

City of Fayetteville, Arkansas

113 West Mountain Street

Fayetteville, AR 72701

(479) 575-8323



City Council Tentative Agenda

Tuesday, April 11, 2023

4:30 PM

City Hall Room 219

City Council Members

Council Member Sonia Harvey Ward 1

Council Member D'Andre Jones Ward 1

Council Member Sarah Moore Ward 2

Council Member Mike Wiederkehr Ward 2

Council Member Scott Berna Ward 3

Council Member Sarah Bunch Ward 3

Council Member Teresa Turk Ward 4

Council Member Holly Hertzberg Ward 4

Mayor Lioneld Jordan

City Attorney Kit Williams

City Clerk Treasurer Kara Paxton

ZOOM INFORMATION:

1. **WEBINAR ID: 820 0226 5562**
PUBLIC REGISTRATION LINK:
[HTTPS://US06WEB.ZOOM.US/WEBINAR/REGISTER/](https://us06web.zoom.us/join/82002265562)
[WN_LWEURPQAQNMVGQIUIA1ZOG](https://us06web.zoom.us/join/82002265562) (2023-493)

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

MAYOR' S ANNOUNCEMENTS, PROCLAMATIONS AND RECOGNITIONS

CITY COUNCIL MEETING PRESENTATIONS, REPORTS AND DISCUSSION ITEMS

A. CONSENT

- A.1. APPROVAL OF THE APRIL 4, 2023 CITY COUNCIL MEETING MINUTES:
(2023-494)**

- A.2. ACCEPT FUNDING FROM HIDTA AND BUDGET ADJUSTMENT:**

A RESOLUTION TO APPROVE A MEMORANDUM OF AGREEMENT WITH WASHINGTON COUNTY TO ACCEPT FUNDING FROM THE GULF COAST HIGH INTENSITY DRUG TRAFFICKING AREA IN THE AMOUNT OF \$98,066.00 FOR THE POLICE DEPARTMENT, AND TO APPROVE A BUDGET ADJUSTMENT (2023-578)

- A.3. PURCHASING OF BUNKER COATS AND PANTS FOR THE FIRE DEPARTMENT:**

A RESOLUTION TO AUTHORIZE THE PURCHASE OF BUNKER GEAR COATS AND PANTS FROM LION MANUFACTURING THROUGH NAFECO, INC., PURSUANT TO A SOURCEWELL COOPERATIVE PURCHASING CONTRACT, IN THE AMOUNT OF \$154,439.10 PLUS APPLICABLE TAXES AND FREIGHT CHARGES (2023-605)

- #### A.4. INTEREST BUDGET ADJUSTMENT TO 2019 PHASE I BONDS:

A RESOLUTION TO APPROVE A BUDGET ADJUSTMENT IN THE AMOUNT OF \$463,032.00 RECOGNIZING INTEREST REVENUE GENERATED FROM THE SALES & USE TAX CAPITAL IMPROVEMENT AND REFUNDING BONDS SERIES 2019 (2023-626)

- A.5. AMEND RESOLUTION 35-23 AND APPROVE A BUDGET ADJUSTMENT:**

A RESOLUTION TO AMEND RESOLUTION 35-23 BY REDUCING THE AMOUNT OF REAPPROPRIATIONS TO THE 2023 BUDGET BY \$3,031,724.00, AND TO APPROVE A BUDGET ADJUSTMENT (2023-627)

A.6. WEST SIDE PRAIRIE HABITAT RESTORATION AND MANAGEMENT:

A RESOLUTION TO AUTHORIZE A ONE YEAR CONTRACT WITH THE NORTHWEST ARKANSAS LAND TRUST IN THE AMOUNT OF \$20,000.00 FOR HABITAT RESTORATION AND MANAGEMENT AT THE WEST SIDE PRAIRIE WITH AN OPTION TO RENEW FOR FIVE ADDITIONAL ONE YEAR TERMS (2023-648)

A.7. PARK IMPACT FEE STUDY:

A RESOLUTION TO EXPRESS THE INTENT OF THE CITY COUNCIL TO ENGAGE A CONSULTANT TO PERFORM A PARK IMPACT FEE STUDY (2023-650)

A.8. WALKER PARK BASKETBALL COURT REFURBISHING AND GIVEAWAY:

A RESOLUTION TO APPROVE A PROPOSAL BY WALMART AND AND1 TO REFURBISH AND PAINT THE WALKER PARK BASKETBALL COURTS AND HOST A BACK TO SCHOOL BACKPACK AND SHOE GIVEAWAY, AND TO APPROVE THE RECOGNITION OF WALMART AND AND1 FOR THEIR SIGNIFICANT CONTRIBUTIONS AT THE REFURBISHED COURTS (2023-651)

B. UNFINISHED BUSINESS

B.1. AMEND 130.39 GRAFFITI:

AN ORDINANCE TO AMEND §130.39 GRAFFITI IN THE FAYETTEVILLE CODE TO CREATE A GRAFFITI ABATEMENT PROGRAM (2022-279)

AT THE DECEMBER 6, 2022 CITY COUNCIL MEETING, THIS ORDINANCE WAS AMENDED TO ADD EXHIBIT A AND OMIT LEASEHOLD TENANT. THIS ORDINANCE WAS LEFT ON THE SECOND READING AND TABLED TO THE JANUARY 3, 2023 CITY COUNCIL MEETING.

AT THE JANUARY 3, 2023 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE SECOND READING AND TABLED TO THE FEBRUARY 7, 2023 CITY COUNCIL MEETING.

AT THE FEBRUARY 7, 2023 CITY COUNCIL MEETING, THIS ORDINANCE WAS TABLED TO THE FEBRUARY 21, 2023 CITY COUNCIL MEETING.

AT THE FEBRUARY 21, 2023 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE THIRD READING AND TABLED TO THE APRIL 18, 2023 CITY COUNCIL MEETING.

B.2. AN ORDINANCE TO AMEND §51.136 MONTHLY WATER RATES AND §51.137 MONTHLY SEWER RATES:

AN ORDINANCE TO AMEND §51.136 MONTHLY WATER RATES AND §51.137 MONTHLY SEWER RATES TO CHANGE WATER AND SEWER RATES AS RECOMMENDED BY THE COST OF SERVICE STUDY CONDUCTED BY BLACK & VEATCH (2022-319)

AT THE JUNE 21, 2022 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE FIRST READING AND TABLED TO THE JULY 19, 2022 CITY COUNCIL MEETING.

AT THE JULY 19, 2022 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE FIRST READING AND TABLED TO THE DECEMBER 6, 2022 CITY COUNCIL MEETING.

AT THE DECEMBER 6, 2022 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE SECOND READING AND TABLED TO THE MARCH 7, 2023 CITY COUNCIL MEETING.

AT THE MARCH 7, 2023 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE SECOND READING AND TABLED TO THE APRIL 18, 2023 CITY COUNCIL MEETING.

B.3. ARPA SUBRECIPIENT APPLICATION - SERVE NWA D/B/A NEW BEGINNINGS:

A RESOLUTION TO APPROVE AND AUTHORIZE MAYOR JORDAN TO SIGN AN ARPA FUNDED SUBRECIPIENT AGREEMENT WITH SERVE NWA FOR SUPPORTIVE OR AFFORDABLE HOUSING IN THE AMOUNT OF \$1,295,000.00 AND TO APPROVE A BUDGET ADJUSTMENT (2023-505)

AT THE MARCH 7, 2023 CITY COUNCIL MEETING, THIS RESOLUTION WAS TABLED TO THE APRIL 18, 2023 CITY COUNCIL MEETING.

B.4. RZN 23-004: (2910 N. OLD WIRE RD. / VAN SCYOC, 255):

AN ORDINANCE TO REZONE THAT PROPERTY DESCRIBED IN REZONING PETITION RZN 23-004 LOCATED AT 2910 NORTH OLD WIRE ROAD IN WARD 3 FOR APPROXIMATELY 14.70 ACRES FROM RSF-4, RESIDENTIAL SINGLE-FAMILY, 4 UNITS PER ACRE AND R-A, RESIDENTIAL AGRICULTURE TO R-A, RESIDENTIAL AGRICULTURE AND NC, NEIGHBORHOOD CONSERVATION (2023-502)

AT THE MARCH 21, 2023 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE FIRST READING.

AT THE APRIL 4, 2023 CITY COUNCIL MEETING, THIS ORDINANCE WAS LEFT ON THE SECOND READING.

C. NEW BUSINESS

C.1. APPEAL CUP-2023-008: CONDITIONAL USE PERMIT (348 N. FLETCHER AVE./SCOTT, 485):

A RESOLUTION TO GRANT THE APPEAL OF COUNCIL MEMBERS SCOTT BERNA, SONIA HARVEY, AND D'ANDRE JONES AND APPROVE CONDITIONAL USE PERMIT CUP 2023-008 FOR A SHORT-TERM RENTAL AT 348 NORTH FLETCHER STREET (2023-546)

C.2. APPEAL CUP-2023-009: CONDITIONAL USE PERMIT (332 N. FLETCHER AVE./ETG SHELF 3 LLC, 485):

A RESOLUTION TO GRANT THE APPEAL OF COUNCIL MEMBERS SCOTT BERNA, HOLLY HERTZBERG, AND D'ANDRE JONES AND APPROVE CONDITIONAL USE PERMIT CUP 2023-009 FOR A SHORT-TERM RENTAL AT 332 NORTH FLETCHER STREET (2023-549)

PROPOSED AGENDA ADDITIONS

D. CITY COUNCIL AGENDA SESSION PRESENTATIONS

D.1. PARKS, NATURAL RESOURCES AND CULTURAL AFFAIRS ANNUAL REPORT - ALISON JUMPER (2023-498)

E. CITY COUNCIL TOUR

F. ANNOUNCEMENTS

G. ADJOURNMENT



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council

THRU:

FROM: Mike Reynolds, Police Chief

DATE: March 20, 2023

SUBJECT: **Approval of MOU and Budget Adjustment for Federal Funding from Gulf Coast High Intensity Drug Trafficking Area**

RECOMMENDATION:

Staff recommends approval of a memorandum of understanding with Washington County, Arkansas to accept funding from the Gulf Coast High Intensity Drug Trafficking Area (HIDTA) and approval of a budget adjustment in the amount of \$98,066.

BACKGROUND:

The Gulf Coast HIDTA provides funding from the Office of National Drug Control Policy to multi-jurisdictional drug enforcement initiatives throughout Arkansas, Louisiana, Mississippi, Alabama, and Tennessee. Since 2011, the Fayetteville Police Department has partnered with the Washington County Sheriff's Office, Springdale Police Department, Prairie Grove Police Department and the local Drug Enforcement Administration office to create the Western Arkansas Mobile Deployment Team (WAMDT) initiative with Washington County being the fiduciary agency.

DISCUSSION:

WAMDT's mission is to infiltrate and disrupt drug trafficking organizations (DTOs) at the street level. The Gulf Coast HIDTA funds overtime for investigator activity, covert buy money for the purchase of evidence/purchase of information (PEPI), and vehicle allowances. The Gulf Coast HIDTA has approved 2023 funding for the Fayetteville Police Department in the amount of \$98,066. This amount represents overtime funding for four (4) investigators at \$9,747.75 each including benefits, PEPI in the amount \$50,675, and vehicle allowance in the amount of \$8,400. This funding has a two-year life span and must be spent by December 31, 2024. HIDTA funds are authorized for drug enforcement activity only, and HIDTA funds must supplement existing drug enforcement expenses. WAMDT is currently preparing their 2024 funding request to the Gulf Coast HIDTA; however, future allocations are contingent upon congressional approval.

BUDGET/STAFF IMPACT:

A budget adjustment will equally increase revenue and expense budgets in the amount of \$98,066 for this non-matching federal funding to reimburse existing DTF investigators overtime, covert funds, and vehicle allowances. This budget adjustment has no impact on staffing levels.

ATTACHMENTS: 2023-578 SRF - GCHIDTA 2023, 2023-578 BA - GCHIDTA 2023, MOU - Washington County

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-578

Approval of MOU and Budget Adjustment for Federal Funding from Gulf Coast High Intensity Drug Trafficking Area

A RESOLUTION TO APPROVE A MEMORANDUM OF AGREEMENT WITH WASHINGTON COUNTY TO ACCEPT FUNDING FROM THE GULF COAST HIGH INTENSITY DRUG TRAFFICKING AREA IN THE AMOUNT OF \$98,066.00 FOR THE POLICE DEPARTMENT, AND TO APPROVE A BUDGET ADJUSTMENT

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign a Memorandum of Agreement with Washington County to receive funding from the Gulf Coast High Intensity Drug Trafficking Area in the amount of \$98,066.00 for investigator activity, purchase of evidence and information, and vehicle allowances for the Police Department.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment, a copy of which is attached to this Resolution.

City of Fayetteville Staff Review Form

2023-578

Item ID

4/18/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Mike Reynolds

3/21/2023

POLICE (200)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends approval of a memorandum of understanding with Washington County, Arkansas to accept funding from the Gulf Coast High Intensity Drug Trafficking Area (HIDTA) and approval of a budget adjustment in the amount of \$98,066.

Budget Impact:

2930.200.2960-4309.01

Drug Law Enforcement Grant

Account Number

Fund

38070.2302

Police High Intensity Drug Trafficking

Project Number

Project Title

Budgeted Item? No

Total Amended Budget

\$ -

Expenses (Actual+Encum)

\$ -

Available Budget

\$ -

Does item have a direct cost? No

Item Cost

\$ -

Is a Budget Adjustment attached? Yes

Budget Adjustment

\$ 98,066.00

Remaining Budget

\$ 98,066.00

V20221130

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:

Budget Year	Division	Adjustment Number
2023	POLICE (200)	
	Requestor: Willie Newman	

Increase in budgeted revenue equal to the increase in budgeted expense for this non-matching federal funding to reimburse existing DTF investigators overtime, covert funds, and vehicle allowances.

	COUNCIL DATE:	4/18/2023
	ITEM ID#:	2023-578
	Holly Black	
	3/21/2023 6:44 AM	
	Budget Division	Date
	TYPE:	D - (City Council)
	JOURNAL #:	
	GLDATE:	
	CHKD/POSTED:	/
RESOLUTION/ORDINANCE		

[illegible]

MEMORANDUM OF AGREEMENT
BETWEEN
WASHINGTON COUNTY, ARKANSAS
AND
FAYETTEVILLE POLICE DEPARTMENT

This Agreement between Washington County, Arkansas and Fayetteville Police Department shall begin on January 1, 2023 and shall not extend beyond December 31, 2024 unless the period is extended by modification of this Agreement.

WHEREAS, Washington County, Arkansas has been designated the fiscal agent for the Gulf Coast High Intensity Drug Trafficking Area (HIDTA) program, all requests for payments and budget reprogramming shall pass through Washington County, Arkansas.

NOW, THEREFORE, Washington County, Arkansas and Gulf Coast HIDTA hereby agree to the disbursement of HIDTA funds in the amount of 98,066 .00 to the resource recipient, Fayetteville Police Department, under the following terms and conditions:

1. Fayetteville Police Department agrees to follow all applicable federal, state, and local guidelines regarding purchases and other expenditures under the HIDTA program, including but not limited to, the following: OMB Circular 87, OM Circular A-102, OMG Circular A-133, 21 CFR Part 1403, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), and the Fair Labor Standards Act (FLSA).
2. Fayetteville Police Department agrees to abide by and be bound by the attached budget (Appendix A) for purchases including future reprogramming requests as approved by Washington County, Arkansas and Gulf Coast HIDTA. All reprogramming requests shall be submitted via email to the Gulf Coast HIDTA Director of Operations.

3. Requests for payment shall be submitted on a quarterly basis to the financial office through the IIDTA State Director of Operations at the following address by the 10th day of each month following the quarterly end:

Brian Chambers
IIDTA State Director of Operations
3730 Appling Road
Bartlett, TN 38133

All invoices submitted shall comply with the terms noted in Appendix D. The last invoice from the Resource Recipient (Fayetteville Police Department) shall be received by the IIDTA State Director of Operations no later than the 15th day prior to the grant expiration date, unless the grant is extended.

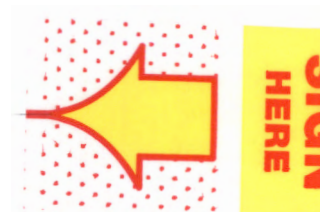
All reimbursement of Overtime Expenses will be submitted using the appropriate form (Appendix C) which must contain the IIDTA Group Task Force Supervisor's signature, certifying the overtime was IIDTA related and with the IIDTA case number contained therein.

4. Resource Recipient (Fayetteville Police Department) agrees to complete all applicable items in Appendix D and return to Washington County, Arkansas along with the signed agreement.
5. Washington County agrees to transfer funds to the resource recipient after funds have been electronically transmitted by Gulf Coast IIDTA and receipted into Washington County's Treasury Funds.
6. Resource Recipient (Fayetteville Police Department) agrees to reimburse Washington County for any invoice paid by Washington County if such is later disallowed after audit for financial review.
7. For any and all disputes arising out of this Agreement the parties hereto agree that jurisdiction will lie within Washington County, Arkansas.

IN WITNESS WHEREOF, the parties acknowledge the Agreement as evidenced by their signatures below.

Judge Patrick Deakins
Washington County Judge

Fayetteville Police Department
Resource Recipient



HIDTA 2023

Disclosure of High Risk Status

G23GC0004A

Fayetteville Police Department is **not** currently designated high risk by another federal grant making agency.

Fayetteville Police Department
Resource Recipient



ACKNOWLEDGMENT

STATE OF ARKANSAS)
)SS
COUNTY OF _____)



On this day before the undersigned, a Notary Public, duly qualified and acting in and for the county and state aforesaid, personally appeared _____, satisfactorily proven to be the person whose name appears in the foregoing instrument, and stated that he/she had executed the same for the consideration, uses and purposes therein stated.

In witness whereof, I hereunto set my hand and seal on this _____ day of _____, 2023.

Notary Public

My Commission Expires:

APPENDIX A

BUDGET

APPENDIX B

Sub-award Issued To: Fayetteville Police Department

Federal Award Identification No. (FAIN): G23GC0004A

Federal Award Date: 03/15/2023

Period of Performance: 01/01/2023-12/31/2024

Amount of Federal Funds Obligated by this Award to Fayetteville Police Department: \$98,066.00

Total Amount of Federal Funds Obligated to Fayetteville Police Department including the current obligation (G18+G19+G20+G21+G22+G23): \$150,592.80

Total Amount of Federal Award committed to Fayetteville Police Department by Washington County, Arkansas as received from Gulf Coast HHDTA: \$855,0520.66

Federal Award Project Description: This grant will support initiatives designed to implement the Strategy proposed by the Executive Board of the Gulf Coast HHDTA and approved by the Office of National Drug Control Policy (ONDCP).

Federal Awarding Agency: Executive Office of the President Office of National Drug Control Policy

Grantee (Pass Through Entity): Washington County, Arkansas
Sheriff Jay Cantrell
County Judge Patrick Deakins
1155 Clydesdale Drive
Fayetteville, AR 72701

CFDA Name and Number: High Intensity Drug Trafficking Areas Program-95.001

No indirect costs (as defined in CFR 200.414 Indirect (F&A) costs) have been authorized with this grant award.

All requests for reimbursement must be by the 10th day of the month following the end of each quarter and shall be directed to:

Brian Chambers

HHDTA State Director of Operations Arkansas/Tennessee
3730 Appling Road
Bartlett, TN 38133

APPENDIX C

Calculation of HIDTA Reimbursable Overtime

TFO's NAME	
HIDTA Overtime this period	hrs
TFO's Regular pay rate	
TFO's Overtime rate @ 1.5	\$ -

***fill in below only if agency is claiming fringe associated with HIDTA overtime**

TFO's Fringe

*please note these are the only allowable fringe cost the HIDTA program will reimburse

FICA
Life
Health
Retirement
Workman's Comp

0.00% Fringe %

percentage \$ - Overtime X Fringe % (\$50.10 X13.40%)

* Please note this total must match what was paid on checkstub or payroll report submitted with claim*

Calculation of Overtime \$ - Rate X Hours

Please note only utilize this is agency is claiming fringe 1.5 rate or regular

Overtime rate w/ Fringe % \$ - Overtime rate + fringe cost per hour rate + fringe rate (\$50.10+\$6.71)

Total HIDTA Request \$ - without fringe X hours (\$56.81*20 hrs)

APPENDIX D

A. General Terms and Conditions

1. This award is subject to The Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200 (the “Part 200 Uniform Requirements”), as adopted and implemented by the Office of National Drug Control Policy (ONDCP) in 2 C.F.R. Part 3603. For this 2023 award, the Part 200 Uniform Requirements supersede, among other things, the provisions of 28 C.F.R. Parts 66 and 70, as well as those of 2 C.F.R. Parts 215, 220, 225, and 230.

For more information on the Part 200 Uniform Requirements, see <https://cfo.gov/cofar/>. For specific, award-related questions, recipients should contact ONDCP promptly for clarification.

2. This award is subject to the following additional regulations and requirements:
 - a. 28 CFR Part 69-“New Restrictions on Lobbying”
 - b. 2 CFR Part 25-“Universal Identifier and System of Award Management”
 - c. Conflict of Interest and Mandatory Disclosure Requirements, set out in paragraph 7 of these terms and conditions
 - d. Non-profit Certifications (when applicable)
3. Audits conducted pursuant to 2 CFR Part 200, Subpart F, “Audit Requirements” must be submitted no later than 9 months after the close of the grantee’s audited fiscal year to the Federal Audit Clearinghouse at <https://harvester.census.gov/facweb/>.
4. The recipient gives ONDCP or the Government Accountability Office, through any authorized representative, access to, and the right to examine, all paper or electronic records related to the grant.
5. Recipients of IIHDTA funds are not agents of ONDCP. Accordingly, the grantee, its fiscal agent(s), employees, contractors, as well as state, local and Federal participants, either on a collective basis or on a personal level, shall not hold themselves out as being part of, or representing, the Executive Office of the President or ONDCP.
6. These general terms and conditions as well as archives of previous versions of the general terms and conditions are available online at www.whitehouse.gov/ondcp/grants.
7. Conflict of Interest and Mandatory Disclosures
 - a. Conflict of Interest Requirements

As a non-Federal entity, you must follow ONDCP’s conflict of interest policies for Federal awards. Recipients must disclose in writing any potential conflict of interest to an ONDCP Program Officer; recipients that are pass-through entities must require disclosure from sub-recipients or contractors. This disclosure must take place immediately whether you are an applicant or have an active ONDCP award.

The ONDCP conflict of interest policies apply to sub-awards as well as contracts, and are as follows:

- i. As a non-Federal entity, you must maintain written standards of conduct covering conflicts of interest and governing the performance of your employees engaged in the selection, award, and administration of sub-awards and contracts.
- ii. None of your employees may participate in the selection, award, or administration of a sub-award or contract supported by a Federal award if he or she has an apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an organization considered for a sub-award or contract. The officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from sub-recipients or contractors or parties to sub-awards or contracts.
- iii. If you have a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, you must also maintain written standards of conduct covering organizational conflict of interest. Organizational conflict of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, you are unable or appear to be unable to be impartial in conducting a sub-award or procurement action involving a related organization.

b. Mandatory Disclosure Requirement

As a non-Federal entity, you must disclose, in a timely manner, in writing to ONDCP all violations of Federal criminal law involving fraud, bribery or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award that includes the term and condition outlined in 200 CFR Part 200, Appendix XII "Award Term and Condition for Recipient Integrity and Performance Matters," are required to report certain civil, criminal, or administrative proceedings to SAM. Failure to make required disclosures can result in remedies such as: temporary withholding of payments pending correction of the deficiency, disallowance of all or part of the costs associated with noncompliance, suspension, and termination of award, debarment, or other legally available remedies outlined in 2 CFR 200.338 "Remedies for Noncompliance".

c. FFATA/DATA Act Compliance

Each applicant is required to

- i. Be registered in the System for Award Management (SAM) before submitting its application
- ii. Provide a valid DUNS number in its application
- iii. Continue to maintain an active SAM registration with current information at all times during which it has an active Federal award
- iv. Provide all relevant grantee information required for ONDCP to collect for reporting related to FFATA and DATA Act requirements.

8. Washington County, Arkansas, as the Grantee, is required to monitor this subaward as outlined in 2 CFR 200.331.
9. Recipients must comply with the Government-wide Suspension and Debarment provision set forth at 2 CFR Part 180.
10. As specified in the IIDTA Program Policy and Budget Guidance, recipient must:
 - a. Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that Federal award funds are managed in compliance with Federal statutes, regulations and award terms and conditions. These internal controls should be in compliance with the “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
 - b. Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
 - c. Evaluate and monitor compliance with applicable statutes, regulations, and the terms and conditions of the Federal awards.
 - d. Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.
 - e. Take reasonable measures to safeguard protected personally identified information (PII) and other information ONDCP or the recipient designates consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality.

B. Program Specific Terms and Conditions

The following special conditions are incorporated into each award document.

1. This grant is awarded for above program. Variation from the description of activities approved by ONDCP and/or from the budget attached to this letter must comply with the reprogramming requirements as set forth in ONDCP’s IIDTA Program Policy and Budget Guidance.
2. This award is subject to the requirements in ONDCP’s IIDTA Program Policy and Budget Guidance.
3. No IIDTA funds shall be used to supplant state or local funds that would otherwise be made available for the same purposes.
4. The requirements of 28 CFR Part 23, which pertain to information collection and management of criminal intelligence systems, shall apply to any such systems supported by this award.
5. Special accounting and control procedures must govern the use and handling of IIDTA Program funds for confidential expenditures: i.e., the purchase of information, evidence, and services for undercover

operations. Those procedures are described in Section 6 of the IIDTA Program Policy and Budget Guidance.

6. Property acquired with these IIDTA grant funds is to be used for activities of the Gulf Coast IIDTA, this equipment must be made available to the IIDTA's Executive Board for use by other IIDTA participants.
7. All law enforcement entities that receive funds from this grant must report all methamphetamine laboratory seizure data to the National Clandestine Laboratory Database/National Seizure System at the El Paso Intelligence Center.

C. Federal Award Performance Goals

1. All entities that receive funds from this award are responsible for achieving performance goals established in the IIDTA Performance Management Process (PMP) and approved by the IIDTA's Executive Board and ONDCP.
2. All entities that receive funds from this award must report progress in achieving performance goals at least quarterly using the PMP.

ACCEPTANCE OF GRANT CONDITIONS

Fayetteville Police Department
Resource Recipient

Date: _____





MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council
THRU: Brad Hardin, Fire Chief
FROM: Granville Wynn, Financial Analyst - Fire
DATE: March 21, 2023
SUBJECT: **Approval of a resolution to purchase bunker gear coats and pants for use by the Fayetteville Fire Department from Lion Manufacturing through NAFECO via the Sourcewell Cooperative Contract #032620-LIO through City of Fayetteville Sourcewell Number #34143**

RECOMMENDATION:

Approval of a resolution to purchase bunker gear coats and pants for use by the Fayetteville Fire Department from Lion Manufacturing through NAFECO via the Sourcewell Cooperative Contract #032620-LIO through City of Fayetteville Sourcewell Number #34143 .

BACKGROUND:

Our Department has identified Sourcewell Cooperative Purchasing from Lion Manufacturing as the most cost-effective manner to purchase bunker gear at this time. Bunker gear consists of the protective clothing worn by firefighters to shield them from heat and abrasive debris during fire suppression and emergency response activities.

DISCUSSION:

Purchasing through the cooperative agreement will enable us to obtain needed gear at a greatly reduced cost to the City.

BUDGET/STAFF IMPACT:

Existing ACT 833 funds have been allocated into the bunker gear general ledger account Project #33047.1 to allow the funding for the current purchase at a cost of \$154,439.10.

ATTACHMENTS: SRF_Bunker Gear Purchase_Utilizing ACT 833 funds, Vendor Quote



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-605

Approval of a resolution to purchase bunker gear coats and pants for use by the Fayetteville Fire Department from Lion Manufacturing through NAFECO via the Sourcewell Cooperative Contract #032620-LIO through City of Fayetteville Sourcewell Number #34143

A RESOLUTION TO AUTHORIZE THE PURCHASE OF BUNKER GEAR COATS AND PANTS FROM LION MANUFACTURING THROUGH NAFECO, INC., PURSUANT TO A SOURCEWELL COOPERATIVE PURCHASING CONTRACT, IN THE AMOUNT OF \$154,439.10 PLUS APPLICABLE TAXES AND FREIGHT CHARGES

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby authorizes the purchase of bunker gear coats and pants from Lion Manufacturing through NAFECO, Inc., pursuant to a Sourcewell Cooperative Purchasing Agreement, in the amount of \$154,439.10 plus any applicable taxes and freight charges.

City of Fayetteville Staff Review Form

2023-605

Item ID

4/18/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Brad Hardin

3/21/2023

FIRE (300)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Approval of a resolution to purchase bunker gear coats and pants for use by the Fayetteville Fire Department from Lion Manufacturing through NAFECO via the Sourcewell Cooperative Contract #032620-LIO through City of Fayetteville Sourcewell Number #34143.

Budget Impact:

1010.300.3020-5302.01

General

Account Number

Fund

33047.1

Fire Department Act 833

Project Number

Project Title

Budgeted Item? Yes

Total Amended Budget

\$ 161,179.00

Expenses (Actual+Encum)

\$ -

Available Budget

\$ 161,179.00

Does item have a direct cost? Yes

Item Cost

\$ 154,439.10

Is a Budget Adjustment attached? No

Budget Adjustment

\$ -

Remaining Budget

\$ 6,739.90

V20221130

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council
THRU: Paul Becker, Chief Financial Officer
FROM: Kevin Springer, Budget Director
DATE: March 28, 2023
SUBJECT: **Approval of a Budget Adjustment to Recognize Interest Revenue on the 2019 Phase I Bonds.**

RECOMMENDATION:

Staff recommends approval of a budget adjustment to recognize interest revenue earned on the 2019 Phase I Bonds.

BACKGROUND:

On April 9, 2019, the Citizens voted to authorize Sales Tax Bonds of up to \$226,065,000 for various purposes as specified in Ordinance 6126 approved by the City Council. Phase One of the bond improvements was approved at the June 4, 2019, City Council meeting which resulted in the final issuance of \$127,595,000 par value worth of bonds.

From the time of issuance, each bond earns interest revenue and when those additional funds are needed, a budget adjustment is prepared to recognize the interest earned. The total amount of revenue recognized was \$1,292,267 and was approved at the following City Council meetings.

- November 16, 2021: \$315,000 in Police 2019 Bond Project Interest.
- December 21, 2021: \$65,623 in Drainage 2019 Bond Project Interest.
- February 1, 2022: \$165,249 in Arts Corridor 2019 Bond Project Interest.
- August 2, 2022: \$302,120 in Streets 2019 Bond Project Interest.
- October 4, 2022: \$393,337 in all 2019 Bond Projects.
- December 20, 2022: \$50,939 in Police 2019 Bond Project Interest.

Currently, across all bond projects, a total of \$1,728,298.20 has been received in interest revenue earnings, leaving \$463,031.20 in revenue to be recognized.

DISCUSSION:

This item is to recognize the interest paid to date on the Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A/B so that the funds may be used on various bond project expenses.

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov

BUDGET/STAFF IMPACT:

The requested budget adjustment will recognize \$436,032 in interest revenue.

2019 Bonds (Series 2019) - Interest Received vs Budgeted

FUND / GLACCOUNT	Interest Already Recognized	Actuals	Interest Not Recognized
*4602 Streets Project 2019 Bonds	352,924	543,045.47	(190,121.47)
*4603 Trails Project 2019 Bonds	21,026	23,487.87	(2,461.87)
*4604 Drainage Projects 2019 Bonds	80,895	130,635.21	(49,740.21)
*4605 Parks Project 2019 Bonds	88,548	92,128.02	(3,580.02)
*4606 Economic Development 2019 Bonds	37,082	88,174.97	(51,092.97)
*4607 City Facilities 2019 Bonds	4,262	4,808.09	(546.09)
*4608 Arts Corridor 2019 Bonds	199,218	280,812.67	(81,594.67)
*4609 Police Projects 2019 Bonds	413,043	447,002.14	(33,959.14)
*4610 Fire Projects 2019 Bonds	95,269	118,203.76	(22,934.76)
Grand Total	1,292,267	1,728,298.20	(436,031.20)

ATTACHMENTS: 2023-626 SRF - Bond 2019 Interest, 2023-626 BA - Bond 2019 Interest

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-626

Approval of a Budget Adjustment to Recognize Interest Revenue on the 2019 Phase I Bonds.

A RESOLUTION TO APPROVE A BUDGET ADJUSTMENT IN THE AMOUNT OF \$463,032.00 RECOGNIZING INTEREST REVENUE GENERATED FROM THE SALES & USE TAX CAPITAL IMPROVEMENT AND REFUNDING BONDS SERIES 2019

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment, a copy of which is attached to this Resolution, recognizing revenue generated from interest paid on funds for the Sales & Use Tax Capital Improvement and Refunding Bonds Series 2019 in the amount of \$463,032.00.

City of Fayetteville Staff Review Form

2023-626

Item ID

4/18/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Kevin Springer

3/28/2023

BUDGET & INFORMATION MGMT (133)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends approval of a budget adjustment to recognize interest revenue earned on the Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A.

Budget Impact:

46xx.860.7000-4707.46

46xx - Various 2019 Bond Project Funds

Account Number

Fund

46xxx.7000

Various 2019 Bond Projects

Project Number

Project Title

Budgeted Item? Yes

Total Amended Budget

\$ 1,292,267.00

Expenses (Actual+Encum)

\$ 1,728,298.20

Available Budget

\$ (436,031.20)

Does item have a direct cost? No

Item Cost

\$ -

Is a Budget Adjustment attached? Yes

Budget Adjustment

\$ 436,032.00

Remaining Budget

\$ 0.80

V20221130

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:

City of Fayetteville, Arkansas - Budget Adjustment (Agenda)

Budget Year 2023	Division /Org2 BUDGET & INFORMATION MGMT (133) Requestor: Kevin Springer	Adjustment Number
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BUDGET ADJUSTMENT DESCRIPTION / JUSTIFICATION:

The requested budget adjustment will recognize \$436,032 in interest revenue for the 2019 Phase I Bonds.

	COUNCIL DATE:	4/18/2023
	ITEM ID#:	2023-626
	<i>Kevin Springer</i>	
	<i>3/28/2023 3:48 PM</i>	
	Budget Division	Date
	TYPE:	D - (City Council)
	JOURNAL #:	
	GLDATE:	
RESOLUTION/ORDINANCE	CHKD/POSTED:	/

TOTAL	436,032	436,032	v.2023323				
	Increase / (Decrease)		Project.Sub#				
	Account Number	Expense	Revenue	Project	Sub.Detl	AT	Account Name
4602.860.7000-4707.46	-	190,122	46020	7000	RE	Interest - 2019 Project Funds	
4603.860.7000-4707.46	-	2,462	46030	7000	RE	Interest - 2019 Project Funds	
4604.860.7000-4707.46	-	49,740	46040	7000	RE	Interest - 2019 Project Funds	
4605.860.7000-4707.46	-	3,580	46050	7000	RE	Interest - 2019 Project Funds	
4606.860.7000-4707.46	-	51,093	46060	7000	RE	Interest - 2019 Project Funds	
4607.860.7000-4707.46	-	546	46070	7000	RE	Interest - 2019 Project Funds	
4608.860.7000-4707.46	-	81,595	46080	7000	RE	Interest - 2019 Project Funds	
4609.860.7000-4707.46	-	33,959	46090	7000	RE	Interest - 2019 Project Funds	
4610.860.7000-4707.46	-	22,935	46100	7000	RE	Interest - 2019 Project Funds	
4602.860.7999-5899.00	190,122	-	46020	7999	EX	Unallocated - Budget	
4603.860.7999-5899.00	2,462	-	46030	7999	EX	Unallocated - Budget	
4604.860.7999-5899.00	49,740	-	46040	7999	EX	Unallocated - Budget	
4605.860.7999-5899.00	3,580	-	46050	7999	EX	Unallocated - Budget	
4606.860.7999-5899.00	51,093	-	46060	7999	EX	Unallocated - Budget	
4607.860.7999-5899.00	546	-	46070	7999	EX	Unallocated - Budget	
4608.860.7999-5899.00	81,595	-	46080	7999	EX	Unallocated - Budget	
4609.860.7999-5899.00	33,959	-	46090	7999	EX	Unallocated - Budget	
4610.860.7999-5899.00	22,935	-	46100	7999	EX	Unallocated - Budget	



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council
THRU: Paul Becker, Chief Financial Officer
FROM: Kevin Springer, Budget Director
DATE: March 29, 2023
SUBJECT: **A RESOLUTION TO AMEND RESOLUTION 35-23, REDUCING THE AMOUNT OF REAPPROPRIATIONS TO THE 2023 BUDGET BY \$3,031,724 AND TO APPROVE A BUDGET ADJUSTMENT.**

RECOMMENDATION:

To reduce the reappropriation amount added to the 2023 budget pursuant to resolution 35-23 by \$3,031,724 due to payments made against the 2022 budget which occurred after the adoption of Resolution 35-23. These amounts are reflected in the attached budget adjustment.

