC are on file with the Sedona City Clerk and are available on the City's website by clicking [Sedona 2013 Wastewater System Rate Study](#) and [Sedona 2013 Wastewater Capacity Fees Study](#).

/s/ Susan L. Irvine, March 17, 2014  
Susan L. Irvine, CMC, City Clerk

TABLE 22  
SEWER AVAILABILITY CHARGE UPDATE

Description	WWTP	Collection	Total
Annual Depreciation of Fixed Assets	\$1,137,804	\$1,319,399	\$2,457,203
Annual Maintenance of Facilities	\$623,748	\$439,380	\$1,063,129
Annual Maintenance Cost of Facilities	\$1,761,552	\$1,758,779	\$3,520,332
System Capacity (ERUs)			11,002
FY 11-12 Cost of Unused Facilities (\$/Year per undeveloped parcel)			\$319.98
FY 11-12 COS Sewer System Charge (\$/Year-ERU)			\$569.77
Cost of Service Sewer Availability Charge (COS-based ERU per parcel)			0.562
Recommended Rounded Down Sewer Availability Charge (ERU per parcel)			0.500
FY 2011-12 Recommended Unchanged Sewer Availability Charge (\$/parcel-mo)			\$21.52
FY 2012-13 1.0 ERU			\$47.34
FY 2013-14 COSA-based 1.0 ERU			\$52.24
FY 2014-15 1.0 ERU			\$54.33
<b>FY 2013-14 Recommended Sewer Availability Charge (\$/parcel-mo)</b>			<b>\$26.12</b>
<b>FY 2014-15 Recommended Sewer Availability Charge (\$/parcel-mo)</b>			<b>\$27.16</b>
FY 11-12 Current Sewer Availability Charge (\$/parcel-mo)			\$21.52
Number of Parcels Billed (billing units)			1,265
Total Annual Revenues			\$326,650

Sewer availability charges are for sewerred but vacant (undeveloped) parcels.  
Parcels with restrictive covenants precluding future use of the sewers should not be billed.  
Developed parcels on septic with fronting sewers are charged an Environmental fee.

TABLE 23  
 UPDATED MINIMUM SERVICE CHARGE FOR ACCOUNTS

Description	Sewer Availability Charge (ERU per parcel)	Unit Rates (\$/mo per ERU, FY 2011-12)	Billing Units
<b>Cost of Service Based Minimum Account Charge</b>			
Sewer Availability Charge	56.2%	\$26.67	\$ per month-ERU
WW System Administrative Costs of Service		\$8.24	\$ per month-Account
COSA-based Minimum Commercial Charge	73.5%	\$34.90	\$ per month-Account
<b>Recommended Minimum Account Charge FY 2011-12</b>			
Sewer Availability Charge Rounded Down	50%	\$21.52	\$ per month-ERU
WW System Administrative Costs of Service		\$8.24	\$ per month-Account
Recommended Minimum Commercial Charge	63%	\$29.75	\$ per month-Account
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FY 2012-13 1.0 ERU		\$47.34	
FY 2013-14 COSA-based 1.0 ERU		\$52.24	
FY 2014-15 1.0 ERU		\$54.33	
<b>Recommended Min Acct Charge for FY 2013-14 (ERUs)</b>	<b>0.63</b>	<b>\$32.73</b>	<b>\$ per month-Account</b>
<b>Recommended Min Acct Charge for FY 2014-15 (ERUs)</b>	<b>0.63</b>	<b>\$34.04</b>	<b>\$ per month-Account</b>

Minimum Service Charges are for parcels with active sewer accounts connections. Sewer availability charges are for sewerage but undeveloped parcels. The City wastewater system capacity is designed based on connected capacity equal to no less than one ERU per parcel.

TABLE 24  
 UPDATED SEPTAGE DISPOSAL FEES

<b>Description</b>	<b>FY 2011-12 Accounts</b>	<b>WW Flow (Hgal/yr)</b>	<b>BOD (Lbs/yr)</b>	<b>TSS (Lbs/yr)</b>	<b>Total</b>
System Cost of Service FY 2011-12	\$530,186	\$2,973,596	\$503,969	\$503,969	\$4,511,719
Less Costs of Collection System		\$1,961,418			
Net System Cost of Service FY 11-12	\$530,186	\$1,012,178	\$503,969	\$503,969	\$4,511,719
FY 2011-12 System Loads	5,364	4,085,305	1,239,802	1,300,374	
<b>Unit Cost of Service for WW System Excd Sewage Collection</b>	<b>\$98.84</b> (\$/Acct-yr)	<b>\$0.25</b> (\$/Hgal)	<b>\$0.41</b> (\$/Lbs.)	<b>\$0.39</b> (\$/Lbs.)	

  

<b>FY 11-12 Septage in 28 Discharged Loads</b>	<b>Account Billings (c)</b>	<b>Hgal</b>	<b>BOD</b>	<b>TSS</b>	<b>Total</b>
Loads Total (PPM, b)	28	345	5,400	12,000	
Loads Total (Lbs.)	28	345	1,554	3,453	
Unit Cost of Service	\$98.84	\$0.25	\$0.41	\$0.39	
System Cost of Service FY 2011-12	\$2,768	\$85	\$632	\$1,338	\$4,823
Operation of Septage Station (d)					\$320
FY 11-12 Total Cost of Operating the Septage Station					\$5,143
FY 11-12 Septage Fees Collected (a)					\$4,287
<b>Recommended Cost of Service Increase to Septage Fees</b>					<b>20%</b>

Analysis is based on not providing WWTP dedicated capacity to the septage station.

a. FY 11-12 Septage Fees Collected per CAFR at \$0.12 per Gal in CY 2011 and \$0.16 per Gal in CY 2012. Septage fees were \$29,000 in FY 2010-11

b. Septage Strength values are per the California SWRCB standards

c. Each load requires 30 minutes of administration support to process the invoicing, with hourly salaries of \$18 plus benefits.

d. Each load requires 30 minutes of operator time for load receiving.