BACKGROUND:

Each year it is necessary for the City Council to reappropriate funds for the new budget because of items that were previously approved which were not yet completed or which were appropriated for future time periods. This was done in 2023 pursuant to resolution 35-23 adopted at the 2/7/2023 City Council meeting.

DISCUSSION:

After that meeting, payments were submitted and processed for work done or services provided before December 31, 2022. Therefore, these payments were appropriately booked as expenditures against the 2022 budget as required by Generally Accepted Accounting Principles.

Many of these expenditures were large in amount and if the appropriations approved for their payment in 2023 are not reduced, it would result in over appropriation of and possible deficits in 2023 individual funds. Therefore, this request (if approved) will adjust the affected budgets to reflect appropriations no longer needed.

BUDGET/STAFF IMPACT:

The financial impact of approving this resolution is a decrease in the reappropriations and thus the total 2023 expenditure budget by \$3,031,724 pursuant to the attached budget adjustment.

ATTACHMENTS: 2023 SUMMARY OF REAPPROPRIATIONS, 2023-627 SRF Amendment to 2022 Reappropriations, 2023-627 BA Amendment 2022 Reappropriations

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-627

A RESOLUTION TO AMEND RESOLUTION 35-23, REDUCING THE AMOUNT OF REAPPROPRIATIONS TO THE 2023 BUDGET BY \$3,031,724 AND TO APPROVE A BUDGET ADJUSTMENT.

A RESOLUTION TO AMEND RESOLUTION 35-23 BY REDUCING THE AMOUNT OF REAPPROPRIATIONS TO THE 2023 BUDGET BY \$3,031,724.00, AND TO APPROVE A BUDGET ADJUSTMENT

WHEREAS, on February 7, 2023, the City Council approved Resolution 35-23, which reappropriated funds from the 2022 budget to the 2023 budget for items that were not yet completed or which were appropriated for future time periods; and

WHEREAS, after Resolution 35-23 was passed, payments were submitted and processed for work done or services provided before December 31, 2022, and, therefore, those payments should be booked as expenditures against the 2022 budget.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas, hereby amends Resolution 35-23 by reducing the amount of reappropriations to the 2023 budget by \$3,031,724.00.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment, a copy of which is attached to this Resolution.

2023 SUMMARY OF REAPPROPRIATIONS

Fund	A - Original	B - Amendment	Grand Total
1010 - General	7,279,359	(289,929)	6,989,430
2100 - Street	3,170,873	24,511	3,195,384
2130 - Parking	490,233		490,233
2180 - Community Development	2,439,182	(13,185)	2,425,997
2246 - American Rescue Plan Act (ARPA)	5,336,884		5,336,884
2250 - Parks Development	4,766,910	(75,851)	4,691,059
2300 - Impact Fee	6,912,248	(98,447)	6,813,801
2930 - Drug Law Enforcement Grant	227,806	(24,825)	202,981
4270 - Disaster & Replacement	462,428		462,428
4470 - Sales Tax Capital Improvement	16,956,565	(567,992)	16,388,573
4601 - Bond Program Grant Matching	4,918,039		4,918,039
4602 - Streets Project 2019 Bonds	9,902,626	(336,121)	9,566,505
4603 - Trails Project 2019 Bonds	90,107	(20,569)	69,538
4604 - Drainage Projects 2019 Bonds	2,490,172	(120,731)	2,369,441
4605 - Parks Project 2019 Bonds	168,255	(385)	167,870
4606 - Economic Development 2019 Bonds	3,045,684		3,045,684
4607 - City Facilities 2019 Bonds	32,603		32,603
4608 - Arts Corridor 2019 Bonds	1,924,872	(117,164)	1,807,708
4609 - Police Projects 2019 Bonds	1,248,421	(578)	1,247,843
4610 - Fire Projects 2019 Bonds	881,980	(1,445)	880,535
4702 - Streets Project 2022 Bonds	29,755,969		29,755,969
4703 - Trails Project 2022 Bonds	4,611,107	(21,934)	4,589,173
4704 - Drainage Projects 2022 Bonds	6,896,567	(34,275)	6,862,292
4705 - Parks Project 2022 Bonds	10,947,350	(38,258)	10,909,092
4707 - City Facilities 2022 Bonds	2,713,976		2,713,976
4708 - Arts Corridor 2022 Bonds	12,385,610	(66,418)	12,319,192
4710 - Fire Projects 2022 Bonds	5,832,297	(5,772)	5,826,525
5400 - Water and Sewer	36,190,917	(1,199,309)	34,991,608
5500 - Recycling and Trash Collection	2,447,581	(6,389)	2,441,192
5550 - Airport	1,976,989	(16,608)	1,960,381
9700 - Shop	4,874,390	(50)	4,874,340
Grand Total	191,378,000	(3,031,724)	188,346,276

City of Fayetteville Staff Review Form

2023-627

Item ID

4/18/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Kevin Springer

3/28/2023

BUDGET & INFORMATION MGMT (133)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

A resolution to amend resolution 35-23, reducing the amount of reappropriations to the 2023 Budget by \$3,031,724 and to approve a budget adjustment.

Budget Impact:

VARIOUS

VARIOUS

Account Number

Fund

VARIOUS

VARIOUS

Project Number

Project Title

Budgeted Item? Yes

Total Amended Budget

\$ 412,644,584.00

Expenses (Actual+Encum)

\$ 107,754,161.26

Available Budget

\$ 304,890,422.74

Does item have a direct cost? No

Item Cost

\$ -

Is a Budget Adjustment attached? Yes

Budget Adjustment

\$ (3,031,724.00)

Remaining Budget

\$ 301,858,698.74

V20221130

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:

City of Fayetteville, Arkansas - Budget Adjustment (Agenda)

Budget Year	Division	Adjustment Number
2023	BUDGET & INFORMATION MGMT (133)	
	/Org2	
	Requestor: Kevin Springer	23-B01

BUDGET ADJUSTMENT DESCRIPTION / JUSTIFICATION:

A RESOLUTION TO AMEND RESOLUTION 35-23, REDUCING THE AMOUNT OF REAPPROPRIATIONS TO THE 2023 BUDGET BY \$3,031,724 AND TO APPROVE A BUDGET ADJUSTMENT.

	COUNCIL DATE: 4/18/2023
	ITEM ID#: 2023-627
	<i>Kevin Springer</i>
	<i>3/28/2023 6:37 PM</i>
	Budget Division Date
	D - (City Council)
	TYPE:
	JOURNAL #:
	GLDATE:
RESOLUTION/ORDINANCE	CHKD/POSTED: /

TOTAL	(3,031,724)	(3,031,724)					v.2023223
	Increase / (Decrease)		Project.Sub#				
Account Number	Expense	Revenue	Project	Sub.Detl	AT	Account Name	
1010.001.0001-4999.97	-	(465,870)			RE	Use Fund Balance - Prior	
1010.300.3020-4308.00		24,223	33047	1	RE	Public Safety Acts - Fire Act 833	
1010.300.3020-4308.00		151,718	33047	900	RE	Public Safety Acts - Fire Act 833	
1010.060.0600-5314.00	(44)	-	51022	1101	EX	Professional Services	
1010.090.6600-5210.00	(2,385)	-	32208	2022	EX	Minor Equipment	
1010.090.6600-5210.00	(673)	-	43020	1	EX	Minor Equipment	
1010.131.1310-5210.00	4,304	-			EX	Minor Equipment	
1010.160.1610-5210.00	821	-			EX	Minor Equipment	
1010.200.2900-5210.00	14,752	-			EX	Minor Equipment	
1010.200.2900-5315.00	14,583	-			EX	Contract Services	
1010.200.2920-5120.00	(54,667)	-	32104	2021	EX	Personnel Other - Contra	
1010.200.2920-5120.00	(27,566)	-	31607	2223.4309	EX	Personnel Other - Contra	
1010.200.2920-5210.00	(280,815)	-	02047	7900.8802	EX	Minor Equipment	
1010.200.2920-5210.00	(1,973)	-	32205	2022	EX	Minor Equipment	
1010.200.2920-5210.00	(547)	-	37042	2020	EX	Minor Equipment	
1010.200.2920-5210.00	(149)	-	37042	2021	EX	Minor Equipment	
1010.200.2920-5210.00	81	-	39022	2019	EX	Minor Equipment	
1010.200.2920-5304.00	(8,776)	-	39022	2019	EX	Travel & Training	

Account Number	Increase / (Decrease)		Project.Sub#		AT	Account Name
	Expense	Revenue	Project	Sub.Detl		
1010.200.2920-5304.00	(3,843)	-	32205	2022	EX	Travel & Training
1010.200.2920-5304.00	2,754	-	39022	2021	EX	Travel & Training
1010.200.2920-5310.01	(266)	-	32205	2022	EX	Utilities - Telephone
1010.200.2940-5302.00	37,691	-			EX	Uniforms/Personal - Equipment
1010.200.2940-5302.00	6,327	-			EX	Uniforms/Personal - Equipment
1010.520.5220-5315.00	6,173	-	33051	6	EX	Contract Services
1010.520.5220-5342.00	2,288	-	33051	6	EX	Promotionals - Activities
1010.520.5280-5342.00	(1,000)	-	33051	1001	EX	Promotionals - Activities
1010.631.6310-5315.00	7,902	-			EX	Contract Services
1010.671.2740-5200.03	(602)	-	33048	1	EX	Supplies - Veterinary
1010.671.2740-5205.00	(45)	-	33048	1	EX	Dog Food And Supplies
1010.671.2740-5315.00	(4,254)	-	33048	1	EX	Contract Services
2100.410.4100-4999.97	-	24,511			RE	Use Fund Balance - Prior
2100.410.4120-5204.00	33,646	-			EX	Chemicals
2100.410.4120-5216.00	6,187	-			EX	Construction Materials
2100.410.5500-5814.00	(15,322)	-	02053	5500	EX	Improvements - Sidewalks
2180.642.4930-4999.97	-	(13,185)			RE	Use Fund Balance - Prior
2180.642.4930-5104.00	(2,598)	-			EX	Accruals - General
2180.642.4940-5104.00	(9,151)	-			EX	Accruals - General
2180.642.4945-5104.00	2,484	-			EX	Accruals - General
2180.642.4945-5200.01	(41)	-			EX	Supplies - Copies/Lease
2180.642.4945-5303.00	15	-			EX	Publications & Dues
2180.642.4945-5310.01	(43)	-			EX	Utilities - Telephone
2180.642.4945-5390.01	(1,062)	-	32003	1	EX	CDBG Projects - Community Outreach Proj
2180.642.4945-5403.00	100	-			EX	Maintenance - Vehicle & Machine
2180.642.4956-5303.00	(965)	-			EX	Publications & Dues
2180.642.4957-5303.00	(563)	-			EX	Publications & Dues
2180.642.4958-5308.90	665	-			EX	Rental - Rent Assistance
2180.642.4970-5390.03	(2,031)	-			EX	CDBG Projects - Aging Transportation
2180.642.4970-5390.69	5	-			EX	CDBG Projects - CU Methodist Church
2250.520.9250-4999.97	-	(75,851)			RE	Use Fund Balance - Prior
2250.520.9250-5200.05	759	-	33051	8	EX	Supplies - Tournament/Awards
2250.520.9255-5301.00	(31)	-	13001	2001	EX	Public Notification
2250.520.9255-5314.00	(5,000)	-	13001	7504.1000	EX	Professional Services
2250.520.9255-5806.00	(22,250)	-	13001	1902	EX	Improvements - Park
2250.520.9255-5806.00	(21,610)	-	02013	2201	EX	Improvements - Park
2250.520.9255-5806.00	(6,233)	-	13001	1801	EX	Improvements - Park
2250.520.9255-5806.00	(1,959)	-	13001	2001	EX	Improvements - Park
2250.520.9256-5806.00	(3,601)	-	46050	7502.1000	EX	Improvements - Park
2250.520.9256-5814.05	(15,926)	-	13001	1802	EX	Improvements - Trails
2300.200.9300-4999.97	-	(98,447)			RE	Use Fund Balance - Prior
2300.200.9300-5210.00	(98,447)	-	07001	7900.8802	EX	Minor Equipment
2930.200.2960-4999.97	-	(24,825)			RE	Use Fund Balance - Prior
2930.200.2960-5120.00	(4,444)	-	32229	2022	EX	Personnel Other - Contra
4470.001.9470-4999.97	-	(567,992)			RE	Use Fund Balance - Prior
4470.090.8900-5220.00	424	-	22004	1	EX	Landscape Materials

Account Number	Increase / (Decrease)		Project.Sub#		AT	Account Name
	Expense	Revenue	Project	Sub.Detl		
4470.090.8900-5314.00	(14,985)	-	22005	1	EX	Professional Services
4470.090.8900-5315.00	(11,768)	-	15008	1	EX	Contract Services
4470.090.8900-5400.00	(732)	-	15008	1	EX	Building & Grounds - Maintenance
4470.140.8900-5400.00	(126,488)	-	02046	1	EX	Building & Grounds - Maintenance
4470.140.8900-5400.00	(370)	-	02046	0202	EX	Building & Grounds - Maintenance
4470.140.8900-5400.00	(55)	-	02046	1502	EX	Building & Grounds - Maintenance
4470.170.8170-5210.00	(1,226)	-	02057	1	EX	Minor Equipment
4470.170.8170-5210.00	(689)	-	02056	1	EX	Minor Equipment
4470.170.8170-5210.00	1,775	-	09028	1	EX	Minor Equipment
4470.170.8170-5315.00	(3,948)	-	09028	1	EX	Contract Services
4470.200.8200-5210.00	(31,357)	-	02047	7900.8802	EX	Minor Equipment
4470.200.8200-5210.00	(11,079)	-	06002	1	EX	Minor Equipment
4470.200.8200-5210.00	(3,414)	-	13011	1	EX	Minor Equipment
4470.200.8200-5400.00	11	-	21014	1	EX	Building & Grounds - Maintenance
4470.300.8300-5210.00	215	-	21001	1	EX	Minor Equipment
4470.300.8300-5210.00	467	-	02006	1	EX	Minor Equipment
4470.300.8300-5400.00	(12,248)	-	02006	1	EX	Building & Grounds - Maintenance
4470.410.8410-5210.00	59	-	02063	1	EX	Minor Equipment
4470.410.8410-5399.03	(44,302)	-	02052	1	EX	Cost Allocation - Motorpool Reimbursemer
4470.410.8410-5417.00	1,123	-	02052	1	EX	Maintenance - Street
4470.410.8410-5418.00	(3,403)	-	02053	1	EX	Maintenance - Sidewalk
4470.410.8410-5814.00	(1,228)	-	02053	1	EX	Improvements - Sidewalks
4470.520.8520-5308.03	(12,957)	-	02001	1	EX	Rental - Equipment
4470.520.8520-5314.00	(9,762)	-	18022	1	EX	Professional Services
4470.520.8520-5399.03	(731)	-	15012	1	EX	Cost Allocation - Motorpool Reimbursemer
4470.520.8520-5400.00	(30)	-	02001	1	EX	Building & Grounds - Maintenance
4470.520.8520-5806.00	(3,277)	-	15011	1	EX	Improvements - Park
4470.520.8520-5806.00	422	-	08001	1	EX	Improvements - Park
4470.620.8900-5315.00	(6,010)	-	21003	1	EX	Contract Services
4470.621.8810-5314.00	(30,791)	-	02108	1	EX	Professional Services
4470.621.8810-5817.00	(1,206)	-	02108	1	EX	Improvements - Bridge & Drainage
4470.800.8830-5211.00	(31,238)	-	02016	1002	EX	Street Marking Materials
4470.800.8830-5330.05	(9,363)	-	02016	1	EX	Labor charges
4470.800.8830-5399.03	(10,724)	-	02016	1	EX	Cost Allocation - Motorpool Reimbursemer
4470.800.8830-5420.00	(8,590)	-	02016	1301	EX	Trail Maintenance
4470.800.8830-5814.05	(2,403)	-	02016	2003	EX	Improvements - Trails
4470.800.8830-5814.05	(2,121)	-	02016	7302	EX	Improvements - Trails
4470.800.8835-5809.00	(175,993)	-	06035	2101	EX	Improvements - Street
4602.860.7000-4999.97	-	(336,121)			RE	Use Fund Balance - Prior
4602.860.7000-5860.03	(963)	-	46020	7000	EX	Capital Prof Svcs - Internal Support
4602.860.7000-5860.04	(22,650)	-	46020	7000	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7212-5860.04	(9,059)	-	46020	7212	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7213-5860.04	(8,831)	-	46020	7213	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7214-5860.04	(4,057)	-	46020	7214.1020	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7214-5860.04	(89)	-	46020	7214.1010	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7216-5860.04	(533)	-	46020	7216.1000	EX	Capital Prof Svcs - Contra (Engineering)

Account Number	Increase / (Decrease)		Project.Sub#		AT	Account Name
	Expense	Revenue	Project	Sub.Detl		
4602.860.7218-5860.04	(14,611)	-	46020	7218.1000	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7219-5809.00	(164,963)	-	46020	7219	EX	Improvements - Street
4602.860.7219-5860.02	(9,790)	-	46020	7219	EX	Capital Prof Svcs - Engineering/Architecture
4602.860.7219-5860.04	(870)	-	46020	7219	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7220-5860.04	(2,169)	-	46020	7220	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7221-5809.00	(48,859)	-	46020	7221.1010	EX	Improvements - Street
4602.860.7221-5860.02	(21,258)	-	46020	7221.1020	EX	Capital Prof Svcs - Engineering/Architecture
4602.860.7221-5860.04	(4,275)	-	46020	7221.1010	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7221-5860.04	(371)	-	46020	7221.1000	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7223-5860.02	(19,760)	-	46020	7223	EX	Capital Prof Svcs - Engineering/Architecture
4602.860.7223-5860.04	(1,529)	-	46020	7223	EX	Capital Prof Svcs - Contra (Engineering)
4602.860.7227-5860.04	(1,484)	-	46020	7227	EX	Capital Prof Svcs - Contra (Engineering)
4603.860.7000-4999.97	-	(20,569)			RE	Use Fund Balance - Prior
4603.860.7000-5860.03	(289)	-	46030	7000	EX	Capital Prof Svcs - Internal Support
4603.860.7302-5860.04	(10,085)	-	46030	7302	EX	Capital Prof Svcs - Contra (Engineering)
4603.860.7999-5899.00	(10,195)	-	46030	7999	EX	Unallocated - Budget
4604.860.7000-4999.97	-	(120,731)			RE	Use Fund Balance - Prior
4604.860.7000-5860.03	(125)	-	46040	7000	EX	Capital Prof Svcs - Internal Support
4604.860.7410-5817.00	(106,306)	-	46040	7410.1000	EX	Improvements - Bridge & Drainage
4604.860.7410-5860.04	(504)	-	46040	7410.1000	EX	Capital Prof Svcs - Contra (Engineering)
4604.860.7415-5860.04	(2,999)	-	46040	7415.1000	EX	Capital Prof Svcs - Contra (Engineering)
4604.860.7420-5860.02	(2,540)	-	46040	7420.1000	EX	Capital Prof Svcs - Engineering/Architecture
4604.860.7420-5860.04	(550)	-	46040	7420.1000	EX	Capital Prof Svcs - Contra (Engineering)
4604.860.7999-5899.00	(7,707)	-	46040	7999	EX	Unallocated - Budget
4605.860.7000-4999.97	-	(385)			RE	Use Fund Balance - Prior
4605.860.7000-5860.03	(385)	-	46050	7000	EX	Capital Prof Svcs - Internal Support
4608.860.7000-4999.97	-	(117,164)			RE	Use Fund Balance - Prior
4608.860.7000-5860.03	(818)	-	46080	7000	EX	Capital Prof Svcs - Internal Support
4608.860.7800-5860.02	(75,578)	-	46080	7800	EX	Capital Prof Svcs - Engineering/Architecture
4608.860.7820-5860.02	(40,768)	-	46080	7820	EX	Capital Prof Svcs - Engineering/Architecture
4609.860.7000-4999.97	-	(578)			RE	Use Fund Balance - Prior
4609.860.7000-5860.03	(298)	-	46090	7000	EX	Capital Prof Svcs - Internal Support
4609.860.7999-5899.00	(280)	-	46090	7999	EX	Unallocated - Budget
4610.860.7000-4999.97	-	(1,445)			RE	Use Fund Balance - Prior
4610.860.7000-5860.03	(529)	-	46100	7000	EX	Capital Prof Svcs - Internal Support
4610.860.7108-5210.00	584	-	46100	7108.8802	EX	Minor Equipment
4610.860.7999-5899.00	(1,500)	-	46100	7999	EX	Unallocated - Budget
4703.860.7000-4999.97	-	(21,934)			RE	Use Fund Balance - Prior
4703.860.7304-5860.02	(21,934)	-	46030	7304	EX	Capital Prof Svcs - Engineering/Architecture
4704.860.7000-4999.97	-	(34,275)			RE	Use Fund Balance - Prior
4704.860.7000-5301.00	(198)	-	46040	7000	EX	Public Notification
4704.860.7405-5805.00	(34,077)	-	46040	7405	EX	Land - Acquisition
4705.860.7000-4999.97	-	(38,258)			RE	Use Fund Balance - Prior
4705.860.7000-5301.00	(644)	-	46050	7000	EX	Public Notification
4705.860.7540-5860.02	(37,517)	-	46050	7540	EX	Capital Prof Svcs - Engineering/Architecture
4705.860.7999-5899.00	(97)	-	46050	7999	EX	Unallocated - Budget

Account Number	Increase / (Decrease)		Project.Sub#		AT	Account Name
	Expense	Revenue	Project	Sub.Detl		
4708.860.7000-4999.97	-	(66,418)			RE	Use Fund Balance - Prior
4708.860.7800-5860.02	(66,322)	-	46080	7800	EX	Capital Prof Svcs - Engineering/Architecture
4708.860.7999-5899.00	(96)	-	46080	7999	EX	Unallocated - Budget
4710.860.7000-4999.97	-	(5,772)			RE	Use Fund Balance - Prior
4710.860.7110-5860.02	(5,675)	-	46100	7110.8630	EX	Capital Prof Svcs - Engineering/Architecture
4710.860.7999-5899.00	(97)	-	46100	7999	EX	Unallocated - Budget
5400.720.1840-5210.00	(1,295)	-	02057	5400	EX	Minor Equipment
5400.720.1840-5801.00	1,295	-	02057	5400	EX	Fixed Assets
5400.720.4000-4999.97	-	(1,199,309)			RE	Use Fund Balance - Prior
5400.720.4310-5311.04	3,172	-			EX	Insurance - Self (Non-Vehicle Damage)
5400.720.4310-5311.04	8,156	-			EX	Insurance - Self (Non-Vehicle Damage)
5400.720.4310-5311.04	1,647	-			EX	Insurance - Self (Non-Vehicle Damage)
5400.720.4310-5311.04	4,939	-			EX	Insurance - Self (Non-Vehicle Damage)
5400.720.4310-5315.00	4,610	-			EX	Contract Services
5400.720.5600-5314.00	(72,862)	-	12009	1	EX	Professional Services
5400.720.5600-5314.00	(71,282)	-	18015	2201	EX	Professional Services
5400.720.5600-5314.00	(9,596)	-	12009	1801	EX	Professional Services
5400.720.5600-5314.00	(9,372)	-	11011	2102	EX	Professional Services
5400.720.5600-5314.00	(9,312)	-	14010	1	EX	Professional Services
5400.720.5600-5314.00	(2,535)	-	10006	1	EX	Professional Services
5400.720.5600-5808.00	(72,916)	-	12009	2101	EX	Improvements - Water Line
5400.720.5600-5808.00	(65,000)	-	10006	1	EX	Improvements - Water Line
5400.720.5600-5808.00	(27,487)	-	14010	1	EX	Improvements - Water Line
5400.720.5700-5314.00	(58,861)	-	02017	1	EX	Professional Services
5400.720.5700-5314.00	(9,372)	-	11011	2102	EX	Professional Services
5400.720.5700-5815.00	(87,570)	-	04039	1	EX	Improvements - Sewer
5400.730.5100-5328.00	(35,992)	-			EX	WWTP Contract - PCP Operations
5400.730.5110-5328.00	(114,999)	-			EX	WWTP Contract - PCP Operations
5400.730.5120-5328.00	(21,381)	-			EX	WWTP Contract - PCP Operations
5400.730.5130-5328.00	(53,084)	-			EX	WWTP Contract - PCP Operations
5400.730.5140-5328.00	(203,584)	-			EX	WWTP Contract - PCP Operations
5400.730.5800-5308.03	(73,735)	-	02032	1	EX	Rental - Equipment
5400.730.5800-5314.00	(74,853)	-	02032	1	EX	Professional Services
5400.730.5800-5314.00	(51,273)	-	13018	1	EX	Professional Services
5400.730.5800-5400.00	(17,382)	-	02032	1	EX	Building & Grounds - Maintenance
5400.730.5800-5400.00	68	-	02068	1	EX	Building & Grounds - Maintenance
5400.730.5800-5414.00	364	-	02069	1	EX	Maintenance - Plant Equipment
5400.730.5800-5801.00	206	-	02032	1	EX	Fixed Assets
5400.730.5800-5801.00	4,896	-	02069	1	EX	Fixed Assets
5400.860.5600-5860.02	(2,105)	-	11011	2019.7800	EX	Capital Prof Svcs - Engineering/Architecture
5400.860.5700-5815.00	(82,814)	-	11011	2019.7221	EX	Improvements - Sewer
5500.750.5000-4999.97	-	(6,389)			RE	Use Fund Balance - Prior
5500.750.5000-5400.00	1,186	-			EX	Building & Grounds - Maintenance
5500.750.5060-5403.00	2,380	-			EX	Maintenance - Vehicle & Machine
5500.750.5080-5870.00	(9,955)	-	10001	1	EX	Container Costs
5550.760.3940-4999.97	-	(16,608)			RE	Use Fund Balance - Prior

Account Number	Increase / (Decrease)		Project.Sub#		AT	Account Name
	Expense	Revenue	Project	Sub.Detl		
5550.760.3960-5314.00	(1,558)	-	15029	1	EX	Professional Services
5550.760.3960-5860.02	(15,050)	-	32206	2022	EX	Capital Prof Svcs - Engineering/Architectur
9700.770.1910-4999.97	-	(50)			RE	Use Fund Balance - Prior
9700.770.1920-5802.00	(1,124)	-	02081	2021	EX	Vehicles & Equipment - base
9700.770.1920-5802.00	(70)	-	02081	2022	EX	Vehicles & Equipment - base
9700.770.1920-5802.00	1,144	-	02083	2019	EX	Vehicles & Equipment - base
2930.200.2960-5120.00	(20,381)	-	38070	2002	EX	Personnel Other - Contra
5400.730.5800-5314.00	8,262		02032	1	EX	Professional Services
5400.730.5800-5400.00	(8,262)	-	02032	1	EX	Building & Grounds - Maintenance
4470.800.8835-4420.00	-	(1,792,211)	06035	2101	RE	Payments by Property Owners - base
4470.800.8835-4309.00	-	1,792,211	06035	2101	RE	Federal Grants - Capital
4470.800.8835-4309.00	-	(2,380,847)	06035	7213	RE	Federal Grants - Capital
4470.800.8835-4309.00	-	1,745,700	06035	3400	RE	Federal Grants - Capital
4470.001.9470-4999.97	-	635,147			RE	Use Fund Balance - Prior
2250.520.9255-4305.00	-	635,475	46050	7540	RE	Grants - Commercial
2250.520.9250-4999.97	-	(635,475)			RE	Use Fund Balance - Prior



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council
THRU: Susan Norton, Chief of Staff
FROM: Tim Nyander, Utilities Director
DATE: March 29, 2023
SUBJECT: Northwest Arkansas Land Trust - West Side Prairie Habitat Restoration and Management

RECOMMENDATION:

Staff recommends the approval of a Contract for Habitat Restoration and Management of West Side Prairie between the City of Fayetteville, Arkansas and Northwest Arkansas Land Trust in an amount not to exceed \$20,000.00 for a term of one year.

BACKGROUND:

The Northwest Arkansas Land Trust has maintained the West Side Prairie near the West Side Treatment Facility since 2020. They have worked on restoring the prairie habitat and also performing ecological management services for the West Side Prairie. The current contract has expired, so staff has negotiated a new contract with Northwest Arkansas Land Trust to continue the habitat restoration and management.

DISCUSSION:

Due to their expertise in habitat restoration and management, Northwest Arkansas Land Trust was selected to perform these services on behalf of the City of Fayetteville. Services to be provided include:

1. Use adaptive restoration strategies to restore the site to native tall grass prairie and savannah habitat.
2. Use adaptive management strategies to properly manage habitat for native tall grass prairie and savanna species.
3. Install and manage appropriate infrastructure for public access.
4. Administer and manage work schedules, vendors, and contractors, and coordinate with proper City of Fayetteville staff.

BUDGET/STAFF IMPACT:

Funds are available in the Wetlands Bank Construction account within the Water and Sewer fund. This agreement may be renewed for 5 additional one (1) year terms with mutual agreement of the parties.

ATTACHMENTS: SRF Northwest Arkansas Land Trust, NWALT_Contract for WSP_ Signed_03222023



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-648

Northwest Arkansas Land Trust - West Side Prairie Habitat Restoration and Management

A RESOLUTION TO AUTHORIZE A ONE YEAR CONTRACT WITH THE NORTHWEST ARKANSAS LAND TRUST IN THE AMOUNT OF \$20,000.00 FOR HABITAT RESTORATION AND MANAGEMENT AT THE WEST SIDE PRAIRIE WITH AN OPTION TO RENEW FOR FIVE ADDITIONAL ONE YEAR TERMS

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign a one year Contract with the Northwest Arkansas Land Trust, a copy of which is attached to this Resolution, in the amount of \$20,000.00 for habitat restoration and management services at the West Side Prairie near the West Side Wastewater Treatment Facility with an option to renew for five additional one year terms.

City of Fayetteville Staff Review Form

2023-648

Item ID

4/18/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Tim Nyander

3/29/2023

WASTEWATER TREATMENT (730)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends the approval of a Contract for Habitat Restoration and Management of West Side Prairie between the City of Fayetteville, Arkansas and Northwest Arkansas Land Trust in an amount not to exceed \$20,000.00 for a term of one year.

Budget Impact:

5400.730.5800-5314.00

Water and Sewer

Account Number

Fund

11013.1

Wetlands Bank Construction

Project Number

Project Title

Budgeted Item? Yes

Total Amended Budget

\$ 290,088.00

Expenses (Actual+Encum)

\$ 148,303.37

Available Budget

\$ 141,784.63

Does item have a direct cost? Yes

Item Cost

\$ 20,000.00

Is a Budget Adjustment attached? No

Budget Adjustment

\$ -

Remaining Budget

\$ 121,784.63

V20221130

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:

**CONTRACT FOR
HABITAT RESTORATION AND MANAGEMENT OF WEST SIDE PRAIRIE
BETWEEN
THE CITY OF FAYETTEVILLE, ARKANSAS
AND
NORTHWEST ARKANSAS LAND TRUST**

WHEREAS, City of Fayetteville, Arkansas is the owner of property known as West Side Prairie located in Fayetteville, Arkansas and;

WHEREAS, the City of Fayetteville, Arkansas desires to contract for Habitat Restoration and Management services for West Side Prairie and;

WHEREAS, on February 18, 2020, the Northwest Arkansas Land Trust was selected by the City Council to perform Habitat Restoration and Management services for the City of Fayetteville, Arkansas at West Side Prairie due to their expertise in habitat restoration and management and;

WHEREAS, Northwest Arkansas Land Trust is a local, accredited land trust with expertise in habitat restoration and management, public access infrastructure and maintenance, and who follows current standards and practices as established by the Land Trust Accreditation Commission to help ensure, among other things, the proper stewardship and permanence of lands protected by conservation easements and;

WHEREAS, the City Council of Fayetteville, Arkansas has approved a contract with Northwest Arkansas Land Trust for Habitat Restoration and Management of West Side Prairie,

NOW THEREFORE:

In consideration of the mutual promises contained in this Agreement and other good and valuable consideration,

1. Agreement is made this _____ day of _____, 2023 between the City of Fayetteville, Arkansas located at 113 W. Mountain, Fayetteville, Arkansas 72701 and the Northwest Arkansas Land Trust located at 1725 S. Smokehouse Trail, Fayetteville, Arkansas 72701.
2. **Term:** This agreement shall be for a term of one (1) year. This contract may be cancelled by either party within 30 days of written notice.
3. **Renewals:** This agreement may be renewed for 5 additional one (1) year terms with mutual agreement of the parties.
4. **Appendix and Attachments:** The Contract documents which comprise this contract between the City of Fayetteville and Northwest Arkansas Land Trust consist of this Contract and the following documents attached hereto, and made part thereof:
 - a. Appendix A- Northwest Arkansas Land Trust Scope of Services for Restoration and Management of West Side Prairie
 - b. Attachment B- Survey of West Side Prairie
5. **Services to be Provided:** During the terms of the Agreement, Northwest Arkansas Land Trust shall:

- a. Use adaptive restoration strategies to restore the site to native tall grass prairie and savannah habitat.
 - b. Use adaptive management strategies to properly manage habitat for native tall grass prairie and savanna species.
 - c. Install and manage appropriate infrastructure for public access.
 - d. Administer and manage work schedules, vendors, and contractors, and coordinate with proper City of Fayetteville staff.
6. **Fees and Expenses:** The City of Fayetteville agrees fees for service shall be paid upon invoice as follows:
 - a. Services shall be invoiced for each quarter not to exceed \$20,000.00 for the term.
 - b. Northwest Arkansas Land Trust will track and report all expenses related to this Agreement along with the invoice for payment for each quarter.
 - c. Invoices shall be itemized.
7. **Notices:** Any notice required to be given under this Agreement to either party to the other shall be sufficient if addressed and mailed, certified mail, postage paid, delivery, or overnight courier.
8. **Applicable Law:** The Agreement shall be governed by and construed in accord with the laws of the State of Arkansas.
9. **Entire Agreement:** This Agreement sets forth the entire agreement and understanding of the parties on the subject matter of this Agreement. Neither party shall be bound by any conditions, definitions, representations, or warranties with respect to the subject matter of this Agreement other than those as expressly provided herein.
10. **Amendments and Waivers:** Changes, modifications, or amendments in scope, price or fees to this contract shall not be allowed without a prior formal contract amendment approved by the Mayor and the City Council **in advance** of the change of scope, cost, or fees. No modification of this Agreement shall be binding unless made in writing and executed by both parties. No waiver by either party or any breach or obligation of the other party under this Agreement shall constitute a waiver or any other of any other prior or subsequent breach or obligation.
11. **Deliverables:** Northwest Arkansas Land Trust shall provide the following deliverables.

One: Adaptive Habitat Restoration and Management of Historic Prairie & Savanna

In keeping with an adaptive approach to habitat management as outlined in the 2020 Habitat Conservation & Management Plan, NWALT will employ a variety of plant management techniques to control invasive and exotic plant species on the site. Routine maintenance shall include but not be limited to spot treating with herbicides, mulching, top cutting for seed control, and prescribed fire. Informal botanical surveys will be conducted seasonally to document new occurrences of exotic species as well as previously unobserved native plant species.

NWALT will regularly survey for and remove litter and refuse from along roadways and within the prairie as necessary.

Deliverables: Adaptive plant management and litter pickup

Two: Public Access Infrastructure

NWALT will regularly maintain the established 1-mile trail loop within the prairie. This will primarily consist of mowing and may include the addition of seasonal wet weather crossings as outlined in the Public Access Plan.

NWALT will install 3 strategically placed interpretive signs along the trail loop to interpret the natural history of the prairie.

NWALT will continue to work with the City to design and install an appropriate parking area for the prairie as outlined in the Public Access Plan and in accordance with the 2020 conservation easement guidelines. NWALT will install a trailhead kiosk at the parking area to interpret the site with regulatory language to protect conservation values and purposes on both Westside Prairie and the adjacent Woolsey Wet Prairie Sanctuary.

Deliverables: Maintenance of trail, installation of signs, installation of parking area and kiosk

Three: Administration and Reporting

NWALT will manage all facets of work under this scope of services including but not limited to work timelines, communications, contractors, vendors, staff, and volunteers (if used).

NWALT will submit one annual report to include work performed, updates for any new plant species observed, and recommendations for future management actions.

Deliverables: Project management and oversight, annual report

12. **Contract Administration:** The Mayor or his/her Designated Representative shall be the Contract Administrator for this contract. The Northwest Arkansas Land Trust Executive Director or her/his Designated Representative shall be the primary contact for all matters pertaining to this contract.

Freedom of Information Act: City contracts and documents prepared while performing city contractual work are subject to the Arkansas Freedom of Information Act. If a Freedom of Information Act request is presented to the City of Fayetteville, Northwest Arkansas Land Trust will do everything possible to provide the documents in a prompt and timely manner as prescribed in the Arkansas Freedom of Information Act (A.C.A. §25-19-101 et. seq.). Only legally authorized photocopying costs pursuant to the FOIA may be assessed for this compliance.

IN WITNESS WHEREOF, the parties have executed this Agreement.

Northwest Arkansas Land Trust

By:  Date: 3.22.23
Grady Spann, Executive Director/CEO

Witness:  Date: 3/22/23

The City of Fayetteville, Arkansas

By: _____ Date: _____
Lioneld Jordan, Mayor

Attest: _____ Date: _____
Kara Paxton, City Clerk/Treasurer



February 24, 2023

Northwest Arkansas Land Trust
1725 S. Smokehouse Trail
Fayetteville, AR 72703
(479) 966-4666

Project Manager
Marson Nance, Director of Land Stewardship & Research
mnance@nwalandtrust.org

Attn: Tim Nyander, Utilities Director
479.575.8386
tnyander@fayetteville-ar.gov

Scope of Services for the City of Fayetteville, Arkansas
Westside Prairie Restoration and Management

The Northwest Arkansas Land Trust (NWALT) is pleased to provide this Scope of Services to The City of Fayetteville, Arkansas (City) for restoration and management of the Westside Prairie tract located north of the Westside Water Treatment Facility on City owned property. West Side Prairie is a remnant of relatively undisturbed tallgrass prairie and part of a larger mosaic of sustainable practices which include a wetland mitigation site and solar arrays. The conservation of this prairie remnant is an important addition to the existing facilities and provides ecosystem services such as carbon sequestration, wildlife habitat, and stormwater management.

The scope detailed below is for 12 months of work and includes habitat restoration and management activities and improving public accessibility.

Task 1 ADAPTIVE HABITAT RESTORATION AND MANAGEMENT OF HISTORIC PRAIRIE

1.1 Control and Management of Exotic and Invasive Plant Species

In keeping with an adaptive approach to habitat management as outlined in the 2020 Habitat Conservation & Management Plan, NWALT will employ a variety of plant management techniques to control invasive and exotic plant species on the site. Routine maintenance shall include but not be limited to spot treating with herbicides, mulching, top cutting for seed control, and prescribed fire. Informal botanical surveys will be conducted seasonally to document new occurrences of exotic species as well as previously unobserved native plant species.

1.2 Litter Cleanup along Site Boundaries

NWALT will regularly survey for and remove litter and refuse from along roadways and within the prairie as necessary.

Deliverables: Adaptive plant management and litter pickup

Task 2 PUBLIC ACCESS AND INFRASTRUCTURE

2.1 Routine Mowing and Maintenance of 1 Mile Trail Loop

NWALT will regularly maintain the established 1-mile trail loop within the prairie. This will primarily consist of mowing and may include the addition of seasonal wet weather crossings as outlined in the Public Access Plan.

2.2 Installation of Interpretive Signage

NWALT will install 3 strategically placed interpretive signs along the trail loop to interpret the natural history of the prairie.

2.3 Installation of Parking Area and Trailhead Kiosk

NWALT will continue to work with the City to design and install an appropriate parking area for the prairie as outlined in the Public Access Plan and in accordance with the 2020 conservation easement guidelines. NWALT will install a trailhead kiosk at the parking area to interpret the site with regulatory language to protect conservation values and purposes on both Westside Prairie and the adjacent Woolsey Wet Prairie Sanctuary.

Deliverables: Maintenance of trail, installation of signs, installation of parking area and kiosk

Task 3 ADMINISTRATION AND REPORTING

3.1 Project Management

NWALT will manage all facets of work under this scope of services including but not limited to work timelines, communications, contractors, vendors, staff, and volunteers (if used).

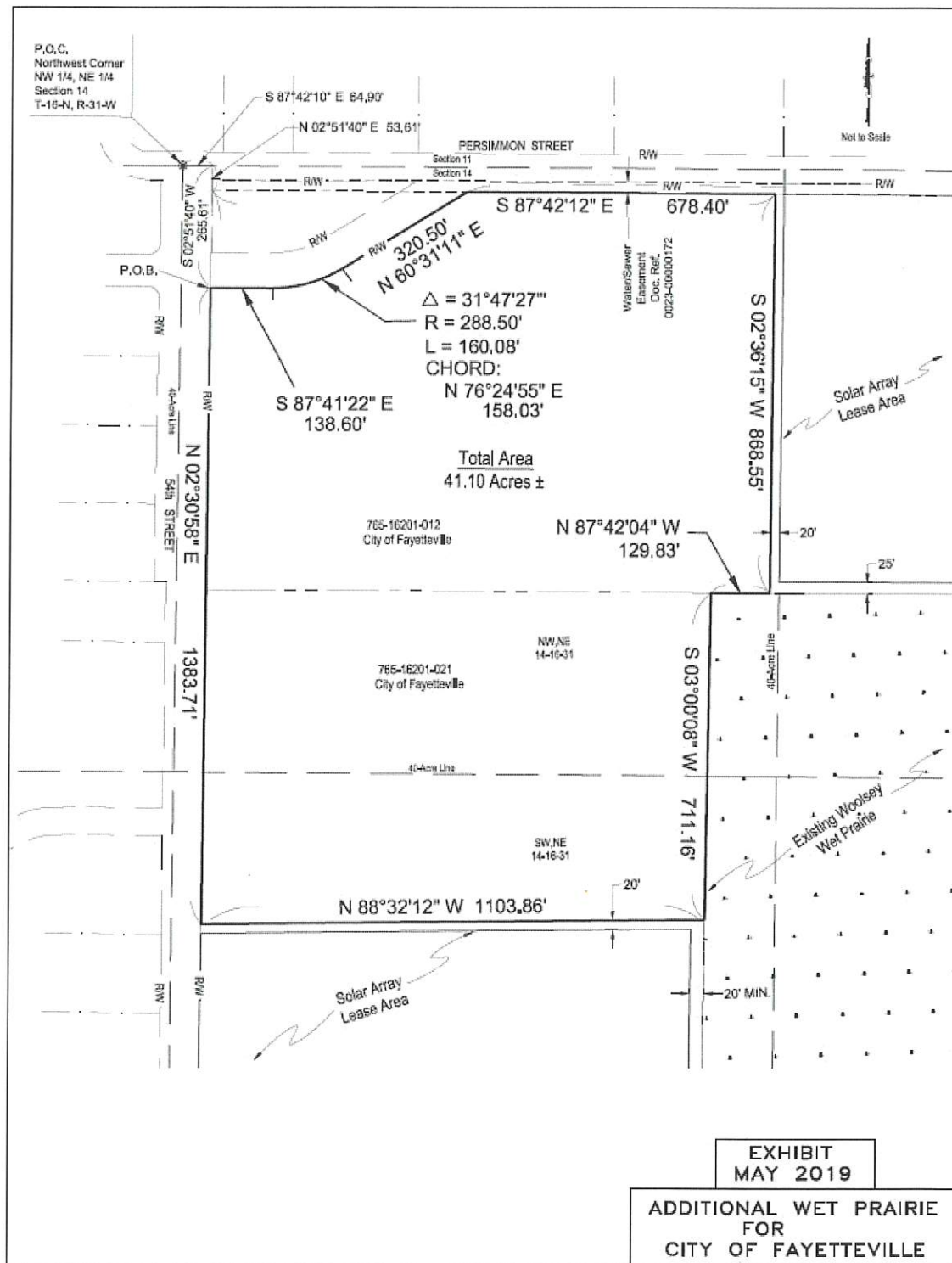
3.2 Reporting

NWALT will submit one annual report to include work performed, updates for any new plant species observed, and recommendations for future management actions.

Deliverables: Project management and oversight, annual report

Budget

Task Number	Action(s)	Fee Estimate
1	Restoration & Management	\$11,000.00
2	Public Access & Infrastructure	\$8,000.00
3	Administration & Reporting	\$1,000.00
TOTAL		\$20,000.00





MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council
THRU: Susan Norton, Chief of Staff
FROM: Alison Jumper, Director of Parks, Natural Resources and Cultural Affairs
DATE: March 29, 2023
SUBJECT: **Park Impact Fee Study**

RECOMMENDATION:

A resolution to approve engaging a consultant to perform a park impact fee study.

BACKGROUND:

The City of Fayetteville has long valued the benefits of parks as evidenced by adopting its park land dedication ordinance in 1981. This set a precedent for the state. Still, Fayetteville and Bentonville are the only two cities in Arkansas that we are aware that have a park land dedication ordinance or impact fee requirement. Our ordinance has been amended several times to adapt to different circumstances such as adding and omitting minimum park requirements and updating the ratio that determines fees and amount of land to be dedicated.

The ordinance applies to residential lot splits, subdivisions, large scale developments, planned zoning districts, large scale site improvement plans, and small scale site improvement plans; provided that these requirements shall not apply to a lot split or subdivision that does not create one (1) or more vacant lots on which a residential structure could be erected pursuant to the Unified Development Code, and give the developer the option to dedicated land of their choice or fee in lieu.

The ordinance has generated approximately \$10,738,686 for park land acquisition and development and 290 acres of park land since being adopted. The past six years have generated approximately \$3,758,940 and just over 33 acres. Of those 33 acres, only approximately 5.5 are suitable for anything other than a sitting space and much is in the floodway and floodplain.

DISCUSSION:

While the current park land dedication ordinance has served the city well for many years, as the city has grown, development patterns have changed and park needs have changed, and a new process for offsetting impacts to the park system is needed.

During the time the ordinance was adopted, land was developing in large tracts, in less dense patterns, which afforded the opportunity to plan for adequate parks through park land dedication. Development patterns have shifted towards a denser form, on smaller parcels, which limits opportunity for the dedication of quality park land to meet the needs of the development in that area.

We are at a moment where we have adequate park acreage; however, we still have gaps in park service. Most

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov

of our park acreage is on the periphery of the city in large regional and community parks. Some areas central to the city are not adequately served by park and greenspace, and targeted acquisition is necessary to fill the gap. Our current ordinance severely limits where we can gain land; and in fact, has prevented us from acquiring suitable park land where we need it. Most of the land that has been dedicated in the last five years has been undevelopable land, providing for conservation park. The city strives to provide a variety of types of parks, and spaces for active parks have been minimal.

A new Park and Recreation System Master Plan was adopted earlier this year that recommends updating the way we assess for park impacts. Additionally, it sets a goal to provide park and trail opportunities within a 10-minute walk of every resident. The current ordinance does not allow targeted acquisition which is critical to creating a park system that best serves our growing city.

If approved, staff would move forward with selecting a qualified consultant using our selection process and a separate resolution will be proposed to approve a contract.

BUDGET/STAFF IMPACT:

Funding has been approved for this study in the current 2023 budget. If approved, a separate resolution will be and submitted to approve a contract.

ATTACHMENTS: 2023 Impact Fee Proposal SRF, PLD Ord



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-650

Park Impact Fee Study

A RESOLUTION TO EXPRESS THE INTENT OF THE CITY COUNCIL TO ENGAGE A CONSULTANT TO PERFORM A PARK IMPACT FEE STUDY

WHEREAS, the City of Fayetteville has long valued the benefits of parks as evidenced by the adoption of the first parkland dedication ordinance in 1981 but, as the City has grown, development patterns have changed and park needs have changed; and

WHEREAS, the new Parks and Recreation System Master Plan adopted on March 7, 2023 recommends updating the City's method of assessment for park impacts and sets a goal of providing park and trail opportunities within a 10-minute walk of every resident; and

WHEREAS, the current ordinance does not allow targeted acquisition which is critical to creating a park system that best serves our growing city; and

WHEREAS, this Resolution will allow staff to proceed with identifying a qualified consultant using the City's professional selection process and a separate resolution will be presented to the City Council to approve a contract.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby expresses its intent to engage a consultant to perform a Park Impact Fee study.

City of Fayetteville Staff Review Form

2023-650

Item ID

4/18/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Alison Jumper

3/29/2023

PARKS & RECREATION (520)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

A resolution to approve engaging a consultant to perform a park impact fee study.

Budget Impact:

n/a

n/a

Account Number

Fund

n/a

n/a

Project Number

Project Title

Budgeted Item? Yes

Total Amended Budget
Expenses (Actual+Encum)

\$ -

Available Budget

\$ -

Does item have a direct cost? No

Item Cost

\$ -

Is a Budget Adjustment attached? No

Budget Adjustment

Remaining Budget

\$ -

V20221130

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:

(l)

Parkland Dedication.

(i)

Applicability. The requirements of this subsection shall apply to residential lot splits, subdivisions, large scale developments, planned zoning districts, large scale site improvement plans, and small scale site improvement plans; provided that these requirements shall not apply to a lot split or subdivision that does not create one (1) or more vacant lots on which a residential structure could be erected pursuant to the Unified Development Code.

(ii)

Residential Development.

(a)

Dedication or Fee-in-Lieu. When a proposed residential development does not provide an area or areas for a public park based on the Fayetteville Parks and Recreation Plan, the developer shall be required to make a reasonable dedication of land for public park facilities, or to make a reasonable equivalent contribution in lieu of dedication of land, such contribution to be used for the acquisition and development of park land that serves the subdivision or development.

(b)

Parks and Recreation Advisory Board. Prior to the submittal of a preliminary plat, large scale development plan, or large site improvement plan the developer shall submit to the Parks and Recreation Advisory Board a concept plat or plan.

(c)

Planning Commission. The developer and the Parks and Recreation Advisory Board shall make a joint recommendation to the Planning Commission as to the land dedication or contribution in lieu of dedication. In the event that they are unable to agree, the developer and advisory board shall make separate recommendations to the Planning Commission who shall determine the issue.

(d)

Decision. If the developer proposes to dedicate land for a public park after consultation with the Parks and Recreation Advisory Board which the Planning Commission determines is suitable for park purposes, the proposed dedication shall be accepted. Upon consent and consultation with the developer and the Parks and Recreation Advisory Board, a developer may dedicate a portion of the required park land dedication and make a contribution of money in lieu of land dedication for the remaining park land dedication requirement. With consent of the Parks and Recreation Advisory Board, this monetary contribution may be used to develop the park land in the development or elsewhere within the quadrant consistent with the Fayetteville Parks and Recreation Plan.

(e)

Approval. The Planning Commission's decision must be incorporated into the developer's preliminary plat, large scale development, or large site improvement plan prior to plat or plan approval.

(f)

Dedication Ratios. Land shall be dedicated at a ratio of 0.023 acres of land for each single-family dwelling unit and 0.020 acres of land for each multi-family dwelling unit.

(g)

Fee-in-Lieu formulas. A contribution in lieu of land dedication shall be made according to the following formula:

\$1,089.00 for each single-family unit.

\$952.00 for each multi-family unit based upon actual density.

The Parks and Recreation Department shall review the contribution formula every two (2) years and make recommendations to the City Council following such review.

(h)

Dedication in Excess. If a developer wishes to dedicate park land which exceeds the requirement of this subsection, the developer shall make a written request to the Planning Commission who may grant the developer a credit equivalent to said excess. Said credit shall be applied toward the developer's obligation under this subsection for any subsequent development located in the same park quadrant.

(iii)

Timing of Dedication and/or Contribution. All dedications of land must be made before the city signs the final plat, or issuance of building permits for a large scale development or large site improvement plan. A final plat shall not be released for recordation until the deed for a land dedication is received. Deeded land is dedicated public park land and not subject to any right of reversion or refund. A cash contribution in lieu of required land development shall be payable before the city signing the final plat, or issuance of building permits for a large scale development or large site improvement plan. With the approval of the planning commission a developer may pay such contribution in three (3) equal installments to be paid in full within one (1) year of final plat approval. If a developer makes a cash contribution in lieu of land dedication, the developer shall be entitled to a pro rata refund, together with the accrued interest therefrom, in the event actual density is less than the density used as the basis for the developer's contribution; provided, no refund shall be made unless application therefore is made in writing to the Zoning and Development Administrator within one (1) year from the date of final plat approval. In the event actual density is more than the density used as the basis for a dedication of land or cash contribution the developer must make an additional land dedication or contribution in lieu of dedication.

(iv)

Zoning Requirements. Lots created for the purpose of park land dedication shall not be required to meet the standards for lot size, bulk and area within any zoning district. Lots created for the purpose of park

land dedication to serve the residents of the surrounding area shall not be subject to POA/HOA dues or other fees established for maintenance or other purposes within the neighborhood.

(v)

Fee-in-Lieu Allocation. All parkland fees received under this subsection shall be deposited in an interest bearing account. This money together with its earned interest shall be expended within five (5) calendar years of the last date of the calendar year in which it was received for the acquisition and/or development of parkland that services the subdivision or development for which the contribution in lieu of dedication was made. If this money has not been expended within the allowed period, the unexpended money together with any of its remaining earned interest shall be refunded to the present owner of the property that was the subject of the new development and against which the parkland fee was assessed and collected.



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council
THRU: Susan Norton, Chief of Staff
FROM: Alison Jumper, Director of Parks, Natural Resources and Cultural Affairs
DATE: March 29, 2023
SUBJECT: Walmart and AND1 Paint the court event at Walker Park

RECOMMENDATION:

A resolution to approve Walmart and AND1 to refurbish and paint Walker Park Basketball court, and to host a back to school backpack and shoe giveaway

BACKGROUND:

AND1 is a basketball footwear and clothing company specializing in basketball shoes, clothing and goods. Founded in 1993 as a graduate school project, the brand aimed to appeal to street ballers. Since then the company has grown to sponsor NBA players, numerous tournaments around the country. In 2020 AND1 began investing to refurbish basketball courts across the country. Each project included a community celebration with star performances and gear donations.

DISCUSSION:

AND1 is sold in Walmart Stores. This year marks the 30th anniversary of AND1's beginnings. As part of the celebration of the culture of the game, AND1 and Walmart are proposing to refurbish and paint the courts at Walker Park and provide a back to school shoe and backpack giveaway.

Working with their team of artists, and a local artist, the event would include custom artwork tailored to Fayetteville, product and back to school supplies giveaway, and entertainment. The total investment in the court and the event is approximately \$200,000. The exact design of the court will be finalized once the artists are engaged. Both Walmart and AND1 logos or marks are expected to be painted on the court. Donor recognition is allowed by the park donation policy and city council approval.

This will be presented to the Parks and Recreation Advisory Board for approval on April 3rd.

BUDGET/STAFF IMPACT:

None

ATTACHMENTS: 2023 AND1 Paint the Court SRF, Examples, Fayetteville, AR Code of Ordinances



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-651

Walmart and AND1 Paint the court event at Walker Park

A RESOLUTION TO APPROVE A PROPOSAL BY WALMART AND AND1 TO REFURBISH AND PAINT THE WALKER PARK BASKETBALL COURTS AND HOST A BACK TO SCHOOL BACKPACK AND SHOE GIVEAWAY, AND TO APPROVE THE RECOGNITION OF WALMART AND AND1 FOR THEIR SIGNIFICANT CONTRIBUTIONS AT THE REFURBISHED COURTS

WHEREAS, AND1 is a basketball footwear and clothing company founded in 1993 that sells basketball shoes, clothing and goods at Walmart Stores; and

WHEREAS, in 2020 AND1 began a program to refurbish basketball courts across the country with each project including a community celebration with star performances and gear donations; and

WHEREAS, to mark the 30th anniversary of AND1's beginnings, AND1 and Walmart are proposing to fund the refurbishment and painting of the courts at Walker Park and host a back to school shoe and backpack giveaway; and

WHEREAS, working with their team of artists, and a local artist, the event would include custom artwork tailored to Fayetteville, product and back to school supplies giveaway, and entertainment. The total investment in the court and the event is approximately \$200,000; and

WHEREAS, § 97.088(B)(2) of the Fayetteville City Code provides that signs recognizing significant donors or contributors must meet certain conditions, including approval by the City Council if the proposed recognition does not explicitly conform to the Operations Policy for Donor Recognition Signs; and

WHEREAS, on April 3, 2023, the Parks and Recreation Advisory Board recommended that the City Council approve a resolution authorizing the recognition of AND1 and Walmart on the refurbished basketball courts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves the proposal by Walmart and AND1 to refurbish and paint the Walker Park Basketball Courts and sponsor a school backpack and shoe giveaway, and, pursuant to §97.088(B)(2) of the City Code, authorizes Mayor Jordan to approve the form in which AND1 and Walmart are recognized for their significant donation and contribution to our community at the refurbished basketball courts, which may include the incorporation

of the AND1 and Walmart names and logos in the basketball court artwork.

City of Fayetteville Staff Review Form

2023-651

Item ID

4/18/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Alison Jumper

3/29/2023

PARKS & RECREATION (520)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

A resolution to approve Walmart and AND1 to resurface and paint the existing basketball courts and to host a back to school backpack and shoe giveaway at Walker Park.

Budget Impact:

N/A

N/A

Account Number

Fund

N/A

N/A

Project Number

Project Title

Budgeted Item? No

Total Amended Budget
Expenses (Actual+Encum)

Available Budget

\$ -

Does item have a direct cost? No

Item Cost

\$ -

Is a Budget Adjustment attached? No

Budget Adjustment

Remaining Budget

\$ -

V20221130

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:

AND1 Paint the Court Examples



Cordelia Park Charlotte, NC



DeFremery Park Oakland, CA

97.088 - Signs Prohibited

- (A) No person in a park shall paste, glue, tack, or otherwise post any sign, placards, advertisement, or inscription whatsoever, nor shall any person erect or cause to be erected any sign whatsoever on any public lands or highways or roads adjacent to a park, except as set forth herein below.
- (B) *Exceptions.*
- (1) *Athletic Field Signage.* Signs shall be permitted on softball/baseball outfield fences and scoreboards at locations and in sizes designated by the Parks and Recreation Director. Uniform fees shall be charged dependent upon placement and size of the permitted signs. The content of the sign and whether it is commercial or non-commercial may not be considered. Designated spaces shall be sold at the established price on a first come basis. The owner of a sign at a designated location shall have first right to renew before others can purchase the size/location for a new or replacement sign.
- (2) *Recognition Signs.* Signs located in city parks or on city trails that are used for the purpose of memorializing a person or family through naming, recognition of significant donors, or recognition of contributions to the facility or amenity on which the sign is installed shall meet the following conditions:
- (a) *Maximum Number of Recognition Signs.* Most donor or honoree recognition signs shall be limited to one for the facility financed by the donor or memorializing the honoree. For a park or a major facility with more than one major entrance, a second recognition sign may be recommended by the Parks and Recreation Advisory Board and approved by the City Council.
- (b) *Maximum Size of Recognition Signs.*
- (i) Donor recognition signs in city parks shall be sized in accordance with Exhibit "A", Donor Recognition Signs, unless otherwise determined by City Council resolution.
- (ii) Trail Recognition Signs shall not exceed four square feet for trailhead facilities. Recognition signs along the trail for park benches, etc., shall not exceed 1.5 square feet and should be incorporated within or attached to the bench or amenity sponsored by the donor.
- (c) *Design Requirements.* All recognition signs must comply with the following requirements and shall adhere to the aesthetic values and design of the park or trail.
- (i) The recognition sign shall include only the name of the person memorialized or the name of the organization, person or business which has donated significant funds to the park facility. A company or organization logo (without company colors, any advertising or slogans) may be used on the sign.
- (ii) The design of the sign shall be incorporated into the park facility and shall be approved by the Director of Parks and Recreation who shall ensure the signs' high quality and durable construction and its consistency with other recognition signs within the park.
- (iii) Recognition signs shall comply with the Donor Operational Policy unless exempted by the City Council.
- (d) *Facility Naming.* The naming of facilities is permitted so long as the donor or honoree has made a significant contribution to the city, the facility or the Parks and Recreation Department in terms of financial donations, voluntarism or dedicated public service. Final naming of facility may be as recommended by the Parks and Recreation Advisory Board with final selection and approval by the City Council. Naming of the facilities should meet the Naming Park Facilities Policy attached as Exhibit "B", unless otherwise determined by City Council resolution.
- (e) Adopt-A-Park or trail groups may post a sign while they are actively working on a park project that provides information about their organization or group. The sign must be approved in advance by the Parks and Recreation staff.

Exhibit "A"

	Parks and Recreation Department Policies and Procedures Manual		SUBJECT: OPERATIONS POLICY FOR DONOR RECOGNITION SIGNS	
	NUMBER:	REVISIONS:	EFFECTIVE DATE: 6-16-2015	PAGE: 1 OF 1
	SUPERSEDES:	APPROVED BY:		

DONOR RECOGNITION SIGNS**PURPOSE**

The purpose of this directive is to provide policies which will govern the naming of park facilities currently owned or acquired by the City of Fayetteville. This policy statement takes precedence over any previous policies and guidelines which may have governed the naming of these facilities.

POLICY

In order to provide important capital facilities in Fayetteville Parks, it is pragmatic in a time of shrinking public dollars to seek outside funding. It is essential to have specific boundaries and criteria in establishing fair and proper recognition of significant facility donations. This policy sets guidelines for donations within parks as well as on trails. All sign and plaque designs must be incorporated into the design of the facility. Donor recognition signs shall adhere to the aesthetic values and design of the park.

Donor recognition in parks is based upon the type of facility donated. Donor recognition on trails is limited on the trailheads unless there is an educational and/or art feature that is appropriate to be displayed along the trail. Recognition signs may not be predominant within the educational and/or art component.

Recognition for each donation will be determined pursuant to the Recognition for Parks and Trails Facilities Policy. Any exceptions to this policy must be approved by City Council. Park Planners have the latitude to design signs recognizing donations based on site location and donor specific criteria. Naming of facilities donated must meet the Naming Park Facilities Operational Policy unless accepted under City Council resolution. The naming proposal will be presented to the Parks and Recreation Advisory Board for their recommendation to City Council. City Council has final approval of the park facility name, including the right to approve a different name. The option for naming facilities is only permitted under the Park Facility Diamond, Platinum, Gold and Silver categories. Minor items such as trash receptacles and flower beds cannot be named.

	Parks and Recreation Department Policies and Procedures Manual		SUBJECT: RECOGNITION FOR PARKS AND TRAILS FACILITIES POLICY	
	NUMBER: PRK-	REVISIONS:	EFFECTIVE DATE: 6-16-2015	PAGE: 1 OF 3
	SUPERSEDES:	APPROVED BY:		

RECOGNITION FOR PARKS AND TRAILS FACILITIES POLICY

Bronze Category: Recognition on Donor Wall for 25 year period

Donation of \$25,000 up to \$250,000 for park amenities. Examples include:

3/29/23, 2:11 PM

Fayetteville, AR Code of Ordinances

Bleachers	Picnic Table and Grill
Batting Cages	Art Sculpture
Bike Racks	Single Playground Apparatus (climbing
Lighting	rocks/swing set)
Drinking Fountain with Dog Bowl	Landscape Feature
Prefabricated Pavilion	
Size of donor wall and names to be approved by the City Council.	

Silver Category: Naming Rights for 10 year period

Donation of 75% cost of new facility over \$250,000. Examples include:

Soccer Field	One Mile Asphalt/Concrete Park Trail
Baseball Field	Small Amphitheater (seating for 150)
Tennis Court	Water Feature
Basketball Court	Parking Lot (25 cars)
Disc Golf Course	Greenhouse
Concession Stand/Restroom	Playground
Park Restroom	

Gold Category: Naming Rights for a Field/Court/Facility for 25 year period

Donation of 100% cost of new facility over \$250,000. Examples include:	
Soccer Field	One Mile Asphalt/Concrete Park Trail
Baseball Field	Small Amphitheater (seating for 150)
Tennis Court	Water Feature
Basketball Court	Parking Lot (25 cars)
Disc Golf Course	Greenhouse
Concession Stand/Restroom	Playground
Park Restroom	Dog Park

Platinum Category: Naming Rights of a Complex for 30 year period

Donation of \$1 million up to \$5 million to name a complete complex. Examples include:	
Sport Complex: 4—6 field lighted	Aquatic center
complex such as softball, baseball,	Amphitheater- seating for 1,200
soccer, tennis	Development of a new park

Diamond Category: Naming Rights of a Park

Donation over \$5 million to name a park.

RECOGNITION FOR EXISTING PARK FACILITIES	
\$200,000 per baseball or softball field for 10 years, or \$350,000 for two fields	
\$150,000 per soccer field for 10 years or \$250,000 for two fields	
TRAIL FACILITIES	

Silver Category receives donor recognition of a press release, ribbon cutting ceremony, plaque constructed of high quality durable materials up to 1.5 sq ft.

Trail Facilities donated in the Silver Category may only be located along trails for educational purposes or as an integral part of an art feature.

Gold Category receives donor recognition of a press release, ribbon cutting ceremony, sign constructed of high quality durable materials up to 4 sq ft.

Trail Facilities donated in the Gold Category may only be located at trailheads for a 25 year period and include the following:	
Parking Lot	Restroom
Pavilion	One Mile Asphalt/Concrete Trail

City Process

1. Parks and Recreation Staff or the Friends of Parks Board meets with donor to discuss donation including amount of donation, development of facility/amenity, recognition operational policy, naming rights (if applicable), sign appearance/style/construction, time requirements and other pertinent topics. Donor must meet the Operational Policy

for Donor Recognition Signs.

2. Request is presented for approval from Parks and Recreation Advisory Board. If the facility donated is granted the option to name the facility, the name must meet Park Naming Facility Operational Policy.
3. Request presented to Planning Office for approval.
4. Request presented to City Council for final park name selection and approval.
5. All donors will have first right to re-new their naming rights for an appropriate donation upon conclusion of the time period.
6. The city will reserve the right to remove a donor's name from the facility if the City Council determines by resolution that a donor would otherwise cause undue embarrassment or other issues for the City or its citizens.

Exhibit "B"

	Parks and Recreation Department Policies and Procedures Manual		SUBJECT: OPERATIONS POLICY FOR NAMING PARK FACILITIES	
	NUMBER: PRK-	REVISIONS:	EFFECTIVE DATE:	PAGE: 1 OF 1
	SUPERSEDES:	APPROVED BY:		

NAMING PARK FACILITIES

PURPOSE

The purpose of this directive is to provide policies which will govern the naming of park facilities currently owned or acquired by the City of Fayetteville. This policy statement takes precedence over any previous policies and guidelines which may have governed the naming of these facilities.

POLICY

Upon acquisition of a new park, the Director of Parks and Recreation will assign a nondescript temporary working name or subdivision name for the park facility to be used until park development begins.

Once park development begins, the Parks and Recreation Department will receive and forward park facility name suggestions to the Parks and Recreation Advisory Board for review. The Parks and Recreation Advisory Board will discuss and approve the recommendations at their monthly meeting. Once a recommended name has been selected, the Parks and Recreation staff will forward the name to the City Council for its final park name selection including a potentially different name.

The following items should be considered when proposing names for any park facilities:

- Geographic location of the facility
- Outstanding features of the facility
- Commonly recognized historical event, group, or individual
- Individual or group who contributed significantly to the acquisition or development of a facility
- Individual who provided an exceptional service in the interest of the park system

For an individual to be considered, the recommended name must be accompanied by a biographical sketch which provides evidence of historical significance or contributions to the Parks and Recreation Department or City of Fayetteville.

The naming of plaques, markers, and memorials within park facilities must follow the policies as stated above.

Note: A name recommendation from the Active Transportation Committee for trail facilities will be required prior to forwarding to the Parks and Recreation Advisory Board.

(Code 1965, §17A-31; Ord. No. 3677, §2, 3-2-93; Code 1991, §97.088; Ord. No. 5335, 7-20-10; Ord. No. 5778, 6-16-15; >Ord. No. 5828, §1(Exh. A), 12-15-15)



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council
THRU: Kit Williams, City Attorney
FROM: Blake Pennington, Assistant City Attorney
DATE:
SUBJECT: AMEND 130.39 GRAFFITI:

RECOMMENDATION:

BACKGROUND:

Council Member Turk has sponsored an item to amend §130.39 Graffiti of the Fayetteville Code to create a graffiti abatement program.

DISCUSSION:

BUDGET/STAFF IMPACT:

ATTACHMENTS: Agenda Request Amend 130.39 Graffiti, EXHIBIT A - 120622 ADDITIONAL INFORMATION HAND OUT 2022-1051, ORD REPEAL §130.39 GRAFFITI ENACT NEW, Addtl Info Amended Graffiti Abatement Proposal, Proposed Amended Graffiti Abatement Ordinance

Legistar ID No.: 2022- 1051

AGENDA REQUEST FORM

FOR: Council Meeting of December 6, 2022

FROM: Council Member Teresa Turk

ORDINANCE OR RESOLUTION TITLE AND SUBJECT:

AN ORDINANCE TO AMEND §130.39 **GRAFFITI** IN THE *FAYETTEVILLE CODE* TO
CREATE A GRAFFITI ABATEMENT PROGRAM

APPROVED FOR AGENDA:



City Council Member
Teresa Turk

11/10/22

Date



Asst. City Attorney Blake Pennington
Approved as to form

11/14/22

Date

ORDINANCE NO. _____

AN ORDINANCE TO AMEND §130.39 **GRAFFITI** IN THE *FAYETTEVILLE CODE* TO
CREATE A GRAFFITI ABATEMENT PROGRAM

WHEREAS, the existence of graffiti on buildings, structures, such as fences or walls, or utility poles or boxes, located upon public or privately owned property viewable from a public or quasi-public place within the city is detrimental to property values, degrades the community, causes an increase in crime, is inconsistent with the city's property maintenance and aesthetic standards, and is a nuisance; and

WHEREAS, establishing a graffiti abatement program will enable the City to remove graffiti from public and privately owned property in addition to other remedies available to the City and to property owners.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF
FAYETTEVILLE, ARKANSAS:**

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby repeals §130.39 **Graffiti** of the *Fayetteville Code* in its entirety and enacts a new §130.39 **Graffiti** as shown in Exhibit A attached hereto and made a part hereof.

PASSED and APPROVED this 6th day of December, 2022.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
KARA PAXTON, City Clerk/Treasurer

(A) *Definitions.*

- (1) Graffiti: For purposes of this section, the term "graffiti" shall mean any inscription, word, figure, design, symbol or insignia which is marked, etched, scratched, drawn, painted or otherwise affixed to or placed upon public or private property located within the city to the extent that the same is not approved by the owner.
- (2) Quasi-public place: Any place, privately owned, but to which the public is invited, which shall include, but is limited to, the following: commercial, industrial and business properties, stores, restaurants, bars, retail business establishments, multi-family housing complexes containing 24 units of more, and their adjoining or related parking areas.

(B) *Unlawful to Apply Graffiti; Penalty.* It shall be unlawful for any person to apply graffiti upon any public and privately owned structure located on public or privately owned real property within the city. Nothing contained herein shall prevent the city from pursuing any other remedy available for redress of any damage or injury caused by the action of any such person.

(C) *Declaration of graffiti as unsightly and a nuisance.* The existence of graffiti on buildings, structures, such as fences or walls, or utility poles or boxes, located upon public or privately owned property viewable from a public or quasi-public place within the city is detrimental to property values, degrades the community, causes an increase in crime, is inconsistent with the city's property maintenance and aesthetic standards, and is declared to be a nuisance.

(D) *Right of city to remove*

- (1) Whenever the city becomes aware, or is notified and determines that graffiti is so located on the exterior of a building or structure (including fences and walls), or utility box or pole, on public or privately owned property viewable from a public or quasi-public place within the city, the city shall be authorized to use public funds for the removal of graffiti from the entire exterior of the building or structure affected, or for the painting of graffiti from the entire exterior of the building affected, but shall not authorize or undertake to provide for the painting of any more extensive area than where the graffiti is located, unless the City determines that a more extensive area is required to be repainted in order to avoid an aesthetic disfigurement to the neighborhood or community.
- (2) All incidents of graffiti should be reported to the Police Department, who may investigate the crime and notify the owner of the property or the property owner's agent and/or any leasehold tenant or utility company, concerning the city's graffiti removal program. The Police Department may also provide information on how to contact the appropriate division or department for the removal of the graffiti. The Police Department may also notify the appropriate division or department of the exact location of the graffiti and the name of the person to be contacted. In the event the owner

- of the property or the property owner's agent and/or leasehold tenant or utility company cannot be reached after a period of two (2) business days since receiving the complaint, the city will then have the right to enter upon private property to the extent necessary to take corrective action.
- (3) Upon notification by the Police Department concerning the necessity to remove the graffiti, the city may make contact with the owner of the property or the property owner's agent, and/or any leasehold tenant and request that they sign a graffiti abatement identification and permission form allowing the city to enter on the property and remove the graffiti. The document will release the city, its officers, agents, and employees of and from any and all liability, claims, demands, causes of action, or obligations of whatsoever arising out of or in any way related to entry upon the property and for the removal of the graffiti. In the event the owner of the property or the property owner's agent and/or leasehold tenant or utility company cannot be reached after a period of two (2) business days since receiving the complaint and after contact has been attempted, the city will then have the right to enter upon private property to the extent necessary to take corrective action.
- (4) In the event the owner of the property or the property owner's agent, and/or any leasehold tenant refuses to sign the document which authorizes the city to remove the graffiti, the city may give or cause to be given notice to the owner of the property or the property owner's agent, and/or any leasehold tenant, to take corrective action and remove the graffiti from the property within two (2) business days from the date the notice is served. If the graffiti is not removed within two (2) business days after receipt of notice, then the city shall have the right to enter upon private property to the extent necessary to take corrective action to abate the nuisance.
- (5) In the event that graffiti is discovered and reported on private property such as buildings, structures, fences, walls, or utility poles/boxes, and after thorough documentation by the city, where it is not reasonable to find the property owner or the property owner's agent and/or leasehold tenant or utility company, or in cases where immediate removal of graffiti is deemed necessary (due to profanity, location, etc.), and since removal of graffiti in a timely manner is necessary, the city will then have the right to enter upon private property to the extent necessary to take corrective action.
- (6) In any case in which the city enters upon private property for the removal of graffiti without actual notice to the owner of the property or the property owner's agent and/or leasehold tenant, the city shall post a notice upon the front of the residence regarding the actions taken by the city to abate the nuisance.