TABLE 28  
RECOMMENDED MONTHLY SERVICE RATES

Category	Billing Classifications	Billing Units	Current Year 1 (FY 2013-14)			Period of Implemented New Rates			
			Existing Rates	Cost of Service Adjustment		Year 2 FY 14-15	FY 15-16	FY 16-17	Year 5 FY 17-18
			Annual Rate-based Revenue Increase:			4%	4%	4%	4%
SRES1	101 Residential	Connection	\$47.34	10%	\$52.24	<b>\$54.33</b>	\$56.50	\$58.76	\$61.11
SRES2	102 Residential (Low Flow, a)	Connection	\$42.94	-5.4%	\$40.62	<b>\$42.25</b>	\$43.94	\$45.70	\$47.52
ADU	18 ADU - Accessory Dwelling Unit	Dwelling Unit	\$23.67	10%	\$26.12	<b>\$27.16</b>	\$28.25	\$29.38	\$30.55
SMFAPT	15 Multi Family/Apartments	Dwelling Unit	\$40.47	-17%	\$33.63	<b>\$34.97</b>	\$36.37	\$37.83	\$39.34
SRSUB	Residential Subsidy	Connection	\$27.50	10%	\$30.35	<b>\$31.56</b>	\$32.83	\$34.14	\$35.50
STLC	104 Theaters, Libraries, Churches	Seat	\$0.63	23%	\$0.77	<b>\$0.80</b>	\$0.83	\$0.87	\$0.90
SBDIN	105 Bar without dining facility	Seat	\$4.19	23%	\$5.13	<b>\$5.34</b>	\$5.55	\$5.78	\$6.01
SCWNR	107 Car Wash with Recycle	Bay	\$94.47	23%	\$115.76	<b>\$120.39</b>	\$125.20	\$130.21	\$135.42
SDRTL	108 Department, Retail Stores	Restroom	\$7.13	23%	\$8.74	<b>\$9.09</b>	\$9.45	\$9.83	\$10.22
SHOTEL	110 Hotel, Motel, RV Park	Room	\$26.61	6.4%	\$28.32	<b>\$29.46</b>	\$30.63	\$31.86	\$33.13
SRCV	111 Resort - Cottages, Villas (master meter)	Unit	\$53.22	6.4%	\$56.64	<b>\$58.91</b>	\$61.27	\$63.72	\$66.27
SFTNS	112 Fitness Center / Beauty Salon	100 sq. ft.	\$2.94	23%	\$3.60	<b>\$3.75</b>	\$3.90	\$4.05	\$4.21
SCWSH	113 Private Tour Jeep & Rental Car/Jeep Wa	vehicle	\$2.69	23%	\$3.30	<b>\$3.43</b>	\$3.57	\$3.71	\$3.86
SMKT	115 Market	Connection	\$174.92	23%	\$214.34	<b>\$222.91</b>	\$231.83	\$241.10	\$250.74
SMORT	116 Mortuaries	Connection	\$276.32	23%	\$338.59	<b>\$352.13</b>	\$366.22	\$380.86	\$396.10
SOFF	117 Offices, Med Bldg, Mfg, Contractors	100 sq. ft.	\$0.63	23%	\$0.77	<b>\$0.80</b>	\$0.83	\$0.87	\$0.90
SRSHOP	118 Repair Shops, Service Stations	Connection	\$34.99	23%	\$42.87	<b>\$44.59</b>	\$46.37	\$48.23	\$50.16
SRSTR	120 Restaurant Indoor Seats	Seat	\$14.66	-27%	\$10.67	<b>\$11.10</b>	na		
PSS	2 Restaurant Seasonal Patio Seats	Seat	\$7.33	-27%	\$5.34	<b>\$5.55</b>	na		
SSCHG	121 Restaurant Indoor Seats	100 sq. ft.	na		\$26.89	<b>\$27.96</b>	\$29.08	\$30.24	\$31.45
PSS	2 Restaurant Seasonal Patio Seats	100 sq. ft.	na		\$13.44	<b>\$13.98</b>	\$14.54	\$15.12	\$15.73
SSCHG	121 School, College, w/ gym showers	Student	\$8.17	23%	\$10.01	<b>\$10.41</b>	\$10.83	\$11.26	\$11.71
SSCHC	122 School, College w/ café	Student	\$13.20	23%	\$16.17	<b>\$16.82</b>	\$17.49	\$18.19	\$18.92
SSCHNG	123 School, College w/o gym or café	Student	\$2.96	23%	\$3.63	<b>\$3.77</b>	\$3.92	\$4.08	\$4.24
SPRST	124 Public Restroom	Fixture	\$47.33	23%	\$58.00	<b>\$60.32</b>	\$62.73	\$65.24	\$67.85
SLMATE	125 Laundromat (efficiency)	Machine	\$27.93	23%	\$34.22	<b>\$35.59</b>	\$37.02	\$38.50	\$40.04
SLMT18	126 Laundromat (12-18 lb)	Machine	\$35.98	23%	\$44.09	<b>\$45.85</b>	\$47.69	\$49.59	\$51.58
ALMT27	127 Laundromat (25-35 lb)	Machine	\$45.62	23%	\$55.90	<b>\$58.14</b>	\$60.46	\$62.88	\$65.40
SCOMMA	129 Commercial - minimum	Connection			\$32.73	<b>\$34.04</b>	\$35.40	\$36.82	\$38.29
Sewer Availability Charge		Parcel	\$26.12	0.0%	\$26.12	<b>\$27.16</b>	\$28.25	\$29.38	\$30.55
<b>Water Usage-based Rates for Restaurant/Hotel Accounts with Dedicated (unshared) Water Service</b>									
Fixed Charge per Account		Acct-mo			\$32.73	<b>\$34.04</b>	\$35.40	\$36.82	\$38.29
Variable Charge									
Restaurant Dischargers with Water Meters		Metered			\$1.02	<b>\$1.06</b>	\$1.10	\$1.15	\$1.19
Hotels & Resorts with Water Meters		Water (Hgal)			\$0.68	<b>\$0.70</b>	\$0.73	\$0.76	\$0.79
<b>Hotels &amp; Resorts without Water Meters</b>		<b>Rooms and Restaurant Areas</b>			<b>See room &amp; restaurant unit rates above</b>				

Note: SHOTEL Category 110 fixed rate is for Rooms only. Restaurants on site have separate service charges.  
Wastewater accounts must have dedicated water accounts for water-based billing eligibility.  
The water use of Hotels and Resorts includes all metered use on facilities campus including irrigation use.  
This rate structure is structured with water charges based on prior year water use, for administrative convenience.