(E) *Other remedies available to the city.* This section does not preclude the city from seeking the removal of graffiti through other available remedies, including those under the Arkansas criminal mischief statutes and the *International Property Maintenance Code*.

EXHIBIT A

130.39 - Graffiti

D 2
Additional Information
received during 12/6/22
City Council meeting

(A) Definitions.

(1) Graffiti: For purposes of this section, the term "graffiti" shall mean any inscription, word, figure, design, symbol or insignia which is marked, etched, scratched, drawn, painted or otherwise affixed to or placed upon any public right-of-way or public or private property located within the City to the extent that the same is not approved by the owner, owner's agent, or leasehold tenant.

(2) Quasi-public place: Any place, privately owned, but to which the public is invited, which shall include, but is not limited to, the following: commercial, industrial and business properties, stores, restaurants, bars, retail business establishments, multi-family housing complexes containing 24 units or more, and their adjoining or related parking areas.

(B) *Unlawful to apply graffiti.* It shall be unlawful for any person to apply graffiti upon any right-of-way or upon any public or privately owned structure located on public right-of-way or public or privately owned real property within the City. Nothing contained herein shall prevent the city from pursuing any other remedy available for redress of any damage or injury caused by the action of any such person.

(C) *Declaration of graffiti as unsightly and a nuisance.* The existence of graffiti on buildings, structures, such as fences or walls, or utility poles or boxes, located upon public right-of-way or public or privately owned property viewable from a public right-of-way or public or quasi-public place within the City is detrimental to property values, degrades the community, causes an increase in crime, is inconsistent with the City's property maintenance and aesthetic standards, and is declared to be a nuisance.

(D) *Right of city to remove graffiti.*

(1) Whenever the city becomes aware or is notified and determines that graffiti is located on the exterior of a building or structure (including fences and walls), or utility box or pole, on public right-of-way or on public or privately owned property viewable from a public, quasi-public place, or public right-of-way within the City, the City shall be authorized to use public funds for the removal of graffiti from the entire exterior of the building or structure affected, or for the painting over of graffiti from the entire exterior of the building affected.

(2) All incidents of graffiti should be reported to the Police Department, who may investigate the crime and notify the owner of the property or the property owner's agent and/or any leasehold tenant or utility company, concerning the City's graffiti removal program. The Police Department may also provide information on how to contact the appropriate division or

department for the removal of the graffiti. The Police Department may also notify the appropriate division or department of the exact location of the graffiti and the name of the person to be contacted.

- (3) Upon notification by the Police Department concerning the necessity to remove the graffiti, the City should contact the owner of the property or the property owner's agent, and/or any leasehold tenant and request that they sign a graffiti abatement identification and permission form allowing the City to enter on the property and remove the graffiti.
 - (4) In the event the City verifies that the owner of the property or the property owner's agent, and/or any leasehold tenant has not approved the graffiti but refuses to sign the document which authorizes the City to remove the graffiti, the City should give or cause to be given notice to the owner of the property or the property owner's agent, and/or any leasehold tenant to take corrective action and remove the graffiti from the property within two (2) business days from the date the notice is served. If the graffiti is not removed within two (2) business days after service of notice, and the owner, tenant or their agent has not filed a written objection to the removal of the graffiti with the City Clerk within two business days after notice, then the City shall have the right to enter upon private property to the extent necessary to take corrective action to abate the nuisance.
 - (5) If the owner, tenant, or their agent has filed a written objection to the City's removal of the graffiti including accurate contact information within two (2) business days with the City Clerk, the Chief of Staff or designee shall hold a due process hearing within a week after attempted notice to the appellant using the provided accurate contact information. The Chief of Staff or designee shall inform the appellant of the reasons for the planned graffiti removal during the due process hearing and give the appellant an opportunity to respond and justify the non-removal of the suspected graffiti.
- (E) *Other remedies available to the City.* This section does not preclude the city from seeking the removal of graffiti through other available remedies, including those under the Arkansas criminal mischief statutes and the *International Property Maintenance Code*.

ORDINANCE NO. _____

AN ORDINANCE TO AMEND §130.39 **GRAFFITI** IN THE *FAYETTEVILLE CODE* TO
CREATE A GRAFFITI ABATEMENT PROGRAM

WHEREAS, the existence of graffiti on buildings, structures, such as fences or walls, or utility poles or boxes, located upon public or privately owned property viewable from a public or quasi-public place within the city is detrimental to property values, degrades the community, causes an increase in crime, is inconsistent with the city's property maintenance and aesthetic standards, and is a nuisance; and

WHEREAS, establishing a graffiti abatement program will enable the City to remove graffiti from public and privately owned property in addition to other remedies available to the City and to property owners.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby repeals §130.39 **Graffiti** of the *Fayetteville Code* in its entirety and enacts a new §130.39 **Graffiti** as shown in Exhibit A attached hereto and made a part hereof.

EXHIBIT A

130.39 - Graffiti

(A) Definitions.

- (1) Graffiti: For purposes of this section, the term "graffiti" shall mean any inscription, word, figure, design, symbol or insignia which is marked, etched, scratched, drawn, painted or otherwise affixed to or placed upon public or private property located within the city to the extent that the same is not approved by the owner.
- (2) Quasi-public place: Any place, privately owned, but to which the public is invited, which shall include, but is limited to, the following: commercial, industrial and business properties, stores, restaurants, bars, retail business establishments, multi-family housing complexes containing 24 units of more, and their adjoining or related parking areas.

(B) *Unlawful to Apply Graffiti; Penalty.* It shall be unlawful for any person to apply graffiti upon any public and privately owned structure located on public or privately owned real property within the city. Nothing contained herein shall prevent the city from pursuing any other remedy available for redress of any damage or injury caused by the action of any such person.

(C) *Declaration of graffiti as unsightly and a nuisance.* The existence of graffiti on buildings, structures, such as fences or walls, or utility poles or boxes, located upon public or privately owned property viewable from a public or quasi-public place within the city is detrimental to property values, degrades the community, is inconsistent with the city's property maintenance and aesthetic standards, and is declared to be a nuisance.

(D) Right of city to remove

- (1) Whenever the city becomes aware, or is notified and determines that graffiti is so located on the exterior of a building or structure (including fences and walls), or utility box or pole, on public or privately owned property viewable from a public or quasi-public place within the city, the city shall be authorized to use public funds for the removal of graffiti from the entire exterior of the building or structure affected, or for the painting of graffiti from the entire exterior of the building affected, but shall not authorize or undertake to provide for the painting of any more extensive area than where the graffiti is located, unless the City determines that a more extensive area is required to be repainted in order to avoid an aesthetic disfigurement to the neighborhood or community.
- (2) All incidents of graffiti should be reported to the Police Department, who may investigate the graffiti and notify the owner of the property or the property owner's agent and/or utility company, concerning the city's graffiti removal program. The Police Department may

also provide information on how to contact the appropriate division or department for the removal of the graffiti. The Police Department may also notify the appropriate division or department of the exact location of the graffiti and the name of the person to be contacted. In the event the owner of the property or the property owner's agent and/or utility company cannot be reached after a period of five (5) business days since receiving the complaint, the city will then have the right to enter upon private property to the extent necessary to take corrective action.

If the graffiti in question is deemed to be hate speech, the city will initiate an accelerated timeline for removal. In hate speech graffiti circumstances, if the owner of the property or the property owner's agent and/or utility company cannot be reached after a period of one (1) business day since receiving the complaint, the city will then have the right to enter upon private property to the extent necessary to take corrective action.

(3) Upon notification by the Police Department concerning the necessity to remove the graffiti, the city may make contact with the owner of the property or the property owner's agent and request that they sign a graffiti abatement identification and permission form allowing the city to enter on the property and remove the graffiti. The document will release the city, its officers, agents, and employees of and from any and all liability, claims, demands, causes of action, or obligations of whatsoever arising out of or in any way related to entry upon the property and for the removal of the graffiti. In the event the owner of the property or the property owner's agent and/or utility company cannot be reached after a period of five (5) business days since receiving the complaint and after contact has been attempted, the city will then have the right to enter upon private property to the extent necessary to take corrective action.

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(4) In the event the owner of the property or the property owner's agent, refuses to sign the document which authorizes the city to remove the graffiti, the city may give or cause to be given notice to the owner of the property or the property owner's agent, to take corrective action and remove the

graffiti from the property within five (5) business days from the date the notice is served. If the graffiti is not removed within five (5) business days after receipt of notice, then the city shall have the right to enter upon private property to the extent necessary to take corrective action to abate the nuisance.

If the graffiti in question is deemed to be hate speech, the city will initiate an accelerated timeline for removal in which case the city will take corrective action after one (1) business days from the date the notice is served. If the graffiti is not removed within one (1) business days after receipt of notice, then the city shall have the right to enter upon private property to the extent necessary to take corrective action to abate the nuisance.

- (5) In the event that graffiti is discovered and reported on private property such as buildings, structures, fences, walls, or utility poles/boxes, and after thorough documentation by the city, where it is not reasonable to find the property owner or the property owner's agent or utility company, or in cases where immediate removal of graffiti is deemed necessary (due to profanity, location, etc.), and since removal of graffiti in a timely manner is necessary, the city will then have the right to enter upon private property to the extent necessary to take corrective action.
 - (6) In any case in which the city enters upon private property for the removal of graffiti without actual notice to the owner of the property or the property owner's agent, the city shall post a notice upon the front of the residence regarding the actions taken by the city to abate the nuisance.
 - (7) In the event the City verifies that the owner of the property or the property owner's agent has not approved the graffiti but refuses to sign the document which authorizes the City to remove the graffiti, the City should give or cause to be given notice to the property owner or property owner's agent to take corrective action and remove the graffiti from the property within five (5) business days after service of the notice, and the owner or owner's agent has not filed a written objection to the removal of the graffiti with the City Clerk within five (5) business days after the notice, then the City shall have the right to enter upon private property to the extent necessary to take corrective action to abate the nuisance.
 - (8) If the owner or their agent has filed a written objection to the City's removal of the graffiti including accurate contact information within five (5) business days with the City Clerk, the Chief of Staff or designee shall hold a due process hearing within a week after attempted notice to the appellant using the provided contact information. The Chief of Staff or designee shall inform the appellant of the reasons for the planned graffiti removal during the due process hearing and give the appellant an opportunity to respond and justify the non-removal of the suspected graffiti. This objection process does not apply to hate speech graffiti.
- (E) *Cultural Arts and Creative Safe Space*. In conjunction with the implementation of the graffiti abatement program, if the city seeks graffiti abatement restitution funds, at least half of those funds will be used for the public arts fund. Additionally, the city

will pilot a creative safe space in the form of a wall to be used by graffiti artists without fear of legal retribution.

- (F) *Other remedies available to the city.* This section does not preclude the city from seeking the removal of graffiti through other available remedies, including those under the Arkansas criminal mischief statutes and the *International Property Maintenance Code*.



OFFICE OF THE
CITY ATTORNEY

DEPARTMENTAL CORRESPONDENCE

Received From Kit
Williams
04/04/2023
3:14 P.M



TO: **Mayor Jordan**
City Council
City Clerk Treasurer Kara Paxton

Kit Williams
City Attorney
Blake Pennington
Assistant City Attorney
Jodi Batker
Paralegal

CC: **Susan Norton, Chief of Staff**

FROM: **Kit Williams, City Attorney**

DATE: **April 4, 2023**

RE: **Proposed Amended Graffiti Abatement Ordinance**

I have worked with Council Member Teresa Turk to make clear that the City will properly respect private property rights while removing graffiti. The ordinance is now more focused on quickly removing graffiti from City property and right-of-way. With consent of the property owner or tenant, the City would be empowered (but not required) to remove or paint over, etc. graffiti on private property if viewable from City property or right-of-way.

We also placed a new provision that public utilities operating in City's right-of-way pursuant to a franchise agreement with the City must agree to "promptly remove or abate any graffiti affixed to their equipment or other thing and allow the City to also abate or remove such graffiti without prior notice to the utility."

The current graffiti ordinance will be on Unfinished Business on the April 18th City Council Meeting Agenda. Council Member Turk will probably move to amend it to the version she has approved which is attached to this memo.

ORDINANCE NO. _____

AN ORDINANCE TO AMEND §130.39 **GRAFFITI** IN THE *FAYETTEVILLE CODE* TO AUTHORIZE USE OF CITY FUNDS TO ABATE OR REMOVE GRAFFITI ON PRIVATE PROPERTY ON OR VIEWABLE FROM CITY PROPERTY OR RIGHT-OF-WAY

WHEREAS, the existence of graffiti on buildings, structures, such as fences or walls, or utility poles or boxes, located upon city property, city right-of-way, and privately owned property viewable from city property or right-of-way is detrimental to property values, costs the City and private property owners abatement expenditures, degrades the economic vitality of the community, is inconsistent with the City's property maintenance requirements, and damaging to our community aesthetic standards, which thereby makes graffiti a nuisance; and

WHEREAS, establishing a graffiti abatement program will enable the City to remove graffiti from city property and right-of-way and privately owned property with the consent of the owner, manager, or tenant more quickly; and

WHEREAS, the City Council requests the Administration to attempt to obtain consent from the railroad company to authorize City staff to have the right, but not duty, to remove any graffiti from any train trestle in Fayetteville.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby amends §130.39 **Graffiti** of the *Fayetteville Code* by repealing it and enacting the following:

“(A) *Definition.* For purposes of this section, the term ‘graffiti’ means any inscription, word, figure, design, symbol, or insignia which is marked, etched, scratched, drawn, painted, or otherwise affixed to or placed upon City property, utility property within the City right-of-way or, without the authority or permission of the owner, private property that is viewable from City property or right-of-way.

(B) *Unlawful to apply graffiti.* It is unlawful for any person to apply graffiti upon any City property or City right-of-way (including any utility or other allowed structure on City property or City right-of-way) or upon any structure, fence, wall, dumpster or similar thing on private property without express authority and permission from the property owner.

(C) *Graffiti declared a public nuisance.* Graffiti is detrimental to property values, degrades the aesthetics and attractiveness of the City, causes expenses for the City or private property owners to abate or remove the graffiti, harms the economic vitality of the City and violates the City’s property maintenance requirements and the adopted *International Property Maintenance Code* such that the City Council has determined and now expressly declares that graffiti is a public nuisance which should be promptly removed and kept off of all publicly viewable buildings, structures, utility equipment, and other places.

(D) *City staff empowered to abate or remove graffiti from private property with the consent of the owner or tenant.* Because graffiti is a public eyesore and nuisance, the City has a public purpose to use public funds or staff to abate or remove graffiti from privately owned property that is viewable from City property or City right-of-way with the consent of the owner or tenant.

(E) *All Utilities with a City franchise to use City right-of-way agree to graffiti removal.* By placing or maintaining equipment or other things on City property or right-of-way, all utilities with franchises to use City property or right-of-way agree to promptly remove or abate any graffiti affixed to their equipment or other thing and allow the City to also abate or remove such graffiti without prior notice to the utility. This provision is an amendment to all City franchise agreements if the franchisees use the City right-of-way after June 1, 2023.

(F) *Other remedies remain available to the City.* This section does not preclude the City from seeking the abatement or removal of graffiti through criminal mischief prosecutions, enforcement of the *International Property Maintenance Code*, or other remedies.



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2022-319

AN ORDINANCE TO AMEND §51.136 MONTHLY WATER RATES AND §51.137 MONTHLY SEWER RATES TO CHANGE WATER AND SEWER RATES:

AN ORDINANCE TO AMEND §51.136 MONTHLY WATER RATES AND §51.137 MONTHLY SEWER RATES TO CHANGE WATER AND SEWER RATES AS RECOMMENDED BY THE COST OF SERVICE STUDY CONDUCTED BY BLACK & VEATCH

WHEREAS, the City of Fayetteville's current water and sewer rates were adopted in 2008 based on a Cost of Service Study conducted by HDR Engineering; and

WHEREAS, on August 18, 2020, the City Council approved Resolution 212-20 authorizing a contract with Black & Veatch for an updated Cost of Service Study; and

WHEREAS, the Black & Veatch Cost of Service Study recommends initial changes in both water and sewer rates that reflect the true cost of service by customer class and a 3% annual increase in rates each year thereafter until a new study is conducted; and

WHEREAS, the City Council has determined, after the public hearing required by Ark. Code Ann. § 14-235-223, that the proposed rate changes reflecting the true cost of service should be adopted and that the new rates shall take effect on January 1, 2023.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby repeals §51.136 Monthly Water Rates and enacts a new §51.136 as shown in Exhibit A attached to this Ordinance.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby repeals §51.137 Monthly Sewer Rates and enacts a new §51.137 as shown in Exhibit B attached to this Ordinance.

City of Fayetteville Staff Review Form

2022-0517

Legistar File ID

6/21/2022

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Paul Becker

6/2/2022

WATER SEWER (720)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Approval of the Water and Sewer Rate changes, rescinding and replacing sections 51.136 and 51.137 of the City Code of Ordinances and holding a Public Hearing based on a Rate Study conducted by Black and Veatch recommended by the Fayetteville Water and Sewer Committee.

Budget Impact:

N/A		Water/Sewer	
Account Number		Fund	
N/A		N/A	
Project Number		Project Title	
Budgeted Item?	No	Current Budget	\$ -
		Funds Obligated	\$ -
		Current Balance	\$ -
Does item have a cost?	No	Item Cost	\$ -
Budget Adjustment Attached?	No	Budget Adjustment	\$ -
		Remaining Budget	\$ -

V20210527

Purchase Order Number: _____

Previous Ordinance or Resolution # _____

Change Order Number: _____

Approval Date: _____

Original Contract Number: _____

Comments:



MEETING OF JUNE 21, 2022

TO: Mayor and City Council

FROM: Paul Becker, Chief Financial Officer

DATE: June 3, 2022

SUBJECT: Approval of the Water and Sewer Rate changes, rescinding and replacing sections 51.136 and 51.137 of the City Code of Ordinances and the holding of a Public Hearing based on a Rate Study conducted by Black and Veatch recommended by the Fayetteville Water and Sewer Committee

RECOMMENDATION:

Administration recommends approval of an ordinance changing the water and sewer rates based on a Cost of Service Study conducted by Black and Veatch as presented to the Water and Sewer Committee in open meetings. These recommended rates are reflected in the attached replacement for sections 51.136 and 51.137 of the Fayetteville code of Ordinances.

BACKGROUND:

The City of Fayetteville has been conducting a water and sewer rate study since August 2020. Black and Veatch was selected pursuant to RFQ 20-01 by the City Council on August 18, 2020 with the approval of Resolution 212-20.

The intent of the rate study is to establish water and sewer rates that fully recover the cost of providing service to customers, adequately provide for maintaining and expanding the City's infrastructure, and provide adequate reserves for future needs. The study is based on a comprehensive review of the City of Fayetteville's water and sewer funds and budgets, comprehensive Water Master Plan, Wastewater Master Plan, planned wastewater facilities upgrades, customer classes, current usage data, future planned growth of the City of Fayetteville, and any other information deemed necessary.

The current water and sewer rates were adopted by the City of Fayetteville in 2008 based on a Cost of Service Study reformed by HDR Engineering. As a part of that study an annual 3% inflationary increase for each rate classification was authorized. This was sufficient to fund operations and capital need until now without a full rate study. Rate studies were delayed during the period between 2008 and 2020 primarily because the City was working on the permitting process for our two plants.

The Noland Plant was conducting a Use Attainability Analysis (UAA) on the receiving stream (The White River) to determine acceptable Chloride, Sulfate and Total Dissolved Solids discharge limitations. Based on the outcome of the UAA there was the possibility of a major upgrade to the Noland Facility.

The West Side Plant discharges to Goose Creek and eventually the Illinois River, and the negotiations between Arkansas and Oklahoma concerning total phosphorus in the Illinois River Watershed could have had a significant impact on the plant's discharge limit for phosphorus. Based on the outcome, the West Side Plant could have significant capital upgrades.

It was not feasible for the City to conduct a rate study during this time period because the rates might have been inadequately adjusted prior to the outcome of these two issues, resulting in an additional rate adjustment soon after the initial change. Those issues have been resolved at this time and new permits have been, or are being issued. However, extensive new capital needs are required at this point in time and operating cost have increased above the revenue increases generated by an annual 3% proportional adjustment.

DISCUSSION:

State code dictates a schedule of events for any change in water and sewer rates. These require that the rate change ordinance be read, a public hearing be scheduled and announced, the ordinance be published, and the public hearing take place at least ten days after the initial reading and publication of the ordinance. The rate ordinance can then be approved any time after the public hearing. The public hearing attachment details the public notice process for the proposed rate study, and what the initial changes will be to the water and sewer rates. A copy of the notice that is required to be published in the newspaper is attached and shows the changes by customer class. Additionally, the Monthly Water and Sewer Rates attachment indicates the level of rate increases through 2025.

The rate study prepared by Black and Veatch reflects some of the following guidelines:

1. The City has adopted a cost of service rate schedule based on customer class.
2. The City is using a volumetric block system within customer class to encourage conservation
3. New rates reflecting the true cost of service by customer class as determined by the rate study will be implemented on January 1, 2023.
4. A 3% annual inflation increase shall be applied at the first of each new calendar year until a new study is adopted.

BUDGET/STAFF IMPACT:

Adoption of these new rates will provide necessary revenues to address current operating costs and capital needs.

Attachments:

Revised Sections 51.136 and 51.137 of the Fayetteville Code of Ordinances
Black and Veatch Water and Wastewater Comprehensive Rate Study
Exhibits A and B - 51.136 and 51.137 - Monthly Water and Sewer Rates
Public Hearing Notice - Water and Wastewater Rate changes 2023

51.136 Monthly Water Rates

Effective as of the first billing statements issued after December 31, 2022, the following monthly rates shall be fixed as rates to be charged for water furnished by the waterworks system of the city, which rates the City Council finds and declares to be reasonable and necessary minimum rates to be charged. All non-emergency water uses shall be billed to the user, to include but not limited to water used for: use within structures; business; manufacturing; irrigation; retail by another water utility; city uses; educational purposes; medical purposes; water system routine non-emergency uses; wastewater system routine non-emergency uses; non-profit uses; fire department non-emergency uses to include training and equipment calibration; construction of new water mains; street cleaning; and wet down of construction sites and materials. Emergency water use that does not pass through a water system meter shall not be billed, including firefighting, water leaks, water leak repair, and emergency water line flushing. The volumes used for these emergency purposes should be estimated and submitted monthly to the Business Office Manager and the Water/Sewer Operations Manager.

(A) Monthly Water Rates.

- (1) The water usage of each customer shall be determined each month by meter measurement and the amount per 1,000 gallons to be paid for water usage by each customer shall be computed on the basis of the following schedule of rates.

Table A-1 Monthly Water Rates Prior to January 1, 2023 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.51	\$4.04
	Next 13,000	\$4.65	\$5.35
	Over 15,000	\$6.59	\$7.54
Non-Residential	First 300,000	\$3.79	\$4.38
	Over 300,000	\$3.39	\$3.90
Major Industrial	All Usage	\$2.96	\$3.40
Irrigation	First 300,000	\$5.04	\$5.80
	Over 300,000	\$4.53	\$5.22
Wholesale	Reduced Peak Demand	\$2.87	\$2.87
	Peak Demand	\$3.20	\$3.20

Table A-2 Monthly Water Rates After December 31, 2022 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.30	\$4.47
	Next 13,000	\$4.37	\$5.91
	Over 15,000	\$6.20	\$8.38
Non-Residential	First 300,000	\$3.93	\$5.05
	Over 300,000	\$3.93	\$5.05

Major Industrial	All Usage	\$3.14	\$3.49
Irrigation	First 300,000	\$4.29	\$5.43
	Over 300,000	\$4.29	\$5.43
Wholesale	Reduced Peak Demand	\$3.16	\$3.16
	Peak Demand	\$3.16	\$3.16

Table A-3 Monthly Water Rates After December 31, 2023 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.40	\$4.60
	Next 13,000	\$4.50	\$6.09
	Over 15,000	\$6.39	\$8.63
Non-Residential	First 300,000	\$4.05	\$5.20
	Over 300,000	\$4.05	\$5.20
Major Industrial	All Usage	\$3.23	\$3.59
Irrigation	First 300,000	\$4.42	\$5.59
	Over 300,000	\$4.42	\$5.59
Wholesale	Reduced Peak Demand	\$3.25	\$3.25
	Peak Demand	\$3.25	\$3.25

Table A-4 Monthly Water Rates After December 31, 2024 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.50	\$4.74
	Next 13,000	\$4.64	\$6.27
	Over 15,000	\$6.58	\$8.89
Non-Residential	First 300,000	\$4.17	\$5.36
	Over 300,000	\$4.17	\$5.36
Major Industrial	All Usage	\$3.33	\$3.70
Irrigation	First 300,000	\$4.55	\$5.76
	Over 300,000	\$4.55	\$5.76
Wholesale	Reduced Peak Demand	\$3.35	\$3.35
	Peak Demand	\$3.35	\$3.35

- (2) Beginning January 1, 2026, all monthly water rates shall be increased by 3% per year.
 - (3) All bills under such schedules shall be computed by adding the applicable meter service charge prescribed by subsection (B) to the amount determined to be due for water usage under this schedule. Applicable sales tax and franchise fees shall be added to the bill so computed.
 - (4) When a common facility/building is served by multiple water meters and the water usage is for the same purpose, customers may petition the Water & Wastewater Director and/or the Finance & Internal Services Director to have the water consumption aggregated and have the tiered rates apply to the aggregated quantity.
 - (5) Water used for flushing and sampling of newly constructed water lines, Fire Department training and equipment calibration, and other similar uses requiring a large volume and/or high velocity of water movement shall employ a fire hydrant meter of the appropriate size for the use. If a fire hydrant meter cannot be used due to high flow or volume requirements, then the volume of water used shall be measured by using a pitot gauge to determine the gallons per minute and by timing the flow of water to be able to calculate total volume. In the cases of fire department training and equipment calibration, sewer line washing, street sweeping, and other uses where the equipment employed has a built-in water meter, these built in water meters may be used. All such meters other than those on fire trucks must be evaluated by the Meter Superintendent. These water uses shall be billed at the same rates as non-residential customers.
 - (6) Monthly wholesale treated water rates outside city limits are based on Cost of Service Methodology.
- (B) *Monthly Water Service Charge.*
- (1) In addition to the above, each customer shall pay a monthly water service charge in accordance with the following schedule:

Table B-1 Monthly Water Service Charge Prior to January 1, 2023			
Meter Size	Inside City	Outside City	Wholesale
¾ x ¾ inch	\$6.59	\$7.54	\$7.54
1 inch	\$9.14	\$10.52	\$10.52
1 ½ inch	\$15.93	\$18.31	\$18.31
2 inch	\$23.20	\$26.66	\$28.56
3 inch	\$54.05	\$62.18	\$64.38
4 inch	\$89.50	\$102.93	\$112.25
6 inch	\$178.99	\$205.82	\$213.02
8 inch	\$268.41	\$308.67	\$319.47

Table B-2 Monthly Water Service Charge After December 31, 2022			
Meter Size	Inside City	Outside City	Wholesale
¾ x ¾ inch	\$6.59	\$7.54	\$7.54
1 inch	\$9.14	\$12.26	\$12.26
1 ½ inch	\$15.93	\$24.22	\$24.22

2 inch	\$23.20	\$33.52	\$33.52
3 inch	\$54.05	\$69.84	\$69.84
4 inch	\$89.50	\$102.93	\$102.93
6 inch	\$178.99	\$205.82	\$205.82
8 inch	\$268.41	\$308.67	\$308.67

Table B-3
Monthly Water Service Charge After
December 31, 2023

Meter Size	Inside City	Outside City	Wholesale
½ x ¾ inch	\$6.79	\$7.77	\$7.77
1 inch	\$9.41	\$12.63	\$12.63
1 ½ inch	\$16.41	\$24.95	\$24.95
2 inch	\$23.90	\$34.53	\$34.53
3 inch	\$55.67	\$71.94	\$71.94
4 inch	\$92.19	\$106.02	\$106.02
6 inch	\$184.36	\$211.99	\$211.99
8 inch	\$276.46	\$317.93	\$317.93

Table B-4
Monthly Water Service Charge After
December 31, 2024

Meter Size	Inside City	Outside City	Wholesale
½ x ¾ inch	\$6.99	\$8.00	\$8.00
1 inch	\$9.70	\$13.01	\$13.01
1 ½ inch	\$16.90	\$25.69	\$25.69
2 inch	\$24.61	\$35.56	\$35.56
3 inch	\$57.34	\$74.09	\$74.09
4 inch	\$94.95	\$109.20	\$109.20
6 inch	\$189.89	\$218.35	\$218.35
8 inch	\$284.76	\$327.47	\$327.47

- (2) Beginning January 1, 2026, all monthly water service charges shall be increased by 3% per year.
- (3) The monthly treated water rates and the monthly meter service charge rates prescribed by subsections (A) and (B) of this section shall commence as of the first billing statements issued after December 31, 2022.
- (4) The State of Arkansas mandated Safe Drinking Water Act fee shall be added to the monthly water utility bill.

(C) *Monthly Standby Fire Protection Service Charge.*

- (1) Charges for unmetered service connections for standby fire protection and fire hydrants shall be based on the incoming line size or the backflow preventer size, whichever is smaller, as set forth in the following table:

Monthly Standby Fire Protection Service Charge		
Line Size or Backflow Preventer Size	Inside City	Outside City
1 inch	\$9.75	\$11.68
2 inch	10.17	12.10
2.5 inch	20.33	23.37
3 inch	30.48	35.06
4 inch	60.97	70.11
6 inch	169.34	194.74
8 inch	355.65	409.00
10 inch	609.68	701.11

- (2) The Utilities Department shall review the monthly standby fire protection service charges every two (2) years and shall make recommendations to the City Council following such review. Fire protection lines shall not be connected to the water system downstream from a meter.

(Code 1965, §21-25; Ord. No. 1165, 4-18-58; Ord. No. 2144, 9-2-75; Ord. No. 2594, 2-5-80; Ord. No. 3197, 7-1-86; Ord. No. 3409, 2-21-89; Ord. No. 3431, 6-6-89; Ord. No. 3491, 7-17-90; Ord. No. 3513, 9-18-90; Ord. No. 3519, 11-20-90; Ord. No. 4059, §1, 10-7-97; Ord. No. 4223, 2-15-00; Code 1991, §51.136; Ord. No. 4530 12-02-02; Ord. No. 4540, 02-03-04; Ord. No. 5123, 4-1-08; Ord. No. 6169 , §1, 4-2-2019)

51.137 Monthly Sewer Rates

(A) *Monthly Sewer Rates.*

- (1) All monthly sewer charges shall be calculated from the customer's monthly water usage. The following monthly rates are hereby fixed as rates to be charged for sewer services:

Table D-1 Monthly Sewer Rates Per 1,000 Gallons Before January 1, 2023		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$4.35
	Greater than 2,000 gallons	\$5.80
Non-Residential	All Usage	\$4.40
Major Industrial	All Usage	\$4.71
Farmington	All Usage	\$7.52
Outside city	All Usage	\$8.18
Elkins	85% of metered water usage	\$5.19
	Usage above 85% of metered water usage	\$2.71

Table D-2 Monthly Sewer Rates Per 1,000 Gallons After December 31, 2022		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$3.39
	Greater than 2,000 gallons	\$4.52
Non-Residential	All Usage	\$5.10
Major Industrial	All Usage	\$5.71
Farmington	All Usage	\$8.27
Outside city	All Usage	\$8.55
Elkins	85% of metered water usage	\$7.20
	Usage above 85% of metered water usage	\$7.20

Table D-3 Monthly Sewer Rates Per 1,000 Gallons After December 31, 2023		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$3.49
	Greater than 2,000 gallons	\$4.66
Non-Residential	All Usage	\$5.25
Major Industrial	All Usage	\$5.88
Farmington	All Usage	\$8.52
Outside city	All Usage	\$8.81
Elkins	85% of metered water usage	\$7.42
	Usage above 85% of metered water usage	\$7.42

Table D-4 Monthly Sewer Rates Per 1,000 Gallons After December 31, 2024		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$3.60
	Greater than 2,000 gallons	\$4.80
Non-Residential	All Usage	\$5.41
Major Industrial	All Usage	\$6.06
Farmington	All Usage	\$8.77
Outside city	All Usage	\$9.07
Elkins	85% of metered water usage	\$7.64
	Usage above 85% of metered water usage	\$7.64

- (2) Beginning January 1, 2026, all monthly sewer quantity charge- usage rates per 1,000 gallons shall be increased by 3% per year.
- (3) Sewer related fees levied by the Cities of Farmington or Greenland shall be added to the wastewater utility bill at the request of Farmington or Greenland. These fees may be calculated on a per-thousand volumetric usage or a per month basis.
- (B) *Monthly Sewer Service Charge.*

- (1) In addition to the above, each customer shall pay a monthly sewer service charge in accordance with the following schedule:

Table E-1 Monthly Sewer Service Charge Prior to January 1, 2023			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$18.28	\$18.28	\$16.74
1 inch	\$23.74	\$33.92	\$31.28
1½ inch	\$38.77	\$60.37	\$55.50
2 inch	\$55.43	\$79.73	\$73.45
3 inch	\$128.73	\$184.24	\$169.29
4 inch	\$212.13	\$303.44	\$278.93
6 inch	\$420.39	\$601.46	\$553.70
8 inch	\$628.73	\$899.76	\$826.81

Table E-2 Monthly Sewer Service Charge After December 31, 2022			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$18.28	\$18.28	\$25.10
1 inch	\$23.74	\$33.92	\$52.62
1½ inch	\$38.77	\$66.73	\$109.78
2 inch	\$55.43	\$93.11	\$154.24
3 inch	\$128.73	\$196.10	\$327.83
4 inch	\$212.13	\$303.44	\$482.37
6 inch	\$420.39	\$601.46	\$897.30
8 inch	\$628.73	\$899.76	\$998.92

Table E-3 Monthly Sewer Service Charge After December 31, 2023			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$18.83	\$18.83	\$25.85
1 inch	\$24.45	\$34.94	\$54.20
1½ inch	\$39.93	\$68.73	\$113.07
2 inch	\$57.09	\$95.90	\$158.87
3 inch	\$132.59	\$201.98	\$337.66
4 inch	\$218.49	\$312.54	\$496.84
6 inch	\$433.00	\$619.50	\$924.22
8 inch	\$647.59	\$926.75	\$1,028.89

Table E-4 Monthly Sewer Service Charge After December 31, 2024			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$19.39	\$19.39	\$26.63
1 inch	\$25.19	\$35.99	\$55.82
1½ inch	\$41.13	\$70.79	\$116.47
2 inch	\$58.81	\$98.78	\$163.63
3 inch	\$136.57	\$208.04	\$347.79
4 inch	\$225.05	\$321.92	\$511.75
6 inch	\$445.99	\$638.09	\$951.95
8 inch	\$667.02	\$954.56	\$1,059.75

†Cost of Service Methodology required by contract.

- (2) Beginning January 1, 2026, all monthly sewer service charges shall be increased by 3% per year.
- (C) *Determination of Sewer Quantity Charge for Residential Customers.*
- (1) In the case of residential customers residing in a single family home, duplex, triplex, and/or fourplex, the average monthly water consumption for the preceding months of December, January, and February shall be computed separately for each customer, and a uniform monthly charge for each customer shall be determined by applying the schedule of rates set out in subsection (A) of this section to such average monthly water consumption. In the case of a residential user for whom a uniform monthly charge has been established and who moves to a new location the same uniform monthly charge shall apply at the new location. In the case of new residential customers, sewer averages shall be established based on the number of individuals residing within the dwelling unit, at a rate of 2,100 gallons per customer per month. This methodology of sewer averaging shall not apply to multi-family structures containing five (5) or more units in a contiguous building.
- (2) In the case of sewer customers who do not have a water meter provided by a public water utility, the sewer usage volume billed shall be the average volume of all users in the sewer system in like dwellings from the most recent system-wide sewer average calculation.
- (D) *Determination of Charge for Non-residential and Major Industrial Customers.* In the case of non-residential and/or major industrial customers, the monthly sewer charge shall be determined by applying the schedule of rates prescribed in subsection (A) of this section to the monthly water usage of such customers. In the event that a non-residential or major industrial customer discharging waste into the city's sanitary sewer system produces evidence to the Water and Wastewater Director demonstrating that a substantial portion of the total amount of water from all sources used for all purposes does not reach the sanitary sewer which is in excess of the factors used in establishing the rates in subsection (A) of this section, an estimated percentage of total water consumption to be used in computing charges may be established by the Water and Wastewater Director. The factors used in establishing said rates are on file in the office of the Water and Wastewater Director and are incorporated herein by reference thereto. Any rate so adjusted by the Water and Wastewater Director shall be effective for a twelve (12) month period beginning with the billing for the month when rates adjudged hereby go into effect.
- (E) *Extra Strength Surcharge.*
- (1) For all significant industrial users as defined in §51.074, whose wastewater discharge is greater than 300 mg/l of BOD₅ and/or TSS, the city shall levy an Extra Strength Surcharge for each parameter in accordance with the following unit charges:

Table F3 Extra Strength Surcharges	
	After 12/31/2022
Extra Strength BOD ₅	\$0.5426 per pound
Extra Strength TSS	\$0.6921 per pound

- (2) Starting after December 31, 2023, Extra Strength Surcharges shall be increased by 3% per year.
- (3) Extra Strength Surcharges shall be billed monthly and shall be computed on the basis of water meter reading (wastewater discharge volume).
- (4) All sampling and analyses of the wastewater characteristics shall be performed in accordance with U.S. Environmental Protection Agency 40 Code of Federal Regulations Part 136 approved methods.
- (5) The volume of flow used in computing surcharge shall be based upon metered water consumption as shown in the records of meter readings maintained by the city's business office. In the event that a user discharging waste into the city sanitary sewer system produces evidence to the city demonstrating that a portion of the total amount of water used for all purposes is not discharged into the sanitary sewer, a separate meter or meters or other approved flow measuring device may be installed at the user's expense, upon its request, to measure only that portion of the total flow being discharged into the city sewer system. If a surcharge is assessed by the city, it shall be shown separately on the monthly billing.
- (6) Any person discharging industrial waste into the sanitary sewers of the city who procures any part or all of the user's water supply from sources other than the city, all or part of which is discharged into the sanitary sewer, shall install and maintain at the user's expense water meters of the type approved by the city for the purpose of determining the proper volume of flow to be used in computing sewer service charges. Such meter will be read monthly and tested for accuracy when deemed necessary by the city. Where it can be shown that a portion of the water measured by the aforesaid meter or meters does not enter the sanitary sewer system of the city, a separate meter or meters or other approved flow measuring device may be installed at the user's expense, upon its request, to measure only that portion of the total flow being discharged into the city sewer system. If a surcharge is assessed by the city, it shall be shown separately on the monthly billing.
- (7) Computation of extra strength surcharges shall be based on the following formula:
 - (a) Extra strength surcharge:

S	= $V \times 8.34 \times [\text{BOD Unit Charge (BOD - 300)} + \text{SS Unit Charge (TSS - 300)}]$
---	---

(b) Where:

S	= Surcharge in dollars
V	= Sewer volume in million gallons
8.34	= Pounds per gallon of water
BOD Unit Charge	= Unit charge for BOD in dollars per pound
BOD	= BOD strength in parts per million
300	= Allowed BOD strength in parts per million
TSS Unit Charge	= Unit charge for suspended solids in dollars per pound

TSS	= Suspended solids strength in parts per million
300	= Allowed TSS Strength in parts per million

(F) *Elkins Sewer Charges.*

- (1) Elkins' payment for wastewater treatment shall be based on 85% of the metered water purchased. The volume of wastewater received by Fayetteville at the "Point of Connection" shall be measured by the installed wastewater meter. Volumes of wastewater below or above the agreed upon percentage (85%) of metered water, as measured by the wastewater meter, shall be recorded on a monthly basis, with a reconciliation of the net difference to occur semiannually in June and December. If the reconciliation volume is over the agreed upon percentage, this amount shall be billed to Elkins in June and December at the actual computed cost of wastewater collection to and treatment at the Noland Wastewater Treatment Plant, not including the calculated rate of return and not including depreciation charges, but including any capacity surcharge, based on the most recent rate as determined in paragraph B of this contract. If the reconciliation volume is below the agreed upon percentage, the actual amount billed for the difference shall be refunded to Elkins in June and December
- (2) Elkins Impact Fee Charges. The City of Elkins shall pay an additional \$0.25 per 1,000 gallons of wastewater, for all wastewater volume charges including both the 85% of metered water volume and for wastewater in excess of the 85% of the metered water purchased billed volume.

(G) *Hauled Wastewater Fees.*

- (1) Application fee. An application to discharge hauled domestic waste must be accompanied by a fee of \$100.00.
- (2) Discharge fee. A fee of \$50.00 must be paid for each hauled domestic waste load discharged.

(H) *Industrial Wastewater Discharge Permit Fee.*

- (1) Application Fee. An application for an industrial wastewater discharge permit must be accompanied by a fee of \$500.00.

(Code 1965, §21-26; Ord. No. 1165, 4-18-58; Ord. No. 3197, 7-1-86; Ord. No. 3285, 8-4-87; Ord. No. 3398, 1-3-89; Ord. No. 3491, 7-17-90; Ord. No. 3637, §§1, 2, 8-18-92; Ord. No. 4059, §2, 10-7-97; Code 1991, §51.137; Ord. No. 4530, 12-02-03; Ord. No. 4803, 12-20-05; Ord. No. 4998, 4-3-07; Ord. No. 5129, 4-15-08; Ord. No. 5438, 9-20-11; Ord. No. 5739, 2-17-15)

Draft

WATER AND WASTEWATER COMPREHENSIVE RATE STUDY

B&V PROJECT NO. 406577

PREPARED FOR

City of Fayetteville, Arkansas

26 MAY 2022



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1.0 Executive Summary

The City of Fayetteville (City) provides water and wastewater services to retail and wholesale customers. The Water and Wastewater fund is an Enterprise Fund, which is funded by the operating and capital revenues from the users of the system. Due to multiple factors including increasing operating costs, significant capital investments to meet regulatory requirements, and the need for infrastructure rehabilitation and replacement, revenues under existing rates are not adequate to meet the annual revenue requirements. Therefore, to maintain financial sufficiency and to assure equitable cost recovery, the City engaged Black & Veatch Management Consulting, LLC (Black & Veatch) to perform a Water and Wastewater Comprehensive Rate Study (Study).

The primary objectives of the Study are to develop a balanced financial plan, determine cost of service allocations for each customer class and design rates to recover costs from customer classes in reasonable accord with the allocated costs of service. The financial plan was developed for the six-year period of 2021 through 2026, also referred to as the study period or the forecast period. The city's fiscal year is a calendar year, starting on January 1 and ending on December 31.

As a result of our evaluations and analyses, the following summary of findings and recommendations are offered for the City's consideration.

1.1 Summary of Findings

1.1.1 Revenue Under Existing Rates

1. The City provides retail water services to approximately 40,800 customers inside the City and about 7,000 customers outside the City. The number of retail water service customers inside the City is projected to increase to about 44,800 by 2026 and the number of outside City water customers is projected to increase to about 8,000. The City also provides treated water to four wholesale customers. Retail wastewater collection and treatment service is provided to approximately 36,900 customers inside the City and about 2,600 customers outside the City. The number of inside City wastewater service customers is projected to increase to about 40,600 by 2026 and the number of outside City wastewater service customers is projected to increase to about 2,700.
2. Treated water sales to inside City retail customers are projected to increase from approximately 3,146,800 1,000 gallons (kgals) in 2021 to approximately 3,388,000 kgals by 2026. Treated water sales to outside City retail customers are projected to increase from approximately 507,600 kgals in 2021 to approximately 519,400 kgals by 2026. Treated water sales to wholesale customers is projected to be approximately 219,100 kgals in 2021 and decrease to 202,300 kgals in 2022 and remain at that level through 2026. Billed wastewater volume from inside City retail customers is projected to increase from approximately 2,806,700 kgals in 2021 to approximately 2,961,800 kgals by 2026. Billed wastewater volume from outside City retail customers is projected to increase from 109,800 kgals in 2021 to about 117,400 kgals by 2026. Billed wastewater volume from wholesale customers is projected to increase from 81,000 kgals in 2021 to 126,600 kgals in 2026 due to the addition of West Fork as a wholesale wastewater customer starting December 2020. The annual wholesale wastewater volume is projected to remain at the 2021 level through 2026.

3. The City's current water rates became effective January 1, 2022. For both retail and wholesale customers, the water rates include a monthly base charge, which varies by meter size and a volume charge that varies by customer class. The existing schedule of rates for wastewater service became effective on January 1, 2022. For retail customers, the wastewater rates include a monthly base charge, which varies by meter size. The volume charge varies by customer class. Surcharge rates are based on excess strength of Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS). The existing wastewater rate structure is described in Section 3.3.2.
4. Revenue is currently derived principally from charges for treated water and wastewater service, with some revenue also obtained from fire protection charges and other miscellaneous sources. Revenue from treated water sales, under existing rates, is projected to increase from \$21,186,400 in 2021 to about \$22,986,800 in 2026, reflecting a 5-year cumulative increase of 8%. Miscellaneous water revenues are estimated to increase from \$1,484,700 in 2021 to approximately \$1,608,600 in 2026, reflecting a 5-year cumulative increase of 8%. Revenue for wastewater collection and treatment services is projected to increase from \$24,461,900 in 2021 to about \$26,697,600 in 2026, under existing rates, reflecting a 5-year cumulative increase of 9%. Miscellaneous wastewater revenue is estimated at \$1,297,100 in 2021 and \$1,420,200 per year through 2022 to 2026, reflecting a 5-year cumulative increase of 9%.

1.1.2 Revenue Requirements

1. Costs of service to be recovered from water and wastewater service charges include (1) operation and maintenance (O&M) expenses; (2) bad debt; (3) Payment In Lieu of Taxes; (4) Safe Drinking Water Fee Reimbursement; (5) debt service (consisting of principal and interest payments); (6) transfer to shop fund; (7) transfer to operating reserve; (8) cash financed capital; and (9) transfer to capital reserve. The water and wastewater utilities do not have any outstanding debt service. There are no future debt issuances planned over the study period and no transfers to the shop fund over the study period.
2. The annual O&M expense includes the cost of labor, materials, power, chemicals, purchased water, contract services and other expenses associated with each utility's operation. In this study, FY 2021 is defined as the base budget year, based on which the O&M costs are projected for the forecast period. O&M expense for the water utility is projected to increase from \$15,949,600 in 2021 to \$18,739,400 by 2026 due to the combined effects of inflation and system growth. O&M expense for the wastewater utility is projected to increase from \$15,674,800 in 2021 to \$18,395,700 by 2026 due to the combined effects of inflation and system growth.
3. Bad debt expenses refer to outstanding balances from customers that are deemed uncollectible. The water and wastewater bad debt in 2019 was 0.5% of revenue. Bad debt projections for the study period assume 0.5% of annual revenues. Annual bad debt expenses for water utility is projected to increase from \$105,900 in 2021 to \$129,000 by 2026. Annual bad debt expenses for wastewater utility is projected to increase from \$122,300 in 2021 to \$149,900 by 2026.
4. The Payment In Lieu of Taxes (PILOT) are paid by public utilities to municipal entity as a compensation for utilization of streets, easements, right of ways or other public places. The PILOT amount is determined per City Ordinance 4449 that requires the water and wastewater funds to pay 4.25% of annual total gross sales revenues to the City. Annual PILOT amount for the water utility is anticipated to increase from \$900,400 in 2021 to \$1,096,900 in 2026. Annual

PILOT amount for the wastewater utility is projected to increase from \$1,039,600 in 2021 to \$1,274,000 in 2026.

5. The Safe Drinking Water Fee (SDWF) revenue collected for each metered customer is reimbursed to the state of Arkansas Department of Public Health. The SDWF reimbursement is projected to increase from \$230,000 in 2021 to \$250,200 in 2026. The SDWF is a pass-through fee and is treated as a “revenue reduction” by the City.
6. The City maintains an operating reserve balance equivalent of ninety (90) days of following years’ O&M budget. The transfer to operating reserve for the water utility is projected to increase from \$133,000 in 2022 to \$151,800 in 2026. The transfer to operating reserve for wastewater is projected to increase from \$129,600 in 2022 to \$147,900 in 2026.
7. The City currently utilizes the following two sources of funding for the water and wastewater utility capital projects (1): transfer from operating revenues and (2) transfer from the impact fee fund. A capital project meets the requirements of using impact fees if the existing water or wastewater capacity is expanded due to growth. The wastewater capital improvement program for the study period is \$69 million, of which \$67 million is projected to be funded from operating revenues and \$2 million is from the impact fee fund.

1.1.3 Summary of Cash Flow Results

1. The cash flow analysis performed based on the projected annual revenues under existing rates and the projected annual revenue requirements indicates a funding gap for both utilities beginning in 2021.
2. Therefore, a series of 3% annual revenue adjustment is needed in both the water and wastewater utilities to achieve the goal of the operating fund revenues being self-sufficient and adequate to cover all of the O&M expenses, cash financing of the capital program, required transfers, and to maintain the minimum reserve requirements. Table W - 9, in Appendix 1 presents the cash flow analysis and the proposed series of revenue increases for the water utility, and Table S - 9, in Appendix 2 presents the same for the wastewater utility.

1.1.4 Cost of Service Analysis

1. The revenue requirements less any revenues from other sources provides the “net” annual operating fund revenue requirements (also referred to as “cost of service”) that needs to be recovered through user rates and charges. A summary of the projected annual cost of service for 2022 is shown for water and wastewater in tables ES-1 and ES-2, respectively.

Table ES - 1 –Water 2022 Cost of Service

Line No.	Description	Operating Expense	Capital Cost	Total Cost
		\$	\$	\$
1	O&M Expenses	17,231,900		17,231,900
2	Depreciation		2,672,900	2,672,900
3	Return		1,895,900	1,895,900
4	Net Cost of Service	17,231,900	4,568,800	21,800,700

Table ES - 2 –Wastewater 2022 Cost of Service

Line No.	Description	Operating Expense	Capital Cost	Total Cost
		\$	\$	\$
1	O&M Expenses	16,801,000		16,801,000
2	Depreciation		8,060,600	8,060,600
3	Return		567,200	567,200
4	Net Cost of Service	16,801,000	8,627,800	25,428,800

2. As a basis for design of a schedule of water and wastewater rates, the costs of service are allocated to the classes of customers in accordance with respective service requirements of each customer class. The resulting costs of service allocated to customer classes are summarized in Table W - 17 for water and Table S - 17 for wastewater.

1.2 Proposed Recommendations

Based on the financial planning and cost of service analysis performed for the study period, the Black & Veatch team proffers the following series of recommendations:

1. Implement a series of 3% annual revenue increase from 2022 to 2026 for both water and wastewater utilities.
2. Implement cost of service-based rates for water and wastewater utilities in 2022.
3. Transition the existing monthly Base charge to the proposed Base Charge, derived based on cost of service, if cost of service based proposed Base Charge is greater than the existing Base charge.
4. Eliminate the minimum volume charge billing of 1,000 gallons from the volumetric portion of the rate structure.
5. Continue with the existing tier block structure for customer classes that have an inclining block (residential) or a uniform block (industrial) for the volumetric rate structure.
6. Change to uniform block for customers that currently have a declining block (non-residential and irrigation) volumetric rate structure.

The aforementioned recommendations enable the water and wastewater utilities to meet all its financial obligations, so that the City can continue to provide reliable service to serve the needs of existing and future customers.

1.3 Disclaimer

This report was prepared for the City of Fayetteville (Client) by Black & Veatch Management Consulting, LLC (Black & Veatch) and is based on information provided by the Client not within the control of Black & Veatch. While it is believed that the information, data and opinions contained herein will be reliable

under the conditions and subject to the limitations set forth in this report, Black & Veatch does not guarantee the accuracy thereof. Black & Veatch has assumed that the information provided by others, both verbal and written, is complete and correct. The projections set forth in this report are intended as "forward-looking statements." In formulating these projections, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. While Black & Veatch believes the assumptions are reasonable actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that occur. As such, Black & Veatch does not take responsibility for the accuracy of data or projections provided by or prepared on behalf of the Client, nor does Black & Veatch have any responsibility for updating this report for events occurring after the date of this report.

Use of this report or any information contained therein by any party other than the Client, shall constitute a waiver and release by such third party of Black & Veatch from and against all claims and liability, including but not limited to liability for special, incidental, indirect or consequential damages in connection with such use. Such use of this report by a third party shall constitute agreement by the third party user that its rights, if any, arising from this report shall be subject to the terms of this Report Limitations, and in no event shall the third party's rights, if any, exceed those of the Client under its contract with B&V. The benefit of such releases, waivers, or limitations of liability shall extend to the related companies and subcontractors of any tier of B&V, and the shareholders, directors, officers, partners, employees, and agents of all released or indemnified parties.

2.0 Introduction

The City of Fayetteville water utility provides treated water and water distribution services to approximately 40,800 customers within the corporate limits of Fayetteville, and to approximately 7,000 customers in areas contiguous to, but outside of the City's corporate limits. The wastewater utility provides retail wastewater collection and treatment service to approximately 37,000 customers within the corporate city limits and to approximately 2,600 customers outside of the City's corporate limits. The City also provides treated water to four wholesale customers and wastewater treatment to two wholesale customers.

In providing water and wastewater service, the City incurs considerable expense related to the ongoing operating and capital needs of the utilities. These operating and capital expenditures tend to increase annually due to the combined effects of inflation and the need to repair, replace, or extend existing service facilities to meet customer service requirements, as well as to meet more stringent state and federal water quality requirements and EPA requirements.

The City of Fayetteville, recognizing the importance of financial planning and cost of service analysis to equitably recover the increasing costs to replace, renew, expand, improve, and operate its water and wastewater service facilities, retained Black & Veatch to perform this comprehensive study of revenue requirements, cost of service, and rates for potable water service and wastewater service.

2.1 Purpose

This report examines the respective projected revenue and rate requirements of the water and wastewater systems of the City. The purpose of this report is (1) to project the future revenues of the water and wastewater utilities under existing rates and charges, as well as the operating expenses and capital financing revenue requirements of the two utilities, and to examine the adequacy of projected revenues to meet these revenue requirements through calendar year 2026; (2) to allocate these revenue requirements, or costs of service, for a representative test year to the various customer classes in accordance with the respective service requirements that each class places on the systems; and (3) to develop a suitable schedule of water and wastewater rates that will produce revenues adequate to meet the financial needs of the utility on a basis that recognizes customer costs of service, existing wholesale service agreements and practical bill impact considerations.

2.2 Scope

This report presents the results of a comprehensive study of the projected revenue and revenue requirements, costs of service allocations, and proposed rates for treated water and wastewater service. Revenue and revenue requirements are projected for the five calendar years from 2022 through 2026, recognizing anticipated growth in number of customers, water use, and wastewater flows throughout the service area. The study of revenue requirements recognizes projected operation and maintenance expense, capital improvement requirements met from revenues, principal and interest payments on outstanding and proposed bond issues, and reserve fund requirements. Requirements of existing revenue bond indentures are also recognized.

Costs of treated water and wastewater service are developed for each group of customers and type of service based on consideration of utility revenue needs and projected customer service requirements. Rate adjustments are designed for retail and wholesale customers in accordance with allocated costs of service, wholesale service agreement terms, and customer bill impact considerations.

2.3 Study Methodology

The development of user rates and charges requires the integration of three critical components: (i) financial plan; (ii) cost of service allocations; and (iii) rate design.

2.3.1 Financial Plan

The development and update of a financial plan is necessary to continue to focus on financial discipline, build financial stability, and maintain sustainable financial planning practices. The financial planning process helps to establish a financial roadmap to meet all of the water and wastewater utility's obligations.

As illustrated in Figure 2 - 1, the key components of a financial plan are: (i) projection of revenues from user rates and other sources; (ii) development of a capital financing plan to decide the mix of debt and cash funding of capital program; (iii) projection of revenue requirements (O&M and capital costs, and target reserves); and (iv) determination of the level and timing of revenue adjustments needed to maintain financial viability.

The annual revenue requirements are typically developed on a *cash-needs basis* for public utility rate setting. The revenue requirements, under the cash-needs basis approach, include the following:

- O&M expenditures;
- Debt service expenses;
- Cash financing of capital program;
- Contributions to operating reserves; and
- Other obligations such as payments and transfers for specific purposes.

To establish financial stability, a financial plan is typically prepared for a multi-year period. A six-year financial plan was developed for the water and wastewater utility to achieve the financial objectives and target metrics defined to build and sustain financial integrity. 2022 through 2026 is the forecast period for both revenues and revenue requirement projections.

The revenue adjustments represent the level of annual revenue increases necessary to meet the annual net revenue requirements.

2.3.2 Cost of Service

Cost of service can be described as the revenue that the water and wastewater utility need to generate, *net of funding from other miscellaneous sources of revenues*. Therefore, Cost of Service is essentially the "net revenue requirement" that is to be recovered through user rates and charges. As illustrated in Figure 2 - 2, Cost of service analysis enables an equitable apportioning of the net annual revenue requirements (also referred to as cost of service) to the various cost components and customer

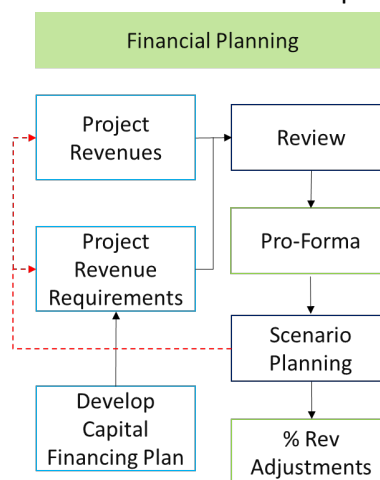


Figure 2 - 1: Financial Plan

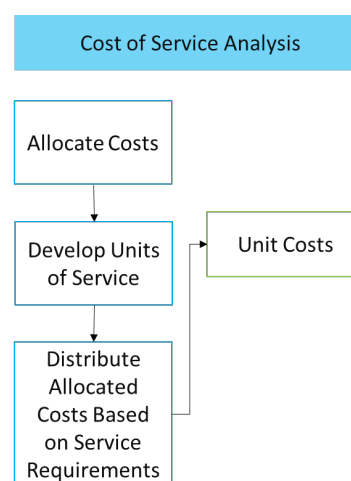


Figure 2 - 2: Cost of Service

classes. The level and types of allocation performed depend on the existing and anticipated rate structure.

As municipal utilities are *public utilities that cannot make a profit*, the equitable allocation of costs is a critical step that is necessary to establish a reasonable nexus between costs incurred in providing service and the fees charged from customers, and to establish defensible user rates and charges.

2.3.3 Rate Design

The third and final component is an evaluation of the existing rate structure components and the development of proposed user rates and charges. The user rates and charge schedules typically include fixed charge, volumetric charge, and other special charge rate components. As illustrated in Figure 2 - 3, the rates and charges are designed to recover the annual cost of service allocated to these different rate components and based on local policy and practical considerations.

The study methodology described above and used in the financial planning, cost of service and rate design analysis reflect the application of industry accepted rate setting approaches that are provided in the following two guidance manuals:

- American Water Works Association (AWWA) *Manual M-1: Principles of Water Rates, Fees, and Charges* for water rate setting; and
- Water Environment Foundation (WEF) *Financing and Charges for Wastewater Systems* for wastewater.

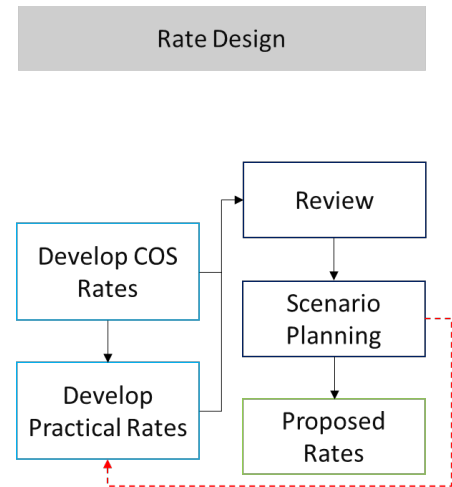


Figure 2 - 3: Rate Design

3.0 Rate Structure Overview

The revenue requirements of a water and wastewater utility, net of any miscellaneous sources of revenues, are recovered from user rates and charges. A water rate structure usually consists of two primary components, namely, a fixed charge and a volumetric charge. Similarly, a wastewater rate structure more commonly consists of a fixed charge, a volumetric charge, and pollutant charge (for wastewater pollutants such as Bio-chemical Oxygen Demand (BOD) and Total Suspended Solids (TSS)). Occasionally, a utility's water and wastewater rate structures may include special surcharges and/or special assessments to recover costs associated with certain service situations such as purchased water, pumping to elevations, drought conditions, readiness-to-serve, environmental conditions, and extra-strength wastewater discharges.

3.1 Fixed Charge

A utility's annual revenue requirements comprise mostly of fixed costs such as salaries and benefits, pension obligations, debt service, cash financing for infrastructure renewal, and costs related to the provision of adequate capacity for service. These types of fixed costs occur on a recurring basis regardless of the amount of water used by the customer.

Therefore, rate structures need to afford the ability to recover at least some of the fixed costs based on billing parameters that are not related to water usage or wastewater flow. The fixed charge, which is assessed regardless of the volume of water used, provides a mechanism to reliably recover some of the fixed annual operating costs of the utility, and provide for some level of revenue stability.

In the utility industry, fixed charges are designed to recover one or more of the following types of costs, namely, (i) metering; (ii) billing; (iii) readiness-to-serve cost; (iv) specific capital investment; and (v) other specific costs. The costs of providing these functions vary among types of customers and/or by factors such as size and capacity of the meters. Therefore, to provide for equitable cost recovery, water and wastewater fixed charges are usually assessed based on meter size and also by customer class.

3.2 Volumetric (Usage) Charge

In the utility industry, usage charges are designed to recover all other costs (except those that are recovered through fixed charge) associated with the treatment and delivery of water service and the collection, treatment, and disposal of wastewater.

The three common types of volumetric charge are: (i) inclining block rate, where the usage in the next higher usage block is priced at a higher rate per unit; (ii) uniform block rate, where all units of usage are priced at the same unit rate; and (iii) declining block rate, where the usage in the next higher usage block is priced at a lower rate per unit. As usage patterns vary among customer classes and consequently different classes place different levels of service demands, different volumetric rates can be established for the various customer classes. In designing the volumetric rate structure, practical considerations including conservation, equity, affordability, and ease of administration are addressed.

3.3 Existing Rate Structure

3.3.1 Water Rate Structure

Consistent with industry rate structures, the City's water rate structure comprises of both Fixed Charge and Volumetric Charge components. The water rate structure includes the following two components:

- Base Charge (Fixed Charge); and
- Volume Charge (Volumetric Charge).

Some of these components are applicable to only specific customer classes. The revenues derived from the above charges are collectively referred to as **“Water Service Revenues.”**

- **Base Charge:** The existing Base Charge for all customer classes is based on meter size.
- **Volume Charge:** The existing Volume Charge is based on the quantity of water used by the customers.
- **Safe Drinking Water Fee:** This is a regulatory charge per bill that is collected by the City on behalf of the state of Arkansas Department of Public Health.

The customer classes to which the specific charge components apply is illustrated in Figure 3 - 1. The existing water rate schedule for 2021, for these rate components, is presented in Table W - 3 in Appendix 1. All customers are billed monthly.

Figure 3 - 1: Existing Water Rate Structure

Rate Component	Applicable Customer Classes
● Base Charge by Meter Size	● Retail Inside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); ● Retail Outside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); ● Wholesale
● Volume Rate (3-Tier Inclining Block) ● Minimum Usage (1,000 Gallons)	● Retail Inside City Residential; and ● Retail Outside City Residential
● Volume Rate (2-Tier Declining Block) ● Minimum Usage (1,000 Gallons)	● Retail Inside City Non-Residential, Irrigation; and ● Retail Outside City Non-Residential, Irrigation
● Volume Rate (Uniform) ● Minimum Usage (1,000 Gallons)	● Retail Inside City Major Industrial ● Retail Outside City Major Industrial
● Volume Rate (Uniform) ● 2 rates (Reduced Peak Demand and Peak Demand)	● Wholesale
● Safe Drinking Water Fee (per month)	● All customer classes

3.3.2 Wastewater Rate Structure

The City’s Operating Fund wastewater rate structure also comprises of both Fixed Charge and Volumetric Charge components. The wastewater rate structure includes the following three components:

- Base Charge (Fixed Charge);

- Volume Charge (Volumetric Charge); and
- BOD and TSS Charge (Surcharge).

The revenues derived from all these three sources are collectively referred to as **“Wastewater Service Revenues.”** Some of these user rate components are applicable to only specific customer classes.

- **Base Charge:** The existing Base Charge for all retail customers is based on meter size.
- **Volume Charge:** The existing volume wastewater charge is based on the quantity of water used by the customer classes.

Surcharge: The existing wastewater surcharge is based on the excess strengths of BOD and TSS, of certain customers.

The customer classes to which the specific rate components are applicable is illustrated in Figure 3 - 2. The existing wastewater rate schedule for 2021 is presented in [Table S - 3](#) in Appendix 2.

Figure 3 - 2: Existing Wastewater Rate Structure

Rate Component	Applicable Customer Classes
• Base Charge by Meter Size	• Retail Inside City (Residential, Non-Residential and Major Industrial); • Retail Outside City (Residential, Non-Residential and Major Industrial);
• Volume Rate (2-Tier Inclining Block) • Based on winter water usage of December, January and February	• Retail Inside City Residential
• Volume Rate (Uniform)	• Retail Inside City (Non-Residential and Major Industrial) • Retail Outside City (Residential, Non-Residential and Major Industrial)
• Volume Rate (Uniform) • 2 tiered rates (85% of metered water usage and Above 85% of metered water usage)	• Wholesale

4.0 Water Utility

The financial plan and rate design were developed to meet all the funding obligations of the water utility, and to achieve the financial adequacy and equitable cost recovery discussed in Section 2.3.

The water utility financial plan was developed for the six-year forecast period of 2021 through 2026, and includes the following key components:

- Revenue projections (user rate revenues and non-rate revenues);
- Capital improvement program financing;
- Annual revenue requirement projections; and
- Annual proposed revenue increases

4.1 Water Revenue Projections Under Existing Rates

The water utility revenues are derived from the following sources:

- Water Service Revenues (Base and Volume Charge)
- Other Revenues

As a first step in the development of the financial plan, Water Service Revenues under the 2022 existing rates are projected for the forecast period.

4.1.1 Water Revenue Under Existing Rates

As described in Section 3.3.1, the Water Service Revenue consists of two charge components. For each of the two components, revenues are projected based on billing units and applicable existing rate schedules. The billing units necessary to compute the Base Charge revenues are the *number of accounts* based on meter size and customer class. The billing units necessary to compute the Volume Charge are the *annual water usage* by customer class and by applicable blocks of usage.

4.1.1.1 Projection of Customer Accounts

Typically, historical billing units are reviewed and used to project billing units for the forecast period. The project team reviewed historical accounts and average usage trends for each customer class referenced in Section 3.3.1.

Based on the review of historical trends, two annual adjustment factors were applied to project billing units for the forecast period. The two adjustment factors applied at the customer class level are *accounts growth rate* and *usage factor*. The number of accounts is projected to grow in all customer classes except for Fire protection and wholesale where the number of accounts is anticipated to remain at the 2020 level.

The total number of water accounts (not including private fire connections) is anticipated to increase from about 48,620 in 2021 to about 52,850 in 2026, at an overall annual system growth rate of 1.7%. The number of private fire connections is anticipated to remain at 727 throughout the study period. Table W - 1 in Appendix 1 presents the projected annual number of water accounts and private fire connections for the period of 2021 through 2026.

Figure 4-1 presents both the historical and projected number of accounts for the water utility.

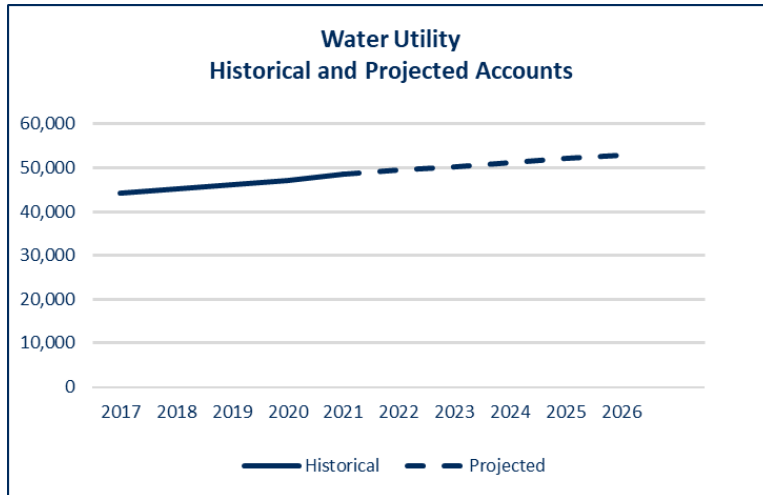


Figure 4-1 - Historical and Projected Water Accounts

4.1.1.2 Projection of Water Usage

Billed water volumes are projected based on estimates of the number of water accounts and the average billed usage per account. Average water use per account is determined based on historical usage. The historical usage per account for all customer classes varies each year between 2016 and 2020. In 2020, the COVID pandemic led to stay-at-home measures and shut down of non-essential businesses across the country. Consequently, the residential customers used more water in 2020, whereas the non-residential customers used less water as compared to previous years. The average use per account for 2021 was projected to remain at the 2020 levels assuming a lingering effect of the pandemic. The average usage per account for 2022 and beyond was projected to return to the 2019 level for all customer classes assuming a return to pre-pandemic levels.

Total system water usage is projected to increase from 3,873,500 kgals in 2021 to 4,109,400 kgals in 2026. Table W - 2 in Appendix 1 presents the projected annual volume for the period of 2021 through 2026.

Figure 4-2 presents both the historical and projected annual billed volume for the water utility.

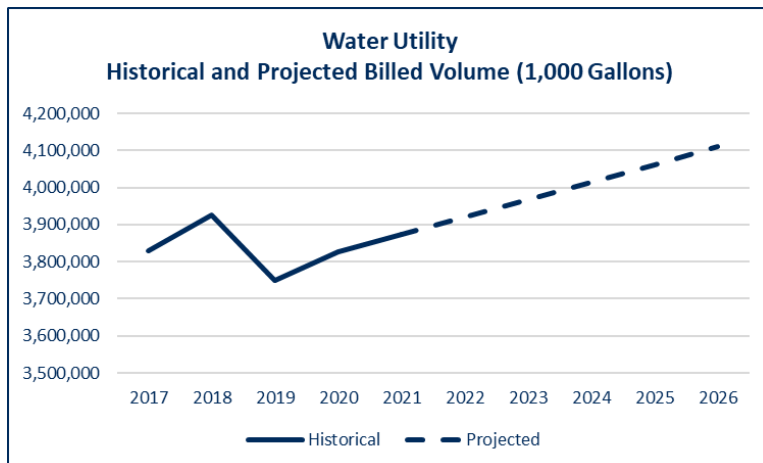
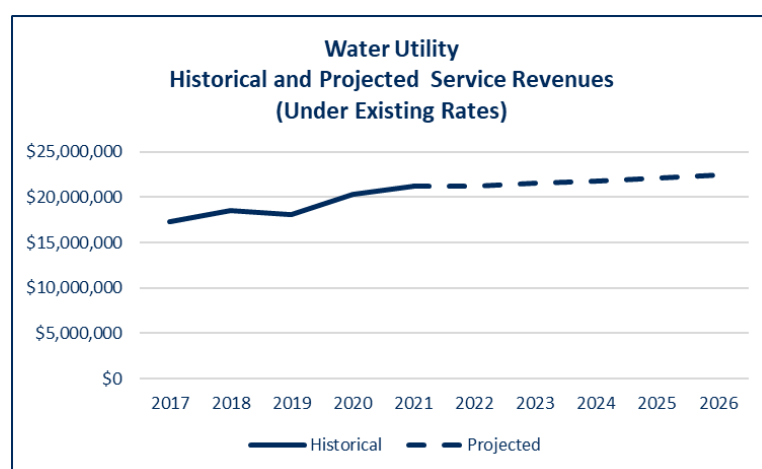


Figure 4-2 - Historical and Projected Water Billed Volume**4.1.2 Projection of Service Revenue Under Existing Rates**

Water service revenues for the period 2021 through 2026 are projected for each charge component (base and volume) based on the projections of accounts by meter size, projected water usage for each customer class, and the application of the 2021 rate schedule for 2021 revenues and 2022 rate schedule for 2022 through 2026 revenues. Water service revenue under existing rates is projected to increase slightly from \$21.2 million in 2021 to \$23.0 million in 2026. This growth is due to increase in water sales due to the growth in the number of accounts over the study period. Table W - 4 in Appendix 1 presents the projected annual service revenues for the period of 2021 through 2026.