TABLE 4  
EXISTING CAPACITY FEE STRUCTURE UPDATE

Category	Billing Classifications	Current Capacity Units	Billing Capacity Units	July 1 2013 Capacity Fee per unit	Current ERU per Capacity Unit	Allocated Systemwide Load Capacity			FY 2011-12 Unit WW Load per Billing Unit			COSA FY 2013-14 Capacity Fee	
						WW Flow (Hgal/yr)	BOD (Lbs./yr)	TSS (Lbs./yr)	Flow (Hgal/yr)	BOD (Lbs./yr)	TSS (Lbs./yr)		
<b>Allocation of ERUs Among Flow/BOD/TSS:</b>						<b>85.2%</b>	<b>7.4%</b>	<b>7.4%</b>					
SRES	100 Residential	Connection	2,791	\$8,631	1.00	1,519,154	260,552	305,626	544	93	110	\$9,456	
SMFAPT	15 Multi Family/Apartments	Dwelling Unit	186	\$8,631	1.00	74,353	14,696	17,239	400	79	93	\$7,306	
SRSTRT	120 Restaurant	Seat	4,499	\$863	0.10	368,606	352,413	266,925	82	78	59	\$1,162	
PSS	2 Restaurant w/Patio Seats (seasonal)	Seat	399	\$432	0.05	16,345	15,627	11,836	41	39	30	\$581	
SHOTEL	110 Hotel, Motel, RV Park	Room	1,704	\$4,316	0.50	524,834	168,243	187,883	308	99	110	\$5,808	
SRCV	111 Resort - Cottages, Villas	Connection	629	\$8,631	1.00	386,739	123,975	138,447	615	197	220	\$11,617	
STLC	104 Theaters, Libraries, Churches	Seat	4,310	\$86	0.01	35,446	6,215	8,257	8	1	2	\$116	
SBDIN	105 Bar without dining facility	Seat	309	\$690	0.08	17,539	3,743	5,053	57	12	16	\$929	
SCWNR	107 Car Wash with Recycle	Bay	5	\$11,393	1.32	6,727	834	1,752	1,345	167	350	\$15,334	
SDRTL	108 Department, Retail Stores	Restroom	308	\$1,381	0.16	18,180	3,188	4,272	59	10	14	\$1,859	
SFTNS	112 Fitness Center / Beauty Salon	100 sq. ft.	398	\$690	0.08	13,840	2,610	3,224	35	7	8	\$929	
SCWSH	113 Private Tour Jeep & Rental Car/Jeep W:	vehicle	48	\$492	0.06	1,569	358	529	33	7	11	\$662	
SMKT	115 Market	Connection	4	\$10,789	1.25	5,984	4,601	5,789	1,496	1,150	1,447	\$14,521	
SMORT	116 Mortuaries	Connection	1	\$17,003	1.97	2,363	1,771	2,325	2,363	1,771	2,325	\$22,885	
SOFF	117 Offices, Med Bldg., Mfg., Contractors	100 sq. ft.	6,498	\$173	0.02	48,414	8,569	11,871	7	1	2	\$232	
SRSHP	118 Repair Shops, Service Stations	Connection	16	\$5,438	0.63	6,048	1,380	2,064	378	86	129	\$7,319	
SSCHG	121 School, College, w/ gym showers	Student	390	\$863	0.10	55,933	447	424	143	1	1	\$1,162	
SSCHC	122 School, College w/ café	Student	338	\$1,122	0.13	38,104	29,295	36,858	113	87	109	\$1,510	
SSCHNG	123 School, College w/o gym or café	Student	329	\$690	0.08	3,462	12,768	18,515	11	39	56	\$929	
SPRST	124 Public Restroom	Fixture	88	\$8,631	1.00	56,305	13,244	19,190	639	150	218	\$11,617	
SLMATE	125 Laundromat (efficiency)	Machine	18	\$5,092	0.59	7,159	1,350	1,668	398	75	93	\$6,854	
SLMT18	126 Laundromat (12-18 lbs.)	Machine	9	\$6,560	0.76	4,611	870	1,074	512	97	119	\$8,829	
ALMT27	127 Laundromat (25-35 lbs.)	Machine	8	\$9,149	1.06	4,932	1,664	1,542	616	208	193	\$12,314	
ALMT29	128 Laundromat (50 lbs.)	Machine	0	\$13,378	1.55				0	0	0	\$18,006	
<b>Total Asset-related ERUs</b>						<b>7,693</b>	<b>4,067,745</b>	<b>1,236,872</b>	<b>1,296,886</b>				