Figure 4-3 presents both the historical and projected annual service revenues under existing rates for the water utility.

**Figure 4-3 - Historical and Projected Water Service Revenue****4.1.3 Other Water Revenues**

The other revenues include the following major components:

- Impact Fee Revenue;
- Water/Rural Water Connection Fees;
- Miscellaneous Fees (Water Sales Not on Computer, Trip Fees, Tampering-Billed Service)
- Penalties; and
- Safe Drinking Water Fee (pass-through)

The annual revenues from water impact fees, water connection fees and miscellaneous fees for 2021 to 2026 are projected based on historical three-year (2018 to 2020) average revenues for each of the fees. The penalties revenue in 2020 reflects only the first two and half months of revenues, as the City stopped assessing penalties for non-payment due to the pandemic. The revenue for penalties in 2021 is projected to be half of the historical three -year (2017 to 2019) average revenues due to continued waiver of the penalties as a result of the COVID pandemic during the first half for 2021. The revenue

from penalties in 2022 and beyond is projected as the historical three-year average (2017 to 2019) average revenues. Table W - 5 in Appendix 1 presents the historical and projected annual service revenues for the period of 2021 through 2026.

The Safe Drinking Water Fee (SDWF) is assessed for all water users in the state of Arkansas. The current rate is \$0.40 per bill per month and is collected by all water utilities in the state. The SDWF revenue is projected by applying the current rate to the number of meters for the period 2021 to 2026. The revenue collected as part of this fee is reimbursed to the state.

4.2 Water Capital Improvements Program

The capital project costs provided by the City were based on 2020 dollars. Based on discussions with the City, the project costs are inflated at an annual rate of 3.0% to accurately reflect the costs of projects for 2021 and beyond. The water utility Capital Improvement Plan (CIP) provides for a total of \$49.0 million of investments during the study period of 2021 through 2026. Table W - 6 in Appendix 1 presents the CIP list of projects and schedule for 2021 through 2026. The CIP is expected to be financed from a funding mix of cash financing from service revenue and impact fees.

4.3 Water Revenue Requirements

Projection of reliable revenue requirements includes: (1) operation and maintenance expenses; (2) bad debt; (3) Payment In Lieu of Taxes; (4) SDWF Reimbursement; (5) debt service (consisting of principal and interest payments); (6) transfer to shop fund; (7) transfer to operating reserve; (8) cash financed capital; and (9) transfer to capital reserve. The projections of annual revenue requirements for the study period is discussed in this section.

4.3.1 Water Operation and Maintenance Expenses

The O&M expenses for the water utility include the annual expenses associated with the water purchases from Beaver Water District; storage and distribution; meters and services; billing and collection, and general administrative services. These expenses include personnel costs (salaries and benefits), costs for materials and supplies, costs of utilities, and contracted services.

The 2021 O&M budget provided by the City was used as the baseline for projection of O&M expenses for the study period. In addition, costs associated with a water inspector (not included in the 2021 budget) recurring salary and benefits costs, recurring vehicle maintenance costs and one-time cost of the vehicle purchase was added per City's direction. Based on historical O&M costs, industry experience, and discussions with the City management, appropriate escalation factors were applied to various categories of costs to project future annual O&M expenses. Annual escalation factors used for major cost categories include the following:

- Salaries: 4.00%
- Benefits: 5.00%
- Energy: 3.00%
- Chemicals: 3.00%
- Purchased Water: 3.00%

The annual O&M expenses for water utility are budgeted at \$15.9 million in 2021 and are projected to grow to \$18.8 million by 2026. Table W - 7 in Appendix 1 presents a summary of total projected operation and maintenance expense for the period 2021 through 2026.

Figure 4-4 presents the historical and projected O&M expenses for the water utility.

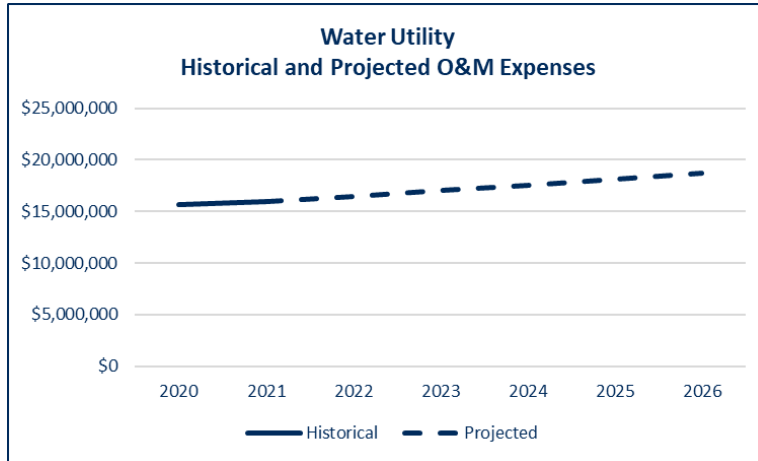


Figure 4-4 - Projected Annual Water O&M Expenses

4.3.2 Water Bad Debt

Bad debt expenses refer to outstanding balances owed that are deemed uncollectible. The water bad debt in 2019 was 0.5% of revenue. Hence, bad debt projections for the study period assume 0.5% of annual revenues. Annual bad debt expenses for water utility is projected to increase from \$105,900 in 2021 to \$129,500 by 2026 reflecting the increase in projected revenues. Line 12 in Table W - 9 in Appendix 1 presents the projected bad debt for the period 2021 through 2026.

4.3.3 Water Payment In Lieu of Taxes

The PILOT costs are paid by public utilities to municipal entity as a compensation for utilization of streets, easements, right of ways or other public places. The PILOT amount is determined per City Ordinance 4449 that requires that the water and wastewater funds to pay 4.25% of annual total gross sale revenues to the City. Annual PILOT amount for the water utility is calculated by multiplying actual water revenues from prior year (Water sales on Computer and Water sales not on Computer/ Bulk Water Sales, and Fire Hydrant and Protection). Annual PILOT amount for the water utility is anticipated to increase from \$900,400 in 2021 to \$1,100,700 in 2026. Line 13 in Table W - 9 in Appendix 1 presents the projected PILOT expenses for the period 2021 through 2026.

4.3.4 Safe Drinking Water Fee Reimbursement

The SDWF revenue collected for each metered customer is reimbursed to the state of Arkansas department of Public Health. The SDWF reimbursement is projected to increase from \$230,000 in 2021 to \$250,200 in 2026. Line 14 in Table W - 9 in Appendix 1 presents the projected SDWF reimbursement for the period 2021 through 2026.

4.3.5 Water Debt Service Requirements

The water utility does not have any outstanding debt service obligations. The City does not anticipate any debt issuances during the study period, therefore there is no projected debt service for future debt as shown in Line 15 in Table W - 9 in Appendix 1.

4.3.6 Transfer to Shop Fund

The transfer to the shop fund is made by the utility whenever a new vehicle (associated with new personnel) is purchased, thereby expanding the existing fleet. There are no projected transfers to the shop fund over the study period as shown in Line 17 in Table W - 9 in Appendix 1.

4.3.7 Transfer to Operating Reserve

The City maintains an operating reserve balance equivalent of ninety (90) days of following years' O&M budget. The transfer to operating reserve is projected to increase from \$133,000 in 2022 to \$151,800 in 2026 reflecting the growth in the O&M budget. Line 18 in Table W - 9 in Appendix 1 presents the projected transfers to the operating reserve for the period 2021 through 2026.

4.3.8 Water Cash Financed Capital

The City currently utilizes the following two sources of funding for the water utility capital projects (1): transfer from operating revenues and (2) transfer from the impact fee fund. As stated in Section 4.2, the water capital improvement program for the study period is \$52 million, of which \$50 million is projected to be funded from operating revenues and \$2 million is from the impact fee fund. A capital project meets the requirements of using impact fees if the existing water capacity is expanded due to growth. The construction contract and the budget amendment to change the source of funding to impact fee must be approved by the City Council. Table W - 8 in Appendix 1 presents the sources of funding for the water capital improvement program. Line 19 in Table W - 9 in Appendix 1 presents the projected transfers for cash financed capital for the period 2021 through 2026.

4.3.9 Transfer to Capital Reserve

The water utility, after meeting all the obligations stated in sections above, transfers the excess funds to the capital reserve fund. The capital reserve fund is used as a source for funding the capital program in the years that the revenues are not sufficient to meet the capital funding requirements. Line 20 in Table W - 9 in Appendix 1 presents the projected transfers to and from the capital reserve for the period 2021 through 2026.

4.4 Water Proposed Revenue Adjustments

The annual revenue adjustments that are needed to achieve the defined financial performance objectives are determined by evaluating the funding gap between the projected annual revenue requirements and the projected revenues under existing rates. Table W - 9 in Appendix 1, provides a summary of the revenue and revenue requirements (financial plan) for the study period.

Projected Revenue Under Existing Rates: Line 1 indicates that under existing rates (2022 rates) water utility revenues will increase from \$21.8 million in 2022 to \$23.0 million in 2026.

Projected Other Revenues: Line 8 indicates that the other revenues are anticipated to increase from \$641,500 in 2022 to \$665,900 in 2026. This increase is due to the growth in SDWF, which is a pass-through. It is anticipated that all other categories of other revenues will remain flat throughout the study period.

Projected Expenses: Line 15 indicates the total annual expenses for the water utility are anticipated to increase from \$17.7 million in 2022 to \$20.2 million in 2026.

Projected Transfers: Line 20 indicates the total annual transfers for the water utility are anticipated to increase from \$4.8 million in 2022 to \$6.3 million in 2026.

Funding Gap: The cash flow analysis indicates that the sum of revenues under existing rates and the other revenues is not adequate to fund the projected annual revenue requirements, thereby causing an operating deficit.

Proposed Revenue Adjustments: To address the funding gap in the water utility, a series of revenue adjustments are proposed as follows:

- 2022: 3% effective (January 1, 2022)
- 2023: 3% effective (January 1, 2023)
- 2024: 3% effective (January 1, 2024)
- 2025: 3% effective (January 1, 2025)
- 2026: 3% effective (January 1, 2026)

Lines 2 through 7 present the amount of additional revenues generated each year with the proposed magnitude and timing of revenue adjustments. Figure 4-5 presents the projected revenue and revenue requirements through 2026 for the wastewater utility.

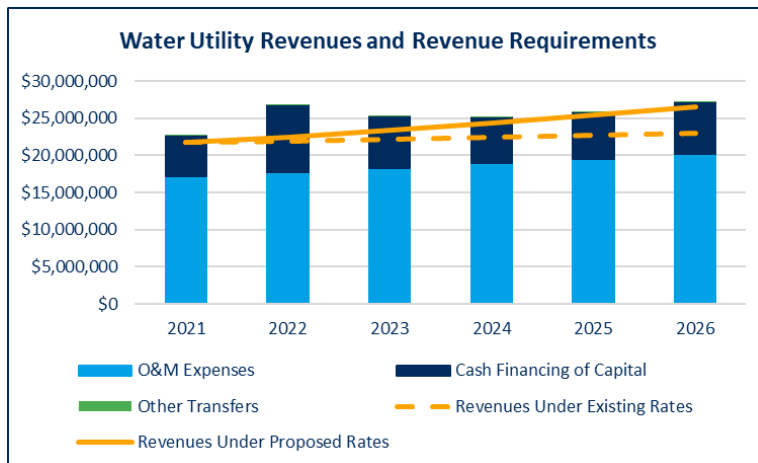


Figure 4-5 - Water Revenues and Revenue Requirements

Table W - 10 in Appendix 1 presents the water utility's operating reserve, capital reserve and impact fee fund balances. The City has identified the minimum balance requirements for each of the following funds:

- **O&M Reserve Balance:** A cash balance of at least 90 days of the follow's year operating expenses.

- **Operating Fund Balance:** A minimum target of \$100,000.
- **Capital Fund Balance:** A minimum target of \$500,000.
- **Capital Reserve Fund Balance:** An amount necessary to fully fund anticipated capital projects.

As shown in Table W - 10, the proposed annual revenue adjustments will allow the water utility to meeting the minimum fund balance requirements for all funds through 2026.

4.5 Water Cost of Service

A key step to developing an equitable rate structure involves the cost of service analysis. The financial plan discussed in sub sections 4.1 through 4.4 provides an estimate of the total annual revenue requirements for a given fiscal year. The cost of service analysis provides a mechanism to defensibly allocate the total annual revenue requirements to the various customer classes.

The cost of service is typically performed for a single year, referred to as the “Test Year” for which the rates are to be designed. The test year for which the cost of service study was performed is 2022.

The key components of the cost of service analysis are:

- Determination of Cost of Service (net revenue requirements);
- Determination of Functional Costs;
- Allocation of Functional Costs to Cost Components; and
- Distribution of Water Utility Costs to Customer Classes

4.5.1 Determination of Cost of Service

The first step is to determine the cost of service that is to be recovered from user rates and charges. As briefly discussed in Section 2.3, cost of service is defined as, and synonymous with, the “net revenue requirement” that is to be recovered for the test year through user rates and charges. Table W - 11 in Appendix 1 presents the derivation of the cost of service to be recovered through water charges. As Line 18 in Table W - 11 indicates, the water cost of service for 2022 is projected to be \$21.8 million. This cost of service consists of \$17.2 million of net O&M expense and \$4.6 million of net capital costs.

Costs of service is apportioned among customer classes in this study on a “Utility Basis”, that is, in terms of operating expense, depreciation expense, and return. For a municipal utility, the total of depreciation expense and return is equal to the capital cost related portion of the total cost of service.

Depreciation is the loss in value of the original plant investment, not restored by current maintenance, due to wear, decay, inadequacy, and obsolescence. Annual depreciation is determined as a percentage of original investment based on expected service lives of the various facilities. Unless funds are provided for normal annual replacement of original plant items, operating reliability of the system, as well as the value, will decrease. Depreciation funds are used to finance principal payments on bond issues and provide normal annual capital expenditures.

The depreciation expense associated with the water utility is estimated in this study recognizing depreciation rates presently in use by the water utility. This results in a projected test year depreciation

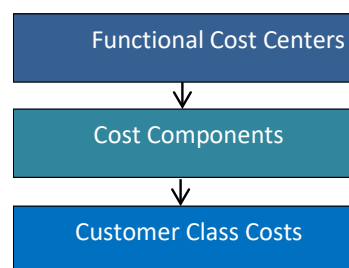
expense of \$2.7 million exclusive of depreciation on contributed plant, which is not recognized for cost allocation or rate design purposes. The contributed plant adjustment is consistent with generally accepted regulatory practices.

Total return on the system investment provides funds for bond interest payments and any other costs that may be incurred. In developing the level of return on net plant serving the requirements of outside City customers, provisions for a reasonable margin should be made to meet interest on borrowed funds, and to recognize the business risk assumed by the City in providing reliable facilities to serve nonresident customers. Total return for the test year is projected to be \$1,895,900 as shown on Line 17 of Table W - 11 in Appendix 1.

4.5.2 Determination of Functional Costs

As a basis for developing an equitable rate structure, the test year cost of service should be allocated to the various customer classes according to respective service requirements.

The basic underlying principle in developing cost of service rates is the determination of what elements in a water system are responsible for causing the level of revenue requirements that is needed. To allocate the costs to customer classes, first the operating and capital costs of service are aggregated into “Functional Cost Centers.” The functional costs are then further allocated to cost components. Each component cost is then apportioned to customer classes



Functional Cost Centers

Functional cost centers of a water utility represent the activities that contribute to the incurrence of O&M and capital costs. For a water utility, they often include source of *water supply, pumping, treatment, storage, distribution, meters, billing, and other administration* costs. Both the O&M and capital costs defined for the Test Year, discussed in 4.5.1, need to be allocated to functional cost centers.

Functional Costs

The **capital costs** associated with the functional cost centers are determined using detailed fixed assets data, provided by the City, for each class of asset that is currently in service, construction work in progress and projected capital improvement program for the test year. The total value of the fixed assets (referred to as “Net Plant Investment”) in the system is usually presented as Original Cost Less Depreciation (“OCLD”). The total estimated OCLD of the water system is \$96.2 million, as presented in Line 9 in Table W - 12 in Appendix 1. This plant investment data is subsequently used as a basis for the allocation to cost components, discussed in the following subsection 4.5.3.2.

The **O&M costs** for the Test Year are allocated to the various functional cost centers based on the specific nature of costs. The allocation of the projected O&M cost of service (net operating revenue requirement) of \$17.2 million, to the various functional cost centers, is presented in Table W - 14 in Appendix 1.

The various cost elements of water service are assigned to functional cost components as the first step in the subsequent distribution of the costs of service to customer classes.

4.5.3 Allocation of Costs to the Functional Cost Components

The principal functional cost components consist of *Base Costs*, *Extra-Capacity Costs*, and *Customer Costs*.

Base costs are those which vary directly with the quantity of water used, as well as those costs associated with serving customers under average load conditions without the elements necessary to meet water use variations or peak demands. Base costs include purchased power and treatment chemicals, and other operating and capital costs of the water system associated with serving customers to the extent required for a constant, or average annual rate of use.

Extra-Capacity costs represent those operating costs incurred due to demands in excess of average, and capital related costs for additional plant and system capacity beyond that required for the average rate of use. Total extra capacity costs are subdivided into costs associated with maximum day and maximum hour demand.

Customer Costs are defined as costs which tend to vary in proportion to the number of customers connected to the system. These include meter reading, billing, collection and accounting costs, and maintenance and capital charges associated with meters and services.

The delineation of costs of service into these principal categories provides the means of further allocating such costs to the various customer classes based on the respective base, extra capacity, and customer service requirements of each customer class.

Wholesale customers generally do not use smaller water distribution mains as do retail users. Therefore, separate functional cost of service categories are designated for costs which are common to all customer classes and those which are common to retail service classes only.

4.5.3.1 Water Utility Allocation to Cost Components

The water utility is comprised of a variety of service facilities, each designed and operated to fulfill a given function. In order to provide adequate service to its customers at all times, the utility must be capable of not only providing the total amount of water used, but also supplying water at maximum rates of demand.

Since all customers do not exert their maximum demand for water at the same time, capacities of water facilities are designed to meet the peak coincidental demands that all classes of customers, as a whole, place on the system. For every water service facility on the system, there is an underlying average demand, or uniform rate of usage exerted by the customers for which the base cost component applies. For those facilities designed solely to meet average day demand, costs are allocated 100% to the base cost component. Extra capacity requirements associated with coincidental demands in excess of average use are further related to maximum daily and maximum hourly demands.

Analysis of historical system maximum day and maximum hour demands to average day demands results in appropriate ratios for the allocation of capital costs and operating expenses to base and extra capacity cost components. A maximum day to average day ratio of 2.10 is used based on experienced demands in the water system. This indicates that approximately 47.6% of the capacity of facilities designed and operated to meet maximum day demand is required for average or base use. According, the remaining 52.4% is required for maximum day extra capacity requirements.

The costs associated with facilities required to meet maximum hour demand are allocable to base, maximum day extra capacity, and maximum hour extra capacity. A ratio of maximum hour to annual average day water use of 2.73 is used, based on demands experienced by the system. This ratio indicates that 36.6% of the capacity of facilities designed and operated for maximum hour demand is needed for average or base use, while 40.3% is utilized for maximum day extra capacity uses, and the remaining 23.1% is required to meet maximum hour extra capacity demand in excess of maximum day needs.

4.5.3.2 Allocation of Net Water Plant Investment

The estimated test year net plant investment in water facilities consists of net plant in service as of December 31, 2019, the 2020 construction work in progress, and the estimated cost of proposed capital improvements expected to be in service by the end of calendar year 2022. As the wholesale customers have their own storage tanks, the plant investment associated with tanks was allocated to the retail customers only. The total estimated OCLD of the water system is \$96.2 million, as presented in Line 9 in Table W - 12 in Appendix 1.

Plant investment is allocated to cost components on a design basis recognizing the principal function governing the design of the facility. The allocation of net plant investment provides the basis for allocation of depreciation expense.

4.5.3.3 Allocation of Water Facilities Depreciation Expense

Depreciation is a real part of the cost of operating a utility. In utility accounting, it is generally accepted practice to use depreciation funds to finance system replacements, improvements, and extensions. While such action does not restore the value lost in each property unit every year, the total value lost through depreciation is restored to the system as a whole. Depreciation funds can be reinvested in the system either by direct payment of routine capital additions and replacements or by principal payments on bonded debt.

The total estimated depreciation cost (excluding depreciation on contributed facilities) for the water system is \$2.7 million, as presented on Line 9 in Table W - 13 in Appendix 1. As the wholesale customer have their own storage tanks, the depreciation costs associated with tanks was allocated to the retail customers only.

4.5.3.4 Allocation of Water Utility Operating Expenses

Table W - 14 in Appendix 1 presents the allocation of O&M expense to functional cost components. Total test year O&M expense, as shown on Line 7 of this table, amounts to \$17.2 million. Operating expenses are allocated to functional cost components in generally the same manner as plant investment.

4.5.4 Distribution of Water Utility Costs to Customer Classes

As a basis for determining the cost of water service to each customer class, the elements of cost of service previously allocated to functional cost components are distributed among the classes in proportion to their respective service requirements. Estimates of these requirements, or units of service, reflect the average number of accounts with recognition to relative meter sizes serving each account, annual water sales, and estimated peak water demands placed on the system by each customer class. Analysis of resulting costs of service to each class and comparison of allocated costs with revenues under existing rates provide a basis for future water rate adjustments.

4.5.4.1 Water Customer Classification

Customer classes consist of residential, non-residential, industrial, irrigation, wholesale, and public and private fire protection. The residential class includes single family residential, duplex, fourplex, apartment, multi-unit residential, and rooming house customers. The non-residential class includes commercial, combination, construction, government, and non-profit classes. Industrial includes major and minor industrial. Outside City includes Farmington, Greenland, Washington/Growth Area, Johnson, and Goshen/ White River. Wholesale includes the communities of Elkins, West Fork, Mt. Olive, and RDA/WWA. These classes group together customers with similar service requirement characteristics and provide a means for allocating costs to customers.

4.5.4.2 Water Units of Service

The cost of service responsibility for base costs varies with the annual volume of water usage and is distributed to customer classes on that basis. Extra capacity costs are those costs associated with meeting peak rates of water use and are distributed to customer classes on the basis of their respective system capacity requirements in excess of average requirement rates. Customer costs, which consist of meter related costs, billing, collection and accounting costs, are allocated on the basis of the number of equivalent meters and monthly bills.

The estimated units of service for the various customer classifications are presented in Table W - 15 in Appendix 1. Estimates of test year annual water volumes, shown in Column 1, are based on the projections of total water sales for the test year 2022. Average daily water use is presented in Column 2. Columns 3 through 8 present the estimated maximum day and maximum hour capacity factors for each customer class, the resulting demands, and extra capacity requirements, respectively.

Customer related meter and service costs are allocated on the basis of the number of equivalent 3/4 inch meters serving each customer class. The number of equivalent meters in each customer class (Column 10) is estimated by relating typical costs for meters and services larger than 5/8 inch in size to the typical cost of a 3/4 inch meter and its related service line. Customer billing and accounting costs are distributed to classes on the basis of the number of bills for each customer class in Column 11.

Extra capacity requirements for fire protection service recognize, in part, peak fire flow requirements, and system capabilities established by the Insurance Service Office. One fire is estimated with peak fire flow requirements of 9,000 gallons per minute for 10 hours (maximum day) and 24 hours (maximum hour). Direct fire protection costs have been allocated between inside City and outside City customers in proportion to the number of equivalent 6-inch fire hydrants, as shown in Columns 12 and 13.

4.5.4.3 Water Utility Customer Class Costs of Service

Unit costs of service are developed by dividing the total cost allocated to each functional cost component by the total applicable units of service. The customer class responsibility for service is obtained by applying unit costs of service to the number of units for which the customer class is responsible.

The water utility has been built with provision for service to customers outside the City, yet the inside City customers must bear the responsibility for providing system facilities by undertaking the necessary investment. Revenues derived from outside City service should provide a margin of return on capital adequate to induce the citizens of Fayetteville to bear the risks of providing outside City service. To recognize the proprietary interest and responsibility of inside City customers in the system, it is proper to charge outside City customers, in addition to their share of operating expense and depreciation, a

reasonable return on their allocated portion of value. A 7.0% (4.0% for future debt service plus 3.0% risk component) annual rate of return on the value of water facilities serving outside City customers is recognized for purposes of this study.

Table W - 16 in Appendix 1 shows the development of the unit costs of service applicable to each cost function. Lines 1 through 3 summarize the units of service developed in Table W - 15. Total allocated costs or investment shown on Lines 4, 6, and 8 were previously developed in Table W - 12, Table W - 13 and Table W - 14 respectively. Unit costs of service for each component are determined by dividing the allocated cost or investment by the total units of service.

Total allocated unit costs of service for inside and outside City customers (Lines 15 and 16) are determined by adding the unit costs for net operating expense (Line 5) and depreciation expense (Line 7) to the respective inside and outside City unit costs for return on investment (Lines 10 and 11). These unit costs applied to the respective units of service shown on Lines 1 and 2 determine the allocated total costs of service for inside and outside City customers shown on Lines 17 and 18. In order to determine the allocated costs for each customer class, the costs are allocated to the various customer classes by applying the appropriate unit cost of service to the respective service requirements of each customer class.

Table W - 17 in Appendix 1 shows the resulting allocated and adjusted cost of service by customer class, revenue under existing rates, and the additional revenue required from each class. Costs associated with public fire protection are not recovered through direct charges, therefore, the cost of service for this class is reallocated to all other retail customers in proportion to their allocated cost of service as shown in Column 3. The test year adjusted cost of service, reflecting the reallocation of these costs, is shown in Column 4. The indicated increase or decrease in revenue required to meet adjusted cost of service is shown in Column 6.

5.0 Water Rate Design

The principal consideration in establishing water rate schedules is to establish rates to customers to recover costs that reasonably commensurate with the cost of providing water service. Theoretically, the only method of assessing entirely equitable rates for water service would be the determination of each customer's bill based upon each customer's particular service requirements. Since this is impractical, schedules of rates are normally designed to meet average conditions for groups of customers having similar service requirements. Rates should provide for equitable cost recovery, ease of customer understanding and be simple to administer.

The revenue requirements and cost of service allocations described in the preceding sections provide the basis for adjusting water rates. The revenue requirements reflect the need for adjustment and the level of revenue required. The cost of service analysis provides the unit costs of service used in the rate design process and gives a basis for determining whether resultant rates will develop revenues which recover costs of service from customer classes in proportion to service required and provide the total level of revenue required.

5.1 Existing Water Rates

The existing schedule of rates for water service became effective on January 1, 2022. For both retail and wholesale customers, these rates include a monthly base charge bill, which varies by meter size. The volume charge varies by customer class. The existing water rate structure is described in Section 3.3.1. The existing schedule of base and volumetric water rates is shown in Table W - 3.

5.2 Proposed Water Rates

The cost of service analysis described in the preceding sections of this report provides a basis for the design of a schedule of water rates to meet those costs. Proposed water base charge and volume rates have been designed to meet the test year allocated costs of service and are presented in Table W - 18. The proposed rate structure eliminates the minimum volume charge associated with 1,000 gallons. Additionally, volumetric rate structure for non-residential and irrigation customers classes both inside and outside city were changed from declining block rates to uniform block rates Figure 5 - 1 below presents the proposed water rate structure.

Figure 5 - 1 Proposed Water Rate Structure

Rate Component	Applicable Customer Classes
Base Charge by Meter Size	- Retail Inside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); - Retail Outside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); - Wholesale
Volume Rate (3-Tier Inclining Block)	- Retail Inside City Residential; and - Retail Outside City Residential
Volume Rate (Uniform)	Retail Inside City Non-Residential, Major Industrial, Irrigation; and

Rate Component	Applicable Customer Classes
	Retail Outside City Non-Residential, Irrigation
Volume Rate (Uniform)	Wholesale
Safe Drinking Water Fee (per month)	All customer classes

In developing proposed schedules of water rates, it must be recognized that the cost of service studies are the result of engineering estimates, based to some extent upon judgment and experience, and detailed results should not be used as literal and exact answers but as guides for potential rate adjustments. Practical considerations such as previous rate levels, bill impact on customers, and magnitude of cost of service shifts among customer classes, and past local practices are commonly recognized in making rate adjustments.

A comparison of estimated test year revenue under the proposed rates with allocated costs of service for each of the customer classes is presented in Table W - 19 in Appendix 1. This comparison indicates the proposed rates will recover revenues from inside and outside City customer groups reasonably commensurate with the cost of service and practical considerations previously noted.

To better reflect the total effect the proposed rates have on customer bills, a comparison of typical inside city and outside city customer water charges under existing rates and the rates proposed to become effective August 1, 2022, is presented in Table W - 20.

6.0 Wastewater Utility

The financial plan and rate design were developed to meet all the funding obligations of the wastewater utility, and to achieve the financial adequacy and equitable cost recovery discussed in Section 2.3.

The wastewater utility financial plan was developed for the forecast period of 2021 through 2026, and includes the following key components:

- Revenue projections (user rate revenues and non-rate revenues);
- Capital improvement program;
- Annual revenue requirement projections; and
- Annual proposed revenue increases

6.1 Wastewater Revenue Projections Under Existing Rates

The wastewater utility revenues are derived from the following sources:

- Wastewater Service Revenues (Base and Volume Charge)
- Other Revenues

As a first step in the development of the financial plan, Wastewater Service Revenues under the 2021 existing rates are projected for the forecast period.

6.1.1 Wastewater Revenue Under Existing Rates

As described in Section 3.3.2, the Wastewater Service Revenue consists of two charge components. For each of the two components, revenues are projected based on billing units and applicable existing rate schedules. The billing units necessary to compute the Base Charge revenues are the *number of accounts* based on meter size and customer class. The billing units necessary to compute the Volume Charge are the *annual wastewater billed volumes* by customer class and by applicable blocks of billable wastewater volume.

6.1.1.1 Projection of Customer Accounts

Typically, historical billing units are reviewed and used to project billing units for the forecast period. The project team reviewed historical accounts and billed volume trends for each customer class referenced in Section 3.3.1.

Based on the review of historical trends, two annual adjustment factors were applied to project billing units for the forecast period. The two adjustment factors applied at the customer class level are *accounts growth rate* and *volume factor*. The number of accounts is projected to grow for residential customer classes Fayetteville (Inside City) and Farmington (Outside City), whereas all other customer classes are anticipated to remain at the 2020 level.

The total number of wastewater accounts is anticipated to increase from about 40,100 in 2021 to about 43,300 in 2026, at an overall annual system growth rate of 1.6%. Table S - 1 in Appendix 2 presents the projected annual number of accounts for the period of 2021 through 2026.

Figure 6-1 presents both the historical and projected number of accounts for the wastewater utility.

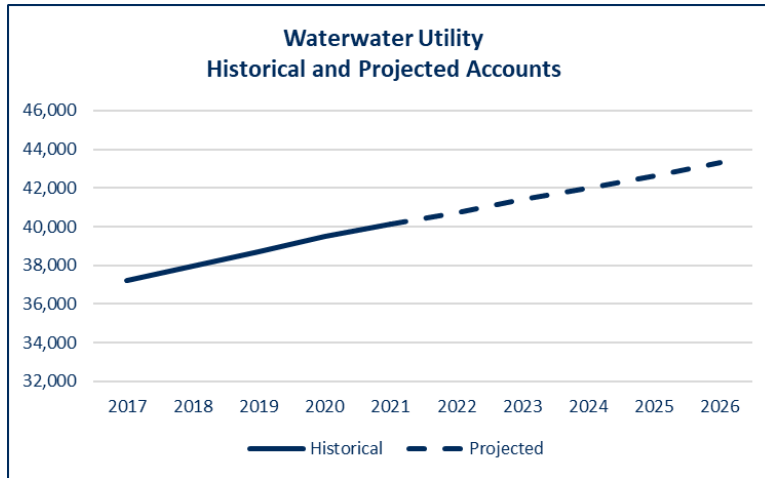


Figure 6-1 - Historical and Projected Wastewater Accounts

6.1.1.2 Projection of Wastewater Volume

Billed wastewater volumes are projected based on estimates of the number of wastewater accounts and the average billed volume per account. Average billed volume per account is determined based on historical billed volume. The historical billed volume per account for all customer classes varies each year between 2016 and 2020. In 2020, the COVID pandemic led to stay-at-home measures and shut down of non-essential businesses across the country. Consequently, the residential customers used more water in 2020, whereas the non-residential customers used less water as compared to previous years. The average billed volume per account for 2021 was projected to remain at the 2020 levels assuming a lingering effect of the pandemic. The average billed volume per account for 2022 and beyond was projected to return to the 2019 level for all customer classes assuming a return to pre-pandemic levels.

Total system wastewater billed volume is projected to increase from 3,043,100 kgals in 2021 to 3,205,800 kgals in 2026. Table S - 2 in Appendix 2 presents the historical and projected annual volume for the period of 2020 through 2026.

Figure 6-2 presents both the historical and projected annual billed volume for the wastewater utility.

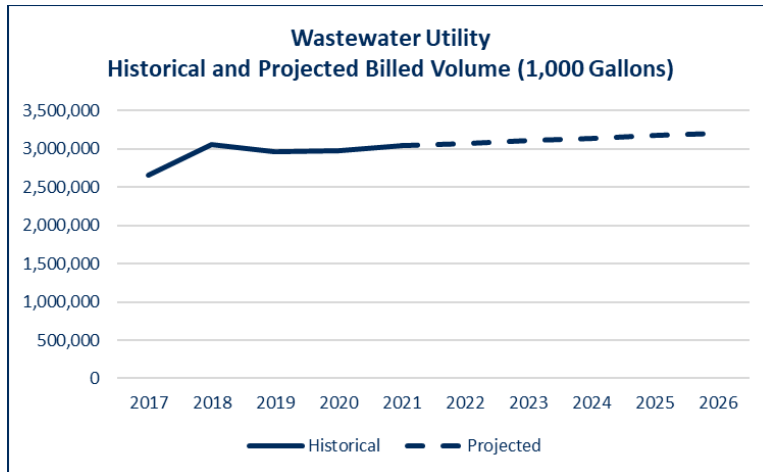


Figure 6-2 - Historical and Projected Wastewater Billed Volume

6.1.2 Projection of Service Revenue Under Existing Rates

Wastewater service revenues for the period 2021 through 2026 are projected for each charge component (base and volume) based on the projections of accounts by meter size, projected billed volume for each customer class, and the application of the 2021 rate schedule for 2021 revenues and 2022 rate schedule for 2022 through 2026. Wastewater service revenue under existing rates is projected to increase slightly from \$24.5 million in 2021 to \$26.7 million in 2026. This growth is due to increase in wastewater sales due to the growth in the number of accounts over the study period. Table S - 4 in Appendix 2 presents the historical and projected annual service revenues for the period of 2021 through 2026.

Figure 6-3 presents both the historical and projected annual service requirements under existing rates for the wastewater utility.

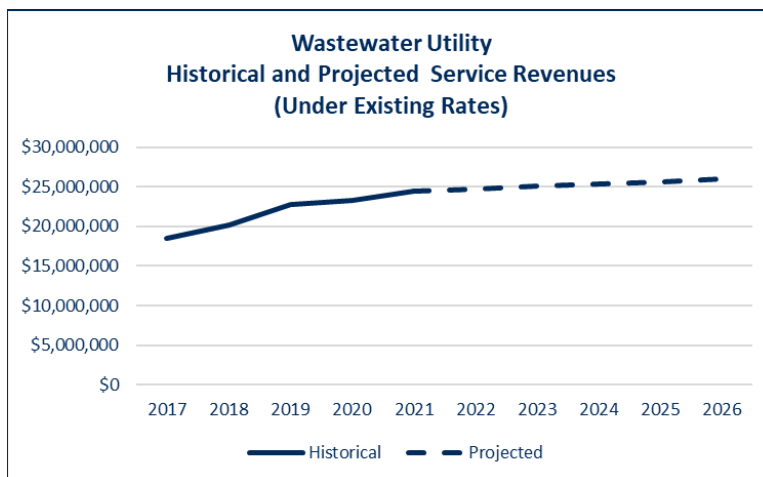


Figure 6-3 - Historical and Projected Wastewater Service Revenue

6.1.3 Other Wastewater Revenue

The other revenues include the following major components:

- Impact Fee Revenue;
- Wastewater Connection Fees;
- Wastewater Sales Not on Computer
- Penalties; and
- WWTP Fees (Hay Sales, Biosolids/ Fertilizer Sales & Water Treatment Residual)

The annual revenues from wastewater impact fees, wastewater connection fees, wastewater sales not on computer, and WWTP Fees for 2021 to 2026 are projected based on historical three-year (2018 to 2020) average revenues for each of the fees. The penalties revenue in 2020 reflects only the first two and half months of revenues, as the City stopped assessing penalties for non-payment due to the pandemic. The revenue for penalties in 2021 is projected to be half of the historical three-year (2017 to 2019) average revenues due to continued waiver of the penalties as a result of the COVID pandemic during the first half for 2021. The revenue from penalties in 2022 and beyond is projected as the historical three-year average (2017 to 2019) average revenues. Table S - 5 in Appendix 2 presents the historical and projected annual other revenues for the period of 2020 through 2026.

6.2 Wastewater Capital Improvements Program

The capital project costs provided by the City were based on 2020 dollars. Based on discussions with the City, the project costs are inflated at an annual rate of 3.0% to accurately reflect the costs of projects for 2021 and beyond. The City's wastewater utility Capital Improvement Plan (CIP) provides for a total of \$69.3 million of investments during the study period of 2021 through 2026. Major wastewater projects include sanitary wastewater rehabilitation totaling \$15.7 million and Biosolids Dryer Replacement totaling \$31.1 million. Table S - 6 in Appendix 2 presents the CIP list of projects for 2021 through 2026. The CIP is expected to be financed from a funding mix of cash financing from service revenue and impact fees.

6.3 Wastewater Utility Revenue Requirements

Projection of reliable revenue requirements includes: (1) O&M expenses; (2) bad debt; (3) Payment In Lieu of Taxes; (4) debt service (consisting of principal and interest payments); (5) transfer to shop fund; (6) transfer to operating reserve; (7) cash financed capital; and (8) transfer to capital reserve. The projections of annual revenue requirements for the study period is discussed in this section.

6.3.1 Wastewater Operation and Maintenance Expenses

The O&M expenses for the wastewater utility include the annual expenses associated with the wastewater conveyance, pumping, treatment and disposal; meters and services; billing and collection, and general administrative services. These expenses include personnel costs (salaries and benefits), costs for materials and supplies, costs of utilities, and contracted services.

The 2021 O&M budget provided by the City was used as the baseline for projection of O&M expenses for the study period. In addition, costs associated with a wastewater inspector (not included in the 2021 budget) recurring salary and benefits costs, recurring vehicle maintenance costs and one-time cost of the vehicle purchase was added per City's direction. Based on historical O&M costs, industry experience, and discussions with the City management, appropriate escalation factors were applied to various

categories of costs to project future annual O&M expenses. Annual escalation factors used for major cost categories include the following:

- Salaries: 4.00%
- Benefits: 5.00%
- Energy: 3.00%
- Chemicals: 3.00%
- Wastewater Treatment Plant Contract: 3.00%

The annual O&M expenses for wastewater utility are budgeted at \$15.7 million in 2021 and are projected to grow to \$18.4 million by 2026. Table S - 7 in Appendix 2 presents a summary of projected operation and maintenance expense for the period 2021 through 2026.

Figure 6-4 presents the historical and projected O&M expenses for the wastewater utility.

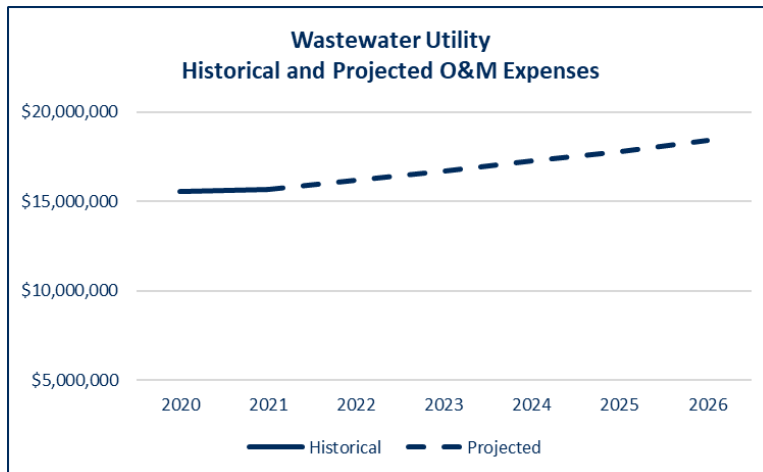


Figure 6-4 - Projected Annual Wastewater O&M Expense

6.3.2 Wastewater Bad Debt

Bad debt expenses refer to outstanding balances owed that are deemed uncollectible. The wastewater bad debt in 2019 was 0.5% of revenue. Hence, the bad debt projections for the study period assume 0.5% of annual revenues. Annual bad debt expenses for wastewater utility is projected to increase from \$122,300 in 2021 to \$149,900 by 2026 reflecting the increase in projected revenues. Line 16 in Table S - 9 in Appendix 2 presents bad debt expense for the period 2021 through 2026.

6.3.3 Wastewater Payment In Lieu of Taxes

The PILOT costs are paid by public utilities to municipal entity as a compensation for utilization of streets, easements, right of ways or other public places. The PILOT amount is determined per City Ordinance 4449 that requires that the water and wastewater funds to pay 4.25% of annual total gross sale revenues to the City. Annual PILOT amount for the wastewater utility is calculated by multiplying actual wastewater revenues from prior year (Wastewater sales on Computer and Wastewater sales not

on Computer/ Dump Fees) and is projected to increase from \$1,039,600 in 2021 to \$1,274,000 in 2026. Line 17 in Appendix 2 presents PILOT expense for the period 2021 through 2026.

6.3.4 Wastewater Debt Service Requirements

The wastewater utility does not have any outstanding debt service obligations. The City does not anticipate any debt issuances during the study period, therefore no projected debt service for future debt as shown in Line 18 in Table S - 9 in Appendix 2.

6.3.5 Transfer to Shop Fund

The transfer to the shop fund is made by the utility whenever a new vehicle (associated with new personnel) is purchased, thereby expanding the existing fleet. There are no projected transfers to the shop fund over the study period as shown in Line 20 in Table S - 9 in Appendix 2

6.3.6 Transfer to Operating Reserve

The City maintains an operating reserve balance equivalent of ninety (90) days of following years' O&M budget. The transfer to operating reserve is projected to increase from \$129,600 in 2022 to \$147,900 in 2026 reflecting the growth in the O&M budget. Line 21 in Table S - 9 in Appendix 2 presents transfer to the operating reserve for the period 2021 through 2026.

6.3.7 Wastewater Cash Financed Capital

The City currently utilizes the following two sources of funding for the wastewater utility capital projects (1): transfer from operating revenues and (2) transfer from the impact fee fund. As stated in Section 6.2, the wastewater capital improvement program for the study period is \$69 million, of which \$67 million is projected to be funded from operating revenues and \$2 million is from the impact fee fund. A capital project meets the requirements of using impact fees if the existing wastewater capacity is expanded due to growth. The construction contract and the budget amendment to change the source of funding to impact fee must be approved by the City Council. Table S - 8 in Appendix 2 presents the sources of funding for the wastewater capital improvement program. Line 22 in Table S - 9 in Appendix 2 presents transfer for cash financing of capital program for the period 2021 through 2026.

6.3.8 Transfer to Capital Reserve

The wastewater utility, after meeting all the obligations stated in sections above, transfers the excess funds to the capital reserve fund. The capital reserve fund is used as a source for funding the capital program in the years that the revenues are not sufficient to meet the capital funding requirements. Line 23 in Table S - 9 in Appendix 2 presents transfer to and from the capital reserve for the period 2021 through 2026.

6.4 Wastewater Proposed Revenue Adjustments

The annual revenue adjustments that are needed to achieve the defined financial performance objectives are determined by evaluating the funding gap between the projected annual revenue requirements and the projected revenues under existing rates. Table S - 9 in Appendix 2 provides a summary of the revenue and revenue requirements (financial plan) for the study period.

Projected Revenue Under Existing Rates: Line 1 indicates that under existing rates (2022 rates) wastewater utility revenues will increase from \$25.4 million in 2022 to \$26.7 million in 2026.

Projected Other Revenues: Line 8 indicates that the other revenues and interest income are anticipated to increase from \$720,500 in 2022 to \$731,200 in 2026. It is anticipated that all categories of other revenues will remain flat throughout the study period. The slight growth is due to the increase in interest income on the operating reserve.

Projected Expenses: Line 14 indicates the total annual expenses for the wastewater utility are anticipated to increase from \$17.4 million in 2022 to \$19.8 million in 2026.

Projected Transfers: Line 19 indicates the total annual transfers for the wastewater utility are anticipated to increase from \$8.8 million in 2022 to \$10.9 million in 2026.

Funding Gap: The cash flow analysis indicates that the sum of revenues under existing rates and the other revenues is not adequate to fund the projected annual revenue requirements, thereby causing an operating deficit.

Proposed Revenue Adjustments: To address the funding gap in the wastewater utility, a series of revenue adjustments are proposed as follows:

- 2022: 3% effective (January 1, 2022)
- 2023: 3% effective (January 1, 2023)
- 2024: 3% effective (January 1, 2024)
- 2025: 3% effective (January 1, 2025)
- 2026: 3% effective (January 1, 2026)

Lines 2 through 7 in Table S - 9 present the amount of additional revenues generated each year with the proposed magnitude and timing of revenue adjustments. Figure 6-5 presents the projected revenue and revenue requirements through 2026 for the wastewater utility.

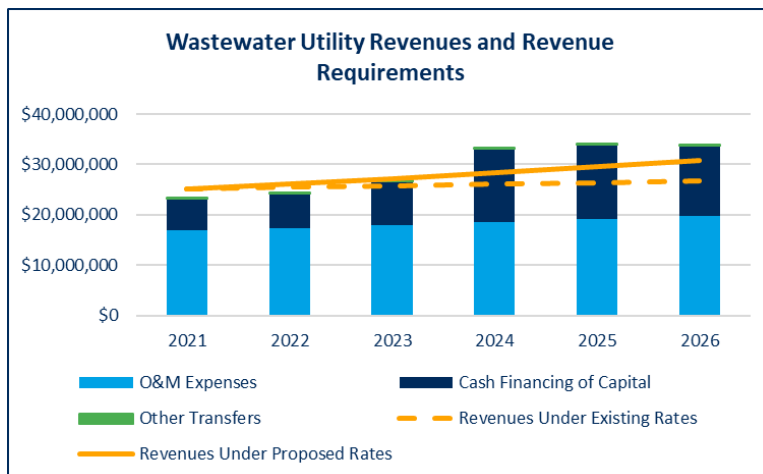


Figure 6-5 - Wastewater Revenues and Revenue Requirements

Table S - 10 in Appendix 2 presents the wastewater utility's operating reserve, capital reserve and impact fee fund balances. The City has identified the minimum balance requirements for each of the following funds:

- **O&M Reserve Balance:** A cash balance of at least 90 days of the follow's year operating expenses.
- **Operating Fund Balance:** A minimum target of \$100,000.
- **Capital Fund Balance:** A minimum target of \$500,000.
- **Capital Reserve Fund Balance:** An amount necessary to fully fund anticipate capital projects.

As shown in Table S - 9, the proposed annual revenue adjustments will allow the water utility to meet the minimum fund balance requirements for all funds through 2026.

6.5 Wastewater Cost of Service

A key step to developing an equitable rate structure involves the cost of service analysis. The financial plan discussed in sub sections 6.1 through 6.4 provides an estimate of the total annual revenue requirements for a given fiscal year. The test year for which the cost of service study was performed is 2022.

The key components of the cost of service analysis are:

- Determination of Cost of Service (net revenue requirements);
- Determination of Functional Costs;
- Allocation of Functional Costs to Cost Components; and
- Distribution of Wastewater Utility Costs to Customer Classes

6.5.1 Determination of Cost of Service

The first step is to determine the cost of service that is to be recovered from user rates and charges. As briefly discussed in Section 2.3, cost of service is defined as, and synonymous with, the "net revenue requirement" that is to be recovered for the test year through user rates and charges. Table S - 11 in Appendix 2 presents the derivation of the cost of service to be recovered through the wastewater charges. As Line 18 in Table S - 11 indicated, wastewater cost of service for 2022 is projected to be \$25.4 million. This cost of service consists of \$16.8 million of net operation and maintenance expense and \$8.6 million of net capital costs.

As performed for the water utility, costs of services are apportioned among customer classes in this study on a Utility Basis.

The depreciation expense and return on system investments that were already explained in Section 4.5.1 are applicable to the wastewater utility cost of service analysis as well. The depreciation expense associated with the wastewater utility is estimated in this study recognizing depreciation rates presently in use by the wastewater utility. This results in a projected test year depreciation expense of \$8.1 million

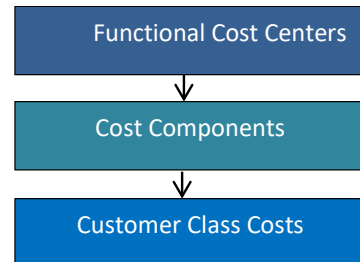
exclusive of depreciation on contributed plant, which is not recognized for cost allocation or rate design purposes. The contributed plant adjustment is consistent with generally accepted regulatory practices.

Total return for the test year is projected to be \$567,200 as shown on Line 17 of Table S - 11.

6.5.2 Determination of Functional Costs

As a basis for developing an equitable rate structure, the test year cost of service should be allocated to the various customer classes according to respective service requirements.

The basic underlying principle in developing cost of service rates is the determination of what elements in a wastewater system are responsible for causing the level of revenue requirements that is needed. To allocate the costs to customer classes, first the operating and capital costs of service are aggregated into “Functional Cost Centers.” The functional costs are then further allocated to cost components. Each component cost is then apportioned to customer classes.



Functional Cost Centers

Functional cost centers of a wastewater utility represent the activities that contribute to the incurrence of O&M and capital costs. For a wastewater utility, they often include source of *collection, pumping, conveyance, treatment, disposal, meters, billing, and other administration* costs. Both the O&M and capital costs defined for the Test Year, discussed in 6.5.1, need to be allocated to functional cost centers.

Functional Costs

The **capital costs** associated with the functional cost centers are determined using detailed fixed assets data, provided by the City, for each class of asset that is currently in service, construction work in progress and projected capital improvement program for the test year. The total value of the fixed assets (referred to as “Net Plant Investment”) in the system is usually presented as Original Cost Less Depreciation (“OCLD”). The total estimated OCLD value of the wastewater system is \$190.7 million, as presented in Line 26 in Table S - 12 in Appendix 2. This plant investment is subsequently used as a basis for the allocation to cost components, discussed in the following subsection 6.5.3.2.

The **O&M costs** for the Test Year are allocated to the various functional cost centers based on specific nature of costs. The allocation of the projected O&M cost of service (net operating revenue requirement) of \$16.8 million, to the various functional cost centers is presented in Table S - 14 in Appendix 2.

The various cost elements of wastewater service are assigned to functional cost components as the first step in the subsequent distribution of the costs of service to customer classes.

6.5.3 Allocation of Costs to the Functional Cost Components

The principal functional cost components consist of volume related costs, strength related costs, and customer related costs.

Volume costs are those which vary directly with the quantity of wastewater contributed. They consist of capital costs related to investment in system facilities which are sized on the basis of, or required

because of, wastewater volume. This also includes operation and maintenance expense related to those facilities, and the expense of volume related treatment chemicals and purchased power.

Wastewater strength costs consist of the operation and maintenance expense and capital costs related to system facilities which are designed principally to treat the wastewater pollutant loadings of pollutants such as BOD, TSS, and other pollutants. BOD costs reflect costs associated with the treatment of influent BOD and include costs related to activated sludge aeration and disposal of BOD related sludge. Suspended solids strength costs are those costs of wastewater treatment which tend to vary according to the quantity of suspended solids in the raw wastewater.

Customer costs are those which tend to vary in proportion to the number of customer bills or customers served. These include the wastewater utility share of customer related meter reading, billing, collection, and account expense.

The delineation of costs of service into functional components provides a means of distributing such costs to the various customer classes based on the respective total wastewater volume, strength, and customer cost requirements of each.

Wholesale customers generally do not use lateral wastewater lines as do retail users. Therefore, separate functional cost of service categories are designated for costs which are common to all customer classes and those which are common to retail service classes only.

6.5.3.1 Wastewater Utility Cost Allocation to Cost Components

In establishing the costs associated with each functional cost component, the return portion of the test year cost of service is distributed to cost functions based on an allocation of the estimated test year value of wastewater system facilities. The test year depreciation expense associated with each major element of plant facilities is allocated to cost functions in the same manner as the plant value. Operating expense is similarly allocated to cost functions based on the projected test year expense estimated for each wastewater system component.

6.5.3.2 Allocation of Net Wastewater Plant Investment

The estimated test year value of wastewater facilities consists of net plan in service as of December 31, 2019, the 2020 construction work in progress, and the estimated cost of proposed capital improvements expected to be in service by the end of calendar year 2022. Table S - 12 in Appendix 2 presents the allocation of the wastewater utility's total estimated plant value less contributions on an original cost less depreciation value basis. Total plant investment is estimated to be \$190.7 million as indicated by Line 26 of the Table S - 12.

Plant investment is allocated to cost components on a design basis recognizing the principal purpose governing the design of the facility. The allocation of net plant investment provides the basis for allocation of depreciation expense.

The Owl Creek Lift Station and Force Main serve only the City of Fayetteville, hence the plant investment associated with Owl Creek is allocated directly to the City of Fayetteville customers. Additionally, the outside City customers maintain their own wastewater connections, hence, the plant investment associated with wastewater connections is allocated 100% to the City of Fayetteville customers.

The City has a contract with the City of Farmington stipulating that Farmington will be allocated 8.2% of the costs associated with the West Treatment Plant. Hence, 8.2% of the West Treatment Plant's investment is allocated directly to the City of Farmington customers.

Wastewater collection net plant is allocated 41% to both retail and wholesale (common to all) and 59% to retail only based on the ratio of interceptors (large diameter mains) which is 41% of the collection system.

6.5.3.3 Allocation of Wastewater Facilities Depreciation Expense

As explained in Section 4.5.3.3, depreciation expense is a real part of the cost of operating a utility.

The total estimated depreciation cost (excluding depreciation on contributed facilities) for the wastewater system is \$8,060,600 as presented on Line 26 in Table S - 13 in Appendix 2. The items of expense are allocated to cost components on the same design or cost causative basis used to allocate plant investment. Hence, the depreciation expense associated with Owl Creek Lift Station and Force main and Wastewater connections is directly allocated to the City of Fayetteville customers and 8.2% of the West Treatment Plant's depreciation is allocated directly to the City of Farmington customers.

6.5.3.4 Allocation of Wastewater Utility Operating Expenses

Table S - 14 in Appendix 2 presents the allocation of operation and maintenance expense to functional cost components. Total test year operation and maintenance expense, as shown on Line 14 of this table, amounts to \$16.8 million. Operating expenses are allocated to functional cost components in generally the same manner as plant investment.

6.5.4 Distribution of Wastewater Utility Costs to Customer Classes

The total cost responsibility of each customer class is determined by developing unit costs of service for each cost component and applying the unit costs to the respective service requirements of each class. In accomplishing this, each customer class is allocated the share of volume, strength, and customer costs for which it is responsible.

6.5.4.1 Wastewater Customer Classification

Customer classes consist of residential, non-residential, industrial and wholesale. The residential class includes single family residential, duplex, fourplex, apartment, multi-unit residential and rooming house customers. The non-residential class includes commercial, combination, construction, government, and non-profit customers. Outside City includes Farmington, Greenland, Washington County/Growth Area and Johnson. Wholesale includes the community of Elkins and West Fork.

6.5.4.2 Wastewater Units of Service

Derivation of the responsibility of customer classes for costs of service require that each class be allocated a portion of the volume, strength, and customer costs of service according to their respective service requirements.

The cost of service responsibility for volume costs, which vary with the volume of wastewater contributed to the wastewater system, is distributed to customer classes on that basis. Strength costs are principally related to the function of reducing wastewater suspended solids, and BOD strength loading. Customer costs, which consist of meter related costs, billing, collection and accounting costs, are allocated on the basis of equivalent meters and monthly bills.

The estimated test year service requirements or units of service for the various customer classes are shown in Table S - 15 in Appendix 2. Wastewater collected and treated consists of two elements: (1) sanitary wastewater flow and (2) infiltration/inflow (I/I) of ground water into the sewers. Contributed wastewater flow is that portion of the annual water use and/or other flows from each customer class that are discharged to the wastewater system. Estimates of the contributed volume of each class is generally based upon wastewater billing records. For residential customers, the billed wastewater volume is based on average water consumption for the preceding months of December, January and February. This methodology of using a winter quarter average for quantity of wastewater flows is used to exclude outdoor uses such as irrigation, which do not return water to the collection system. For all other customer classes, the billed wastewater volume is the same as the water volume.

The difference between the measured plant influent and the customer contributed wastewater flow is attributed to Infiltration and Inflow (I/I) volume. Based on discussions with the City staff, 40% of the total treated volume is assumed to be I/I flows. Each customer class should bear its proportionate share of the costs associated with I/I, as it is integral aspect of wastewater system costs. The number of customer connections to a wastewater collection system and the volume of customer flows conveyed both influence the extent of I/I in a system. Recognizing that the major cost responsibility for I/I is allocable on an individual connection basis, two-thirds of the total I/I volume projected is allocated to customer classes based on the number of customers with the remaining one-third allocated on the basis of contributed volume.

Estimated total strength units shown for each customer class are based on an average BOD concentration of 365 milligrams per liter (mg/l) and an average suspended solids concentration of 285 mg/l. I/I strength allowances for BOD and suspended solids are assumed at 25 mg/l and 50 mg/l, respectively. Estimated BOD and suspended solids responsibilities of each customer class presented in Table S - 15 in Appendix 2 are based on the respective indicated average strength concentrations and contributed wastewater and I/I volumes for each class.

Customer billing and accounting costs are distributed to classes on the basis of the number of bills for each customer class (Column 7) in Table S - 15. Customer related meter and service costs are allocated on the basis of the number of equivalent 3/4 inch meters serving each customer class. The number of equivalent meters in each customer class (Column 8) is estimated by relating typical costs for meters and services larger than 3/4 inch in size to the typical cost of a 3/4 inch meter.

6.5.5 Wastewater Utility Customer Class Costs of Service

Unit costs of service are developed by dividing the total cost allocated to each functional cost component by the total applicable units of service. The customer class responsibility for service is obtained by applying unit costs of service to the number of units for which the customer class is responsible.

The wastewater utility has been built with the provision for service to customers outside the City, yet the inside City customers must bear the responsibility of providing system facilities by undertaking the necessary investment. Revenues derived from outside City service should provide a margin of return on capital adequate to induce the citizens of Fayetteville to bear the risks of providing outside City service. To recognize the proprietary interest and responsibility of inside City customers in the system, it is proper to charge outside City customers, in addition to their share of operating expense and depreciation, a reasonable return on their allocated portion of value. A 7.0% (4.0 % for future debt

service plus 3.0% risk component) annual rate of return on the value of wastewater facilities serving outside City customers is recognized for purposes of this study.

Table S - 16 in Appendix 2 shows the development of the unit costs of service applicable to each cost function. Lines 1 through 3 summarize the units of service developed in Table S - 15. Total allocated costs or investment shown on Lines 5, 7, and 9 were previously developed in Table S - 14, Table S - 13 and Table S - 12, respectively.

Total allocated unit costs of service for inside City and outside City customers (Line 18, Line 19, Line 20 and Line 21) are determined by adding the unit costs for net operating expense (Line 6) and depreciation expense (Line 8) to the respective inside and outside City unit costs for return on investment (Lines 11 and 12). These unit costs applied to the respective units of service shown on Lines 1, 2 and 3 determine the allocated total costs of service for inside and outside City customers shown on Lines 18 through 21. In order to determine the allocated costs for each customer class, the costs are allocated to the various customer classes by applying the appropriate unit cost of service to the respective service requirements of each customer class.

Table S - 17 in Appendix 2 shows the resulting allocated cost of service by customer class, revenue under existing rates, and the indicated increase or decrease in revenue required to meet the allocated cost of service.

7.0 Wastewater Rate Design

The principal consideration in establishing wastewater rate schedules is to establish charges to recover costs that are reasonably commensurate with the cost of providing wastewater service.

The revenue requirements and cost of service allocations described in the preceding sections provide the basis for adjusting wastewater rates. The revenue requirements show the need for adjustment and the level of revenue required. This cost of service analysis provides the unit costs of service to be used in the rate design process and gives a basis for determining whether resultant rates will generate revenues which recover costs of service from customer classes in proportion to service required and provide the total level of revenue required.

7.1 Existing Wastewater Rates

The existing schedule of rates for wastewater service became effective on January 1, 2022. For retail customers, these rates include a monthly base charge bill, which varies by meter size. The volume charge varies by customer class. Surcharge rates are based on excess strength of BOD and TSS. The existing wastewater rate structure is described in Section 3.3.2. The existing schedule of base and volume rates for wastewater service is shown in Table S - 3 in Appendix 2.

7.2 Proposed Wastewater Rates

The cost of service study described in preceding sections of this report provides a basis for the design of a schedule of wastewater rates to meet those costs. Proposed wastewater rates have been designed to meet the test year allocated costs of service and are presented in Table S - 18. The proposed rate structure presented in Figure 7 - 1 is similar to the existing structure.

Figure 7 - 1 Proposed Wastewater Rate Structure

Rate Component	Applicable Customer Classes
Base Charge by Meter Size	- Retail Inside City (Residential, Non-Residential and Major Industrial); - Retail Outside City (Residential, Non-Residential and Major Industrial);
- Volume Rate (2-Tier Inclining Block) - Based on winter water usage of December, January and February	Retail Inside City Residential
Volume Rate (Uniform)	- Retail Inside City (Non-Residential and Major Industrial) - Retail Outside City (Residential, Non-Residential and Major Industrial)
Volume Rate (Uniform)	Wholesale

As already explained in Section 5.2, practical rate design should consider multiple factors including previous rate levels, customer bill impact, and magnitude of cost shifts among customer classes.

A comparison of estimated test year revenue under the proposed rates with allocated costs of service for each of the customer classes is shown in Table S - 19 in Appendix 2. This comparison indicates the proposed rates will recover revenues from inside and outside City customer groups reasonably commensurate with the cost of service and practical considerations previously noted.

To better reflect the total effect the proposed rates have on customer bills, a comparison of typical bills under existing rates and the rates proposed to become effective 1, 2022, is shown in Table S - 20.

8.0 Combined Water and Wastewater Utilities

Table C - 1 in Appendix 3 presents the combined operating reserve, capital reserve and impact fee fund balances.

Table C - 2 in Appendix 3 provides a summary of the combined revenue and revenue requirements (financial plan) for the study period.

The revenue under existing rates are not sufficient to meet the obligations of the two utilities. As discussed in Section 4 and Section 6, a series of annual 3% proposed revenue adjustments enable the utilities to meet their operating, capital and reserve obligations. Figure 8-1 presents the projected revenue and revenue requirements through 2026 for the wastewater utility.

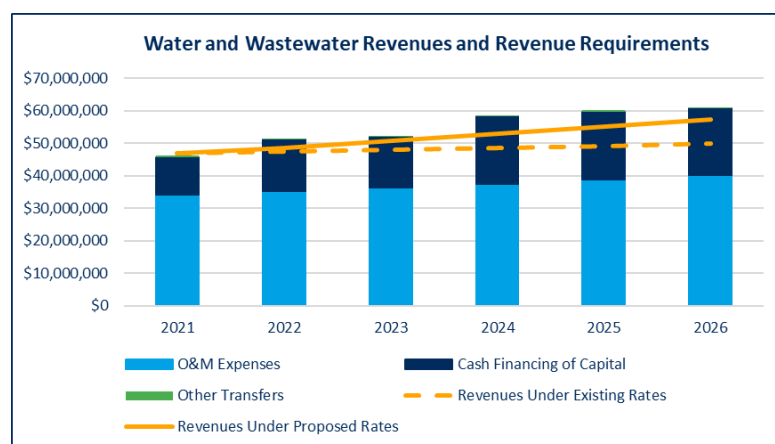


Figure 8-1 - Water and Wastewater Revenues and Revenue Requirements

Table C - 2 in Appendix 3 presents the combined water and wastewater operating reserve, capital reserve and impact fee fund balances. The City has identified the minimum balance requirements for each of the following funds:

O&M Reserve Balance: A cash balance of at least 90 days of the follow's year operating expenses.

Operating Fund Balance: A minimum target of \$200,000.

Capital Fund Balance: A minimum target of \$1,000,000.

Capital Reserve Fund Balance: An amount necessary to fully fund anticipated capital projects.

As shown in Table C - 2, the proposed annual revenue adjustments will allow the utilities on a combined basis to meet the minimum fund balance requirements for all funds through 2026.

A comparison of combined water and wastewater typical bills under existing rates and the rates proposed to become effective 1, 2022, is shown in Table C - 3.

9.0 Disclaimer

This report was prepared for the City of Fayetteville (Client) by Black & Veatch Management Consulting, LLC (Black & Veatch) and is based on information provided by the Client not within the control of Black & Veatch. While it is believed that the information, data and opinions contained herein will be reliable under the conditions and subject to the limitations set forth in this report, Black & Veatch does not guarantee the accuracy thereof. Black & Veatch has assumed that the information provided by others, both verbal and written, is complete and correct. The projections set forth in this report are intended as "forward-looking statements." In formulating these projections, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. While Black & Veatch believes the assumptions are reasonable actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that occur. As such, Black & Veatch does not take responsibility for the accuracy of data or projections provided by or prepared on behalf of the Client, nor does Black & Veatch have any responsibility for updating this report for events occurring after the date of this report.

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10.0 Appendix 1: Water Tables

Table W - 1 - Water Projected Number of Accounts

Line	Customer Class	Projected						Change
No.		2021	2022	2023	2024	2025	2026	5-Year
Inside City								
1	Residential	35,200	35,800	36,400	37,100	37,700	38,400	3,200
2	Non-Residential	3,500	3,500	3,500	3,500	3,500	3,500	0
3	Industrial	21	21	21	21	21	21	0
4	Irrigation	2,000	2,100	2,100	2,100	2,200	2,200	200
5	Private Fire	713	713	713	713	713	713	0
6	Subtotal	41,434	42,134	42,734	43,434	44,134	44,834	3,400
Outside City								
7	Residential	6,500	6,600	6,800	6,900	7,100	7,200	700
8	Non-Residential	400	400	400	500	500	500	100
9	Industrial	0	0	0	0	0	0	0
10	Irrigation	271	277	285	292	299	307	37
11	Private Fire	14	14	14	14	14	14	0
12	Subtotal	7,185	7,291	7,499	7,706	7,913	8,021	837
Wholesale								
13	Elkins	1	1	1	1	1	1	0
14	Mount Olive	2	2	2	2	2	2	0
15	West Fork	1	1	1	1	1	1	0
16	RDA/WWA	4	4	4	4	4	4	0
17	Subtotal	8	8	8	8	8	8	0
18	Total	48,627	49,433	50,241	51,148	52,055	52,863	4,237
19	% Change	3.26%	1.66%	1.63%	1.81%	1.77%	1.55%	8.71%

Table W - 2 - Water Projected Billed Volume (1,000 Gallons)

Line No.	Customer Class	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	
	Inside City							
1	Residential	1,896,300	1,769,800	1,800,800	1,832,300	1,864,400	1,897,000	700
2	Non-Residential	678,600	827,100	827,100	827,100	827,100	827,100	148,500
3	Industrial	322,300	401,800	401,800	401,800	401,800	401,800	79,500
4	Irrigation	249,600	244,300	248,600	252,900	257,300	261,800	12,200
5	Subtotal	3,146,800	3,243,000	3,278,300	3,314,100	3,350,600	3,387,700	240,900
	Outside City							
6	Residential	427,900	385,700	394,600	403,800	413,300	423,100	-4,800
7	Non-Residential	51,300	65,600	66,400	67,300	68,300	69,200	17,900
8	Irrigation	28,400	24,400	25,000	25,700	26,400	27,100	-1,300
9	Subtotal	507,600	475,700	486,000	496,800	508,000	519,400	11,800
	Wholesale							
10	Elkins	81,000	75,000	75,000	75,000	75,000	75,000	-6,000
11	Mount Olive	68,900	62,100	62,100	62,100	62,100	62,100	-6,800
12	West Fork	69,200	65,200	65,200	65,200	65,200	65,200	-4,000
13	RDA/WWA	0	0	0	0	0	0	0
14	Subtotal	219,100	202,300	202,300	202,300	202,300	202,300	-16,800
15	Total	3,873,500	3,921,000	3,966,600	4,013,200	4,060,900	4,109,400	235,900
16	% Change	1.26%	1.23%	1.16%	1.17%	1.19%	1.19%	6.09%

Table W - 3 - Water Existing Rates

Existing Water Rates Effective January 1, 2022

Monthly Base Charge					
Meter Size	Inside City	Outside City	Wholesale	Inside City Private Fire	Outside City Private Fire
Inches	\$/month	\$/month	\$/month	\$/month	\$/month
5/8	6.59	7.54	8.31		
3/4	6.59	7.54	8.31		
1	9.14	10.52	11.49	9.75	11.68
1 1/2	15.93	18.31	20.00	10.17	12.10
2	23.20	26.66	29.07	20.33	23.37
3	54.05	62.18	64.38	30.48	35.06
4	89.50	102.93	112.25	60.97	70.11
6	178.99	205.82	212.76	169.34	197.74
8	268.41	308.67	332.91	355.65	409.00
10				609.68	701.11

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Wholesale
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

0 - 2,000 Gallons	3.51	4.04
2,000 - 15,000 Gallons	4.65	5.35
Over 15,000 Gallons	6.59	7.54

Non-Residential

First 300,000 Gallons	3.79	4.38
Over 300,000 Gallons	3.39	3.90

Major Industrial

All Usage	2.96	3.40
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Irrigation

First 300,000 Gallons	5.04	5.80
Over 300,000 Gallons	4.53	5.22

Wholesale

Reduced Peak Demand	2.87
Peak Demand	3.20

Table W - 4 - Water Projected Revenues Under Existing Rates

Line No.	Customer Class	Projected						Change
		2021	2022 (a)	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
Inside City								
1	Residential	11,196,100	11,001,700	11,194,200	11,390,100	11,589,500	11,792,300	596,200
2	Non-Residential	2,844,700	3,476,000	3,476,000	3,476,000	3,476,000	3,476,000	631,300
3	Industrial	933,000	1,196,700	1,196,700	1,196,700	1,196,700	1,196,700	263,700
4	Irrigation	1,410,700	1,431,200	1,456,300	1,481,800	1,507,700	1,534,100	123,400
5	Private Fire	967,600	967,600	967,600	967,600	967,600	967,600	0
6	Subtotal	17,352,100	18,073,200	18,290,800	18,512,200	18,737,500	18,966,700	1,614,600
Outside City								
7	Residential	2,743,800	2,614,600	2,674,900	2,737,200	2,801,400	2,867,700	123,900
8	Non-Residential	258,700	328,200	333,000	338,000	343,300	348,800	90,100
9	Industrial	0	0	0	0	0	0	0
10	Irrigation	190,000	173,400	177,900	182,500	187,400	192,400	2,400
11	Private Fire	27,100	27,100	27,100	27,100	27,100	27,100	0
12	Subtotal	3,219,600	3,143,300	3,212,900	3,284,800	3,359,200	3,436,000	216,400
Wholesale								
13	Elkins	226,800	216,200	216,200	216,200	216,200	216,200	-10,600
14	Mount Olive	193,900	179,800	179,800	179,800	179,800	179,800	-14,100
15	West Fork	194,000	188,100	188,100	188,100	188,100	188,100	-5,900
16	RDA/WWA	0	0	0	0	0	0	0
17	Subtotal	614,700	584,100	584,100	584,100	584,100	584,100	-30,600
18	Total	21,186,400	21,800,600	22,087,800	22,381,100	22,680,800	22,986,800	1,800,400
19	% Change	4.28%	2.90%	1.32%	1.33%	1.34%	1.35%	8.50%

(a) Reflects 3.0% revenue increase effective January 1, 2022.