TABLE 5  
CAPACITY FEE BILLING UNIT ALTERNATIVES

Category	Billing Classifications	Current Capacity Units	1 July 2013 Capacity Fee per unit (ERUs)				Comparison Los Angeles Fee (ERU/Unit)	Alternative Area-based Capacity Fees (ERUs/hsf)						Updated Capacity Fee
			Current Charges		Cost of Service Analysis			Alternative Area-based Units (a)	SFPUC Capacity Fee	LACSD Capacity Fee	Los Angeles Capacity Fee	Cost of Service Analysis Sedona	Alternative Fee	
			Fee	ERU	ERU	Fee								
Single Family Dwelling Residence Capacity Fee (1.0 ERU)			\$9,456	1.000	1.00	\$9,456							1.000	\$9,456
SRSTRT	120 Restaurant	Seat	\$863	0.100	<b>0.123</b>	<b>\$1,162</b>	0.174	100 sq. ft.	0.287	0.491		<b>0.363</b>	0.363	\$3,436
PSS	2 Restaurant w/Patio Seats (seasonal)	Seat	\$432	0.050	<b>0.061</b>	<b>\$581</b>	0.174	100 sq. ft.	0.287	0.491		<b>0.182</b>	0.182	\$1,718
New	Restaurant with only Take-out Service (food preparation area)							100 sq. ft.	0.047		0.174		0.110	\$1,043
SBDIN	105 Bar without dining facility	Seat	\$690	0.080	<b>0.098</b>	<b>\$929</b>	0.065	100 sq. ft.		0.134			0.134	\$1,267
SDRTL	108 Department, Retail Stores	Restroom	\$1,381	0.160	<b>0.197</b>	<b>\$1,859</b>		100 sq. ft.	0.005	0.038	0.02		0.022	\$203
SMKT	115 Market	Connection	\$10,789	1.250	<b>1.536</b>	<b>\$14,521</b>		100 sq. ft.	0.208	0.074	0.022		0.101	\$957
SOFF	117 Offices, Med Bldgs., Mfg., Contractors	100 sq. ft.	\$173	0.020	<b>0.025</b>	<b>\$232</b>		100 sq. ft.	0.011	0.076	0.052		0.046	\$439
SRSPOP	118 Repair Shops, Service Stations	Connection	\$5,438	0.630	<b>0.774</b>	<b>\$7,319</b>		100 sq. ft.	0.010	0.038			0.024	\$225
STLC	104 Theaters, Libraries, Churches	Seat	\$86	0.010	<b>0.012</b>	<b>\$116</b>	0.013	100 sq. ft.		0.134			0.134	\$1,267
SHOTEL	110 Hotel, Motel, RV Park	Room	\$4,316	0.500	<b>0.614</b>	<b>\$5,808</b>	0.521	Room		0.480			0.614	\$5,808
STLC	104 Theaters, Libraries, Churches	Seat	\$86	0.010	<b>0.012</b>	<b>\$116</b>	0.013	Bldg. Occupant Capacity					0.012	\$116
SSCHG	121 School, College, w/ gym showers	Student	\$863	0.100	<b>0.123</b>	<b>\$1,162</b>	0.047	Student & Staff Bldg. Capacity					0.123	\$1,162
SSCHC	122 School, College w/ café	Student	\$1,122	0.130	<b>0.160</b>	<b>\$1,510</b>	0.069	Student & Staff Bldg. Capacity					0.160	\$1,510
SSCHNG	123 School, College w/o gym or café	Student	\$690	0.080	<b>0.098</b>	<b>\$929</b>	0.039	Student & Staff Bldg. Capacity					0.098	\$929
SPRST	124 Public Restroom	Fixture	\$8,631	1.000	<b>1.229</b>	<b>\$11,617</b>	0.347	Per Toilet and Urinal (each)					1.229	\$11,617

Class STLC Theaters, Libraries, Churches is shown as both alternatives using per occupant capacity and per area alternative capacity fees.

a. The Updated Capacity Units for restaurants are interior building area accessible to customers and exterior restaurant seating areas, excluding common areas. The Updated Capacity Units for other new commercial connections are total interior building areas.

Restaurant loading is based on a survey of 10 Sedona restaurant water use, seat count and seating areas.

All other classifications are based on the sewage loading rates used by the Los Angeles County Sanitation District (LACSD) and the San Francisco Public Utilities District (SFPUD) with cross-referenced to Sedona capacity