Table W - 5 - Water Projected Other Revenues

Line No.	Description	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
1	Water Impact Fee Revenue	976,300	976,300	976,300	976,300	976,300	976,300	0
2	Water Sales Not on Computer	300	300	300	300	300	300	0
3	Water Connection Fees	162,000	162,000	162,000	162,000	162,000	162,000	0
4	Rural Water Connection Fees	2,700	2,700	2,700	2,700	2,700	2,700	0
5	Service Charge/Trip Fee - Billed Service	9,500	9,500	9,500	9,500	9,500	9,500	0
6	Tampering Fee - Billed Service	200	200	200	200	200	200	0
7	Penalties	103,700	207,400	207,400	207,400	207,400	207,400	103,700
8	Safe Drinking Water Fee	230,000	233,800	237,800	241,800	245,900	250,200	20,200
9	Total	1,484,700	1,592,200	1,596,200	1,600,200	1,604,300	1,608,600	123,900
10	% Change	-0.99%	7.24%	0.25%	0.25%	0.26%	0.27%	8.35%

Table W - 6 - Water Capital Improvement Program

Line No.	Description	Projected (a)					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Water System Rehabilitation/Replacement	2,060,000	0	2,185,500	2,251,000	2,318,500	0
2	Water Tank Improvements	1,030,000	1,060,900	1,092,700	1,125,500	1,159,300	2,149,300
3	Water Storage & Pump Station Maintenance	103,000	106,100	109,300	112,600	115,900	0
4	Water Meters	849,800	875,200	901,500	928,500	956,400	0
5	Backflow Prevention Assemblies	51,500	53,000	54,600	56,300	58,000	0
6	W/S Improvements defined by Study (West Water Transmission Line)	618,000	636,500	655,600	675,300	695,600	4,776,200
7	Water Impact Fee Improvements	412,000	424,400	437,100	450,200	463,700	0
8	Utilities Financial Services Improvements	0	11,100	3,300	1,700	8,700	0
9	Water/Sewer Relocations - Bond Projects	174,600	265,200	273,200	281,400	289,800	0
10	Water/Sewer Impact Fee Cost Sharing	0	79,600	82,000	84,400	86,900	0
11	Utilities Technology Improvements	0	228,100	234,900	130,000	10,400	0
12	Water/Sewer Building-Office Improvements	0	26,500	27,300	28,100	29,000	0
13	Water/Sewer Equipment Expansions	0	26,500	27,300	28,100	29,000	0
14	Water & Sewer Rate/Operational Studies	0	10,600	10,900	11,300	11,600	0
15	Phosphorus Standards Management	0	26,500	27,300	28,100	29,000	0
16	Water & Sewer Technology Equipment Replacements	0	0	0	0	0	0
17	Water & Sewer Improvements Defined By Study	0	0	0	0	0	0
18	Huntsville Water Line Replacement (6 -inch upto 8-inch)	776,300	0	0	0	0	0
19	Benson Water Tank	1,030,000	338,200	0	0	0	0
20	East Water Service Improvements - Township	3,290,600	0	0	0	0	0
21	South Garland Ave Waterline Replacement	253,800	0	0	0	0	0
22	East Water Service Improvements CS 3 (Gulley, PS, Goshen Lines)	0	5,304,500	0	0	0	0
23	Ila/Oaks Manor/Persimmon Waterline Replacements	927,000	0	0	0	0	0
24	Western Park Waterline Replacement	309,000	0	0	0	0	0
25	N. College Waterline Replacement - upgrade from 8" to 12"	0	0	2,185,400	0	0	0
26	Total Capital Improvement Program	11,885,600	9,472,900	8,307,900	6,192,500	6,261,800	6,925,500

(a) Capital costs reflect 3% annual inflation starting in 2021.

Table W - 7 - Water Projected O&M Expenses

Line No.	Description	Projected					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Personal Costs	3,433,300	3,579,400	3,731,900	3,890,900	4,056,700	4,229,700
2	Materials and Supplies	968,000	997,000	1,026,900	1,057,700	1,089,500	1,122,100
3	Services and Charges	9,994,400	10,294,200	10,603,100	10,921,100	11,248,800	11,586,200
4	Motorpool	837,000	862,100	888,000	914,600	942,100	970,300
5	Cost Allocation	631,100	650,000	669,500	689,600	710,300	731,600
6	Maintenance	85,800	88,400	91,100	93,800	96,600	99,500
7	Total	15,949,600	16,471,100	17,010,500	17,567,700	18,144,000	18,739,400
8	% Change	1.91%	3.27%	3.27%	3.28%	3.28%	3.28%

Table W - 8 - Capital Program Financing

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
	Sources of Funds						
1	Funds Available at Beginning of Year	500,200	506,800	501,700	501,700	503,600	508,700
2	Cash Financing of Capital Projects	5,460,000	9,050,000	6,860,000	6,110,000	6,180,000	6,920,000
3	Transfer from Impact Fee Fund	6,432,200	417,800	1,447,900	84,400	86,900	0
4	Subtotal	12,392,400	9,974,600	8,809,600	6,696,100	6,770,500	7,428,700
	Application of Funds						
5	Major Capital Improvements	11,885,600	9,472,900	8,307,900	6,192,500	6,261,800	6,925,500
6	Subtotal	11,885,600	9,472,900	8,307,900	6,192,500	6,261,800	6,925,500
7	End of Year Balance	506,800	501,700	501,700	503,600	508,700	503,200
8	Capital Reserve EOY Balance - Cumulative	12,915,000	8,453,000	6,559,000	5,789,000	5,359,000	4,634,000

Table W - 9 - Water Operating Cash Flow

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
	Revenues						
1	Revenue Under Existing Rates	21,186,600	21,800,700	22,087,800	22,381,200	22,680,800	22,986,900
	Indicated Revenue Increases						
2	0 % Increase Effective January 1, 2022		0	0	0	0	0
3	3 % Increase Effective January 1, 2023		0	607,400	671,400	680,400	689,600
4	3 % Increase Effective January 1, 2024		0	0	633,900	700,800	710,300
5	3 % Increase Effective January 1, 2025		0	0	0	661,700	731,600
6	3 % Increase Effective January 1, 2026		0	0	0	0	690,800
7	Total Revenue from Rates	21,186,600	21,800,700	22,695,200	23,686,500	24,723,700	25,809,200
8	Other Revenues (a)	533,100	641,500	647,100	653,100	659,300	665,900
9	Total Revenue	21,719,700	22,442,200	23,342,300	24,339,600	25,383,000	26,475,100
	Expenses						
10	Operating Expenses	15,949,600	16,471,100	17,010,500	17,567,700	18,144,000	18,739,400
11	Bad Debt	105,900	109,000	113,500	118,400	123,600	129,000
12	PILOT	900,400	926,500	964,500	1,006,700	1,050,800	1,096,900
13	Safe Drinking Water Fee	230,000	233,800	237,800	241,800	245,900	250,200
14	Debt Service	0	0	0	0	0	0
15	Total Expenses	17,185,900	17,740,400	18,326,300	18,934,600	19,564,300	20,215,500
	Transfers						
16	Transfer to Shop Fund	33,000	0	0	0	0	0
17	Transfer to Operating Reserve	128,600	133,000	137,400	142,100	146,800	151,800
18	Cash Financing of Capital	5,460,000	9,050,000	6,860,000	6,110,000	6,180,000	6,920,000
19	Transfer to/from Capital Reserve	-1,093,000	-4,476,000	-1,980,500	-850,000	-510,000	-810,000
20	Total Transfers	4,528,600	4,707,000	5,016,900	5,402,100	5,816,800	6,261,800
	Fund Balance						
21	Beginning Balance	100,900	106,100	100,900	100,000	102,900	104,800
22	Annual Operating Balance	5,200	-5,200	-900	2,900	1,900	-2,200
23	Ending Fund Balance	106,100	100,900	100,000	102,900	104,800	102,600
	Performance Metrics						
24	Debt Service Coverage	NA	NA	NA	NA	NA	NA
25	O&M Reserve Balance (Days) (b)	90	90	90	90	90	90

(a) Includes interest income on operating fund balance.

(b) Minimum requirement is 90 days of following year's Operating Expenses.

Table W - 10 - Water Fund Balances

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Operating Funds							
1	O&M Reserve Balance (a)	4,061,400	4,194,400	4,331,800	4,473,900	4,620,700	4,772,500
2	Operating Fund Balance (b)	106,100	100,900	100,000	102,900	104,800	102,600
3	Total (e)	4,167,500	4,295,300	4,431,800	4,576,800	4,725,500	4,875,100
Capital Funds							
4	Capital Fund Balance (c)	506,800	501,700	501,700	503,600	508,700	503,200
5	Capital Reserve Fund Balance (d)	12,915,000	8,439,000	6,458,500	5,608,500	5,098,500	4,288,500
6	Total (e)	13,421,800	8,940,700	6,960,200	6,112,100	5,607,200	4,791,700
7	Impact Fee Fund Balance (e)	22,800	581,300	109,700	1,001,600	1,891,000	2,867,300

(a) Calculated as 90 days of following year's Operating Expenses.

(b)

Target minimum balance is \$100,000 to account for any adjustments that may be needed to the O&M balance at the end of the year.

(c) Target minimum balance is \$500,000.

(d) Does not include expenses associated with facilities master plan to be completed in FY 2022

(e) All balances are cumulative.

Table W - 11 - Water 2022 Cost of Service

Line No.	Description	Operating Expense	Capital Cost	Total Cost
		\$	\$	\$
Statement of Net Revenue Requirements (Cash Basis)				
	Revenue Requirements			
1	O&M Expenses	16,471,100		16,471,100
2	Bad Debt Expense	109,000		109,000
3	PILOT	926,500		926,500
4	Debt Service	0		0
	Other Expenditures & Transfers:			
	Transfer to Shop Fund (Capital Outlay)			
5	Transfer to Operating Reserve	133,000		133,000
6	Cash Funding of Capital Projects		9,050,000	9,050,000
7	Transfer to Capital Reserve		-4,476,000	-4,476,000
8	Subtotal	17,639,600	4,574,000	22,213,600
	Less Revenue Requirements Met from Other Sources			
9	Other Revenues	382,100		382,100
10	Interest Earned	25,600		25,600
11	Net Balance Available		5,200	5,200
12	Full Year Rate Adjustment			
13	Subtotal	407,700	5,200	412,900
14	Net Revenue Requirements to be Recovered by Rates	17,231,900	4,568,800	21,800,700
Restatement of Net Cost of Service (Utility Basis)				
15	O&M Expenses	17,231,900		17,231,900
16	Depreciation		2,672,900	2,672,900
17	Return		1,895,900	1,895,900
18	Net Cost of Service	17,231,900	4,568,800	21,800,700

Table W - 12 - Water 2022 Allocation of Net Plant Investment to Functional Cost Components

Line No.	Description	Total	Common to All			Retail Only			Customers		
			Base	Extra Capacity		Base	Extra Capacity		Meters and Services	Billing &	Fire
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Plant Investment:											
1	Water Land and Land Rights	2,191,756	1,043,693	1,148,063							
2	Water Supply	6,819,846	3,247,546	3,572,300							
3	Water Storage and Pumping	4,921,351				2,343,501	2,577,851				
4	Water Transmission	23,254,954	11,073,788	12,181,167							
5	Water Distribution	44,985,690				16,478,275	9,063,051	5,190,657	14,253,708		
6	Water Meters	2,811,340							2,811,340		
7	Fire Hydrants	7,535,573									7,535,573
8	Water General System	3,714,721	616,910	678,600		755,699	467,385	208,406	685,166		302,555
9	Total Net Plant Investment	96,235,232	15,981,936	17,580,130	0	19,577,474	12,108,287	5,399,063	17,750,214	0	7,838,128

Table W - 13 - Water 2022 Allocation of Net Annual Depreciation to Functional Cost Components

Line No.	Description	Total	Common to All			Retail Only			Customers		
			Base	Extra Capacity		Base	Extra Capacity		Meters and Services	Billing &	Fire
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Depreciation Expense:											
1	Water Land and Land Rights										
2	Water Supply	277,295	132,045	145,250							
3	Water Storage and Pumping	186,149				88,642	97,507				
4	Water Transmission	653,961	311,410	342,551							
5	Water Distribution	1,087,773				398,452	219,148	125,512	344,661		
6	Water Meters	154,018							154,018		
7	Fire Hydrants	215,879									215,879
8	Water General System	97,807	16,843	18,528		18,501	12,027	4,767	18,941		8,200
9	Total Net Depreciation Expense	2,672,882	460,299	506,328	0	505,595	328,682	130,280	517,620	0	224,078

Table W - 14 - Water 2022 Allocation of O&M Expenses to Functional Cost Components

Line No.	Description	Allocation Basis	Total	Common to All			Retail Only			Customers		Fire Protection	
				Base	Max. Day	Max. Hour	Base	Max. Day	Max. Hour	Meters and Services	Billing & Collection	Public	Private
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Water Purchased	Max Day	9,331,800	4,443,714	4,888,086								
2	Water Storage and Pumping	Max Hour	259,914				95,207	104,727	59,980				
3	Water Distribution (a)	Max Hour	3,000,220				971,472	1,208,880	692,358			97,507	30,002
4	Meter Services (b)	Direct	968,983							968,983			
5	Customer Billing (c)	Direct	1,012,574								1,012,574		
6	All Other Cost	Proportion of All	3,066,109	934,911	1,028,402		224,418	276,369	158,284	203,864	213,035	20,514	6,312
7	Subtotal		17,639,600	5,378,625	5,916,488	0	1,291,097	1,589,976	910,623	1,172,847	1,225,609	118,022	36,314
Less:													
8	Water Connection Fees (d)		164,700							164,700			
9	Other Income Sources		243,000	90,252	81,504		17,786	21,903	12,545		16,884	1,626	500
10	Subtotal		407,700	90,252	81,504		17,786	21,903	12,545	164,700	16,884	1,626	500
11	Net O&M Expenses		17,231,900	5,288,373	5,834,983		1,273,311	1,568,073	898,078	1,008,147	1,208,725	116,396	35,814

(a) 3.25% of 2020 water repair costs was associated with hydrants.

(b) Includes costs for Meter Reading and Meter Maintenance and Backflow prevention

(c) Includes costs under Utilities Financial Services

(d) Includes revenues from Water Connection Fees and Rural Water Connection Fees

Table W - 15 - Water 2022 Estimated Units of Service

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Line No.	Description	Consumption		Maximum Day			Maximum Hour			Customer		Direct Fire protection	
		Annual	Avg. Day	Capacity Factor	Total	Extra	Capacity Factor	Total	Extra	Eq. Meters	Billing/Collection	Public	Private
		1,000 gal.	1,000 gal. (1)/365		1,000 gal. (2) x (3)	1,000 gal. (4) - (2)		1,000 gal. (2) x (6)	1,000 gal. (7) - (4)	Equiv. Meters	Bills	Equiv. Hydrants	Equiv. Hydrants
Inside City													
1	Residential	1,769,829	4,849	250%	12,122	7,273	370%	17,941	5,819	34,939	429,673		
2	Non-Residential	827,079	2,266	240%	5,438	3,172	355%	8,044	2,606	6,761	41,712		
3	Industrial	401,767	1,101	200%	2,201	1,101	295%	3,247	1,046	261	252		
4	Irrigation	244,282	669	240%	1,606	937	355%	2,376	770	3,141	24,897		
5	Subtotal	3,242,957	8,885		21,368	12,483		31,608	10,240	45,102	496,534		
Fire Protection													
6	Public				4,201	4,201		10,083	5,882			4,035	
7	Private				491	491		1,179	688				472
8	Subtotal	3,242,957	8,885		26,060	17,175		42,870	16,810	45,102	496,534	4,035	472
Outside City													
Farmington													
9	Residential	83,821	230	250%	574	344	370%	850	276	1,762	23,207		
10	Non-Residential	17,003	47	240%	112	65	355%	165	54	245	2,315		
11	Industrial			200%			295%						
12	Irrigation	1,336	4	240%	9	5	355%	13	4	46	472		
13	Subtotal	102,160	280		695	415		1,028	333	2,053	25,995		
Greenland													
14	Residential	19,818	54	250%	136	81	370%	201	65	458	5,676		
15	Non-Residential	4,298	12	240%	28	16	355%	42	14	59	588		
16	Industrial			200%			295%						
17	Irrigation	1,230	3	240%	8	5	355%	12	4	20	96		
18	Subtotal	25,345	69		172	103		255	83	537	6,360		
Washington County/Growth													
19	Residential	194,707	533	250%	1,334	800	370%	1,974	640	2,618	33,792		
20	Non-Residential	24,123	66	240%	159	93	355%	235	76	109	1,368		
21	Industrial			200%			295%						
22	Irrigation	14,323	39	240%	94	55	355%	139	45	188	1,851		
23	Subtotal	233,153	639		1,586	948		2,348	761	2,915	37,012		
Johnson													
24	Residential	6,718	18	250%	46	28	370%	68	22	158	2,064		
28	Non-Residential	8,320	23	240%	55	32	355%	81	26	35	240		
29	Industrial			200%			295%						
30	Irrigation	77	0	240%	1	0	355%	1	0	3	24		
31	Subtotal	15,115	41		101	60		150	49	196	2,328		
Goshen/White River													
32	Residential	80,631	221	250%	552	331	370%	817	265	1,054	14,712		
33	Non-Residential	11,837	32	240%	78	45	355%	115	37	52	768		
34	Industrial			200%			295%						
35	Irrigation	7,411	20	240%	49	28	355%	72	23	86	886		
36	Subtotal	99,879	274		679	405		1,005	326	1,192	16,366		
Fire Protection													
37	Public				696	696		1,669	973			668	
38	Private				12	12		29	17				12
39	Subtotal	475,651	1,303		3,941	2,638		6,483	2,541	6,892	88,060	668	12
40	Total Retail	3,718,609	10,188		30,001	19,813		49,353	19,351	51,994	584,594		
Wholesale													
41	Elkins	75,031	206	240%	493	288	355%	730	236	23	12		
42	Mount Olive	62,062	170	240%	408	238	355%	604	196	38	24		
43	West Fork	65,226	179	240%	429	250	355%	634	206	23	12		
44	RDA/WWA			240%			355%				48		
45	Subtotal	202,319	554		1,330	776		1,968	637	83	96		
46	Subtotal (Inside City)	3,242,957	8,885		26,060	17,175		42,870	16,810	45,102	496,534	4,035	472
47	Subtotal (Outside City)	475,651	1,303		3,941	2,638		6,483	2,541	6,892	88,060	668	12
48	Subtotal (Wholesale)	202,319	554		1,330	776		1,968	637	83	96		
49	Total System	3,920,928	10,742		31,332	20,589		51,320	19,989	52,077	584,690	4,703	483

Table W - 16 - Water 2022 Unit Cost of Service

Line No.	Description	Total	Common to All Customers			Common to Retail Customers			Customer		Direct Fire protection	
			Base	Extra Capacity		Base	Extra Capacity		Eq. Meters	Billing/Collection	Public	Private
				Max. Day	Max. Hour		Max. Day	Max. Hour				
		\$	1,000 gal.	1,000 gpd.	1,000 gpd.	1,000 gal.	1,000 gpd.	1,000 gpd.	Equiv. Meters	Bills	Hydrants	Hydrants
Units of Service												
1	Inside City		3,242,957	17,175	16,810	3,242,957	17,175	16,810	45,102	496,534	4,035	472
2	Outside City		677,970	3,414	3,179	475,651	2,638	2,541	6,975	88,156	668	12
3	Total System		3,920,928	20,589	19,989	3,718,609	19,813	19,351	52,077	584,690	4,703	483
Costs of Service												
Net Operating Costs												
4	Total - \$	17,231,900	5,288,373	5,834,983	0	1,273,311	1,568,073	898,078	1,008,147	1,208,725	116,396	35,814
5	Unit Cost - \$/unit		1.35	283.40	0.00	0.34	79.14	46.41	19.36	2.07	24.75	74.09
Depreciation Expense												
6	Total - \$	2,672,882	460,299	506,328	0	505,595	328,682	130,280	517,620		224,078	
7	Unit Cost - \$/unit		0.12	24.59	0.00	0.14	16.59	6.73	9.94		47.65	
Net Plant Investment												
8	Total - \$	96,235,232	15,981,936	17,580,130	0	19,577,474	12,108,287	5,399,063	17,750,214		7,838,128	
9	Unit Cost - \$/unit		4.08	853.84	0.00	5.26	611.12	279.00	340.84		1,666.62	
Return on Investment												
10	Inside City, Unit Return - \$/unit		0.05	9.51	0.00	0.06	6.81	3.11	3.80		18.57	
11	Outside City, Unit Return - \$/Unit		0.29	59.77	0.00	0.37	42.78	19.53	23.86		116.66	
Total Return												
12	Inside City - \$	916,284	147,274	163,391	0	190,223	116,943	52,254	171,276		74,925	
13	Outside City - \$	979,634	193,441	204,057	0	175,292	112,852	49,635	166,424		77,931	
14	Total Return - \$	1,895,918	340,715	367,448	0	365,515	229,795	101,889	337,700		152,856	
Total Unit Cost of Service												
15	Inside City Unit Cost - \$/unit		1.51	317.50	0.00	0.54	102.54	56.25	33.10	2.07	90.96	74.09
16	Outside City Unit Cost - \$/unit		1.75	367.76	0.00	0.85	138.51	72.67	53.16	2.07	189.06	74.09
17	Inside City - Cost of Service - \$	17,724,585	4,901,939	5,453,197	0	1,741,586	1,761,152	945,554	1,492,679	1,026,480	367,039	34,959
18	Outside City- Cost of Service - \$	4,076,115	1,187,448	1,255,563	0	402,834	365,399	184,692	370,787	182,245	126,291	855
19	Total Cost of Service - \$	21,800,700	6,089,387	6,708,760	0	2,144,421	2,126,550	1,130,246	1,863,466	1,208,725	493,330	35,814

Table W - 17 - Water 2022 Cost of Service by Customer Class

	(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Allocated Cost of Service	Allocation Public Fire	Adjusted Cost of Service	Existing Revenues	Indicated Revenue Increase
	\$	\$	\$	\$	\$	
Inside City						
1	Residential	9,052,600	1,487,900	10,540,500	11,001,700	-4.2%
2	Non-Residential	3,483,400	572,500	4,056,000	3,476,000	16.7%
3	Industrial	1,353,400	222,400	1,575,800	1,196,700	31.7%
4	Irrigation	1,092,700	179,600	1,272,300	1,431,200	-11.1%
Fire Protection						
5	Public	2,462,500	-2,462,500			
6	Private	279,900		279,900	967,600	-71.1%
7	Subtotal	17,724,500	-100	17,724,500	18,073,200	-1.9%
Outside City						
8	Residential	2,382,600	455,400	2,838,000	2,614,600	8.5%
9	Non-Residential	350,300	66,900	417,200	328,200	27.1%
10	Industrial					0.0%
11	Irrigation	141,400	27,000	168,400	173,400	-2.9%
Fire Protection						
12	Public	549,400	-549,400			
13	Private	8,200		8,200	27,100	-69.7%
14	Subtotal	3,431,900	-100	3,431,800	3,143,300	9.2%
Wholesale						
15	Elkins	238,500		238,500	216,200	10.3%
16	Mount Olive	198,300		198,300	179,800	10.3%
17	West Fork	207,500		207,500	188,100	10.3%
18	RDA/WWA	0		0	0	0.0%
19	Subtotal Wholesale	644,300	0	644,300	584,100	10.3%
20	Total Retail	21,156,400	-200	21,156,300	21,216,500	-0.3%
21	Total Wholesale	644,300	0	644,300	584,100	10.3%
22	Total	21,800,700	-200	21,800,600	21,800,600	0.0%

Table W - 18 - Water Proposed 2022 Rates

Existing Water Rates Effective January 1, 2022

Monthly Base Charge					
Meter Size	Inside City	Outside City	Wholesale	Inside City Private Fire	Outside City Private Fire
Inches	\$/month	\$/month	\$/month	\$/month	\$/month
5/8	6.59	7.54	8.31		
3/4	6.59	7.54	8.31		
1	9.14	10.52	11.49	9.75	11.68
1 1/2	15.93	18.31	20.00	10.17	12.10
2	23.20	26.66	29.07	20.33	23.37
3	54.05	62.18	64.38	30.48	35.06
4	89.50	102.93	112.25	60.97	70.11
6	178.99	205.82	212.76	169.34	197.74
8	268.41	308.67	332.91	355.65	409.00
10				609.68	701.11

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Wholesale
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

0 - 2,000 Gallons	3.51	4.04	
2,000 - 15,000 Gallons	4.65	5.35	
Over 15,000 Gallons	6.59	7.54	

Non-Residential

First 300,000 Gallons	3.79	4.38	
Over 300,000 Gallons	3.39	3.90	

Major Industrial

All Usage	2.96	3.40	
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Irrigation

First 300,000 Gallons	5.04	5.80	
Over 300,000 Gallons	4.53	5.22	

Wholesale

Reduced Peak Demand			2.87
Peak Demand			3.20

Proposed Water Rates Effective August 1, 2022

Monthly Base Charge					
Meter Size	Inside City	Outside City	Wholesale	Inside City Private Fire	Outside City Private Fire
Inches	\$/month	\$/month	\$/month	\$/month	\$/month
5/8	6.59	7.54	8.31		
3/4	6.59	7.54	8.31		
1	9.14	12.26	12.26	9.75	11.68
1 1/2	15.93	24.22	24.22	10.17	12.10
2	23.20	33.52	33.52	20.33	23.37
3	54.05	69.84	69.84	30.48	35.06
4	89.50	102.93	112.25	60.97	70.11
6	178.99	205.82	212.76	169.34	197.74
8	268.41	308.67	332.91	355.65	409.00
10				609.68	701.11

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Wholesale
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

0 - 2,000 Gallons	3.30	4.47	
2,000 - 15,000 Gallons	4.37	5.91	
Over 15,000 Gallons	6.20	8.38	

Non-Residential

First 300,000 Gallons	3.93	5.05	
Over 300,000 Gallons	3.93	5.05	

Major Industrial

All Usage	3.14	3.49	
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Irrigation

First 300,000 Gallons	4.29	5.43	
Over 300,000 Gallons	4.29	5.43	

Wholesale

Reduced Peak Demand			3.16
Peak Demand			3.16

Table W - 19 - Water 2022 Cost of Service Under Proposed Rates

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Line No.	Description	Adjusted Cost of Service	Revenue Under Existing Rates	Indicated Revenue Increase	Revenues Under Proposed Rates	Proposed Revenue as % Cost of Service	Indicated Revenue Increase	Indicated Revenue Increase
		\$	\$		\$			\$
Inside City								
1	Residential	10,540,500	11,001,700	-4.2%	10,541,600	100.0%	-4.2%	-460,100
2	Non-Residential	4,056,000	3,476,000	16.7%	3,687,200	90.9%	6.1%	211,200
3	Industrial	1,575,800	1,196,700	31.7%	1,272,200	80.7%	6.3%	75,500
4	Irrigation	1,272,300	1,431,200	-11.1%	1,272,500	100.0%	-11.1%	-158,700
5	Subtotal	17,444,600	17,105,600	2.0%	16,773,500	96.2%	-1.9%	-332,100
Outside City								
6	Residential	2,838,000	2,614,600	8.5%	2,838,400	100.0%	8.6%	223,800
7	Non-Residential	417,200	328,200	27.1%	381,900	91.5%	16.4%	53,700
8	Irrigation	168,400	173,400	-2.9%	168,500	100.1%	-2.8%	-4,900
9	Subtotal	3,423,600	3,116,200	9.9%	3,388,800	99.0%	8.7%	272,600
Private Fire								
10	Inside City	279,900	967,600	-71.1%	967,600	345.7%	0.0%	0
11	Outside City	8,200	27,100	-69.7%	27,100	330.5%	0.0%	0
12	Subtotal	288,100	994,700	-71.0%	994,700	345.3%	0.0%	0
Wholesale								
13	Elkins	238,500	216,200	10.3%	238,400	100.0%	10.3%	22,200
14	Mount Olive	198,300	179,800	10.3%	198,300	100.0%	10.3%	18,500
15	West Fork	207,500	188,100	10.3%	207,500	100.0%	10.3%	19,400
16	RDA/WWA	0	0		0	0.0%	0.0%	
17	Subtotal	644,300	584,100	10.3%	644,200	100.0%	10.3%	60,100
18	Total	21,800,600	21,800,600	0.0%	21,801,200	100.0%	0.0%	600

Table W - 20 - Water 2022 Bill Impact

Line No.	Meter Size	Monthly Usage	Inside City				Outside City			
			Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease	Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease
	Inches	1,000 gal.	\$	\$	\$		\$	\$	\$	
Residential										
1	3/4	0.5	9.91	8.24	-1.67	-16.9%	11.36	9.78	-1.59	-14.0%
2	3/4	2	13.42	13.19	-0.23	-1.7%	15.40	16.48	1.08	7.0%
3	3/4	4	22.72	21.93	-0.79	-3.5%	26.10	28.30	2.20	8.4%
4	3/4	8	41.32	39.41	-1.91	-4.6%	47.50	51.94	4.44	9.3%
5	3/4	10	50.62	48.15	-2.47	-4.9%	58.20	63.76	5.56	9.6%
6	3/4	15	73.87	70.00	-3.87	-5.2%	84.95	93.31	8.36	9.8%
Non-Residential										
7	3/4	10	44.30	45.89	1.59	3.6%	51.12	58.04	6.92	13.5%
8	3/4	20	82.20	85.19	2.99	3.6%	94.92	108.54	13.62	14.3%
9	1	50	198.37	205.64	7.27	3.7%	229.21	264.76	35.55	15.5%
10	1	100	387.87	402.14	14.27	3.7%	448.21	517.26	69.05	15.4%
11	1 1/2	50	204.97	212.43	7.46	3.6%	236.78	276.72	39.94	16.9%
12	1 1/2	100	394.47	408.93	14.46	3.7%	455.78	529.22	73.44	16.1%
13	2	100	401.52	416.20	14.68	3.7%	463.88	538.52	74.64	16.1%
14	2	500	1,837.52	1,988.20	150.68	8.2%	2,119.88	2,558.52	438.64	20.7%
Industrial										
15	2	100	318.52	337.20	18.68	5.9%	362.52	382.52	20.00	5.5%
16	2	1,000	2,982.52	3,163.20	180.68	6.1%	3,422.52	3,523.52	101.00	3.0%
17	4	500	1,566.89	1,659.50	92.61	5.9%	1,786.89	1,847.93	61.04	3.4%
18	4	1,500	4,526.89	4,799.50	272.61	6.0%	5,186.89	5,337.93	151.04	2.9%
19	6	2,500	7,573.78	8,028.99	455.21	6.0%	8,673.78	8,930.82	257.04	3.0%
20	6	5,000	14,973.78	15,878.99	905.21	6.0%	17,173.78	17,655.82	482.04	2.8%
21	6	10,000	29,773.78	31,578.99	1,805.21	6.1%	34,173.78	35,105.82	932.04	2.7%

11.0 Appendix 2: Wastewater Tables

Table S - 1 - Wastewater Projected Accounts

Line No.	Customer Class	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
Inside City								
1	Residential	34,600	35,200	35,800	36,400	37,000	37,700	3,100
2	Non-Residential	2,900	2,900	2,900	2,900	2,900	2,900	0
3	Industrial	21	21	21	21	21	21	0
4	Subtotal	37,521	38,121	38,721	39,321	39,921	40,621	3,100
Outside City								
5	Residential	2,400	2,400	2,500	2,500	2,500	2,500	100
6	Non-Residential	184	184	184	184	184	184	0
7	Industrial	0	0	0	0	0	0	0
8	Subtotal	2,584	2,584	2,684	2,684	2,684	2,684	100
Wholesale								
9	Elkins	2	2	2	2	2	2	0
10	West Fork	1	1	1	1	1	1	0
11	Subtotal	2	2	2	2	2	2	0
11	Total	40,107	40,707	41,407	42,007	42,607	43,307	3,200
12	% Change	1.52%	1.50%	1.72%	1.45%	1.43%	1.64%	7.98%

Table S - 2 - Wastewater Projected Billed Volume (1,000 Gallons)

Line No.	Customer Class	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	
Inside City								
1	Residential	1,861,300	1,741,200	1,771,800	1,802,800	1,834,400	1,866,500	5,200
2	Non-Residential	626,900	698,700	698,600	698,600	698,600	698,600	71,700
3	Industrial	318,500	396,700	396,700	396,700	396,700	396,700	78,200
4	Subtotal	2,806,700	2,836,600	2,867,100	2,898,100	2,929,700	2,961,800	155,100
Outside City								
5	Residential	94,500	97,400	98,700	100,100	101,400	102,800	8,300
6	Non-Residential	15,300	15,000	15,000	15,000	15,000	15,000	-300
7	Industrial	0	0	0	0	0	0	0
8	Subtotal	109,800	112,400	113,700	115,100	116,400	117,800	8,000
Wholesale								
8	Elkins	81,000	81,000	81,000	81,000	81,000	81,000	0
9	West Fork	45,600	45,600	45,600	45,600	45,600	45,600	0
10	Subtotal	126,600	126,600	126,600	126,600	126,600	126,600	0
10	Total	3,043,100	3,075,600	3,107,400	3,139,800	3,172,700	3,206,200	163,100
11	% Change	2.30%	1.07%	1.03%	1.04%	1.05%	1.06%	5.36%

Table S - 3 - Wastewater Existing Charges**Existing Wastewater Rates Effective January 1, 2022**

Monthly Base Charge			
Meter Size	Inside City	Outside City	Farmington
Inches	\$/month	\$/month	\$/month
5/8	18.28	18.28	16.74
3/4	18.28	18.28	16.74
1	23.74	33.92	31.28
1 1/2	38.77	60.37	55.50
2	55.43	79.73	73.45
3	128.73	184.24	169.29
4	212.13	303.44	278.93
6	420.39	601.46	553.70
8	628.73	899.76	826.81

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Farmington
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

First 2,000 Gallons	4.35		
> 2,000 Gallons	5.80		
All Usage		8.18	7.52

Non-Residential

All Usage	4.40	8.18	7.52
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Major Industrial

All Usage	4.71	8.18	7.52
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Wholesale

85% of metered water usage		5.19	
Above 85% of metered water		2.71	

Surcharge

BOD - \$/lb for strength in excess of 300 ppm		0.4352	
TSS - \$/lb for strength in excess of 300 ppm		0.3056	

Table S - 4 - Wastewater Projected Revenues at Existing Rates

Line No.	Customer Class	Projected						Change
		2021	2022 (a)	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
Inside City								
1	Residential	16,696,700	16,719,800	17,013,000	17,310,700	17,613,700	17,921,900	1,225,200
2	Non-Residential	3,505,200	3,926,200	3,926,100	3,926,100	3,926,100	3,926,100	420,900
3	Industrial	1,477,500	1,890,100	1,890,100	1,890,100	1,890,100	1,890,100	412,600
4	Subtotal	21,679,400	22,536,100	22,829,200	23,126,900	23,429,900	23,738,100	2,058,700
Outside City								
5	Residential	1,177,400	1,242,000	1,258,300	1,274,800	1,291,700	1,308,800	131,400
6	Non-Residential	158,100	160,400	160,400	160,400	160,400	160,400	2,300
7	Industrial	0	0	0	0	0	0	0
8	Subtotal	1,335,500	1,402,400	1,418,700	1,435,200	1,452,100	1,469,200	133,700
Wholesale								
9	Elkins	407,300	419,500	419,500	419,500	419,500	419,500	12,200
10	West Fork	229,400	236,200	236,200	236,200	236,200	236,200	6,800
11	Subtotal	636,700	655,700	655,700	655,700	655,700	655,700	19,000
12	Surcharge	810,300	834,600	834,600	834,600	834,600	834,600	24,300
13	Total	24,461,900	25,428,800	25,738,200	26,052,400	26,372,300	26,697,600	2,235,700
14	% Change	4.90%	3.95%	1.22%	1.22%	1.23%	1.23%	9.14%

(a) Reflects 3.0% revenue increase effective January 1, 2022.

Table S - 5 - Wastewater Projected Other Revenues

Line No.	Description	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
1	Sewer Impact Fee Rev	743,900	743,900	743,900	743,900	743,900	743,900	0
2	Sewer Sales Not on Cc	11,800	11,800	11,800	11,800	11,800	11,800	0
3	Sewer Connection Fee	47,900	47,900	47,900	47,900	47,900	47,900	0
4	WWTP Hay Sales	134,800	134,800	134,800	134,800	134,800	134,800	0
5	WWTP Biosolids/Fertil	54,900	54,900	54,900	54,900	54,900	54,900	0
6	WWTP Water Treatme	180,800	180,800	180,800	180,800	180,800	180,800	0
7	Penalties	123,000	246,100	246,100	246,100	246,100	246,100	123,100
8	Total	1,297,100	1,420,200	1,420,200	1,420,200	1,420,200	1,420,200	123,100
9	% Change	-1.52%	9.49%	0.00%	0.00%	0.00%	0.00%	9.49%

Table S - 6 - Wastewater Capital Improvement Program

Line No.	Description	Projected (a)					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Sanitary Sewer Rehabilitation	2,956,100	3,044,800	3,136,100	3,230,200	3,327,100	0
2	Plant Pumps and Equipment - W.W.T.P.	515,000	530,500	546,400	562,800	579,600	0
3	W.W.T.P. Building Improvements	1,699,500	1,750,500	163,900	168,800	173,900	0
4	Upgrade/Replace Lift Stations - W.W.T.P.	309,000	318,300	327,800	337,700	347,800	0
5	Lake Sequoyah Sediment Removal/Dredging	515,000	530,500	546,400	562,800	579,600	0
6	Wastewater Treatment/Water Quality Improvements	103,000	106,100	109,300	112,600	115,900	0
7	Wastewater Impact Fee Improvements	309,000	318,300	327,800	337,700	347,800	0
8	Utilities Financial Services Improvements	0	11,100	3,300	1,700	8,700	0
9	Water/Sewer Relocations - Bond Projects	174,600	265,200	273,200	281,400	289,800	0
10	Water/Sewer Impact Fee Cost Sharing	0	79,600	82,000	84,400	86,900	0
11	Utilities Technology Improvements	0	228,100	234,900	130,000	10,400	0
12	Water/Sewer Building-Office Improvements	0	26,500	27,300	28,100	29,000	0
13	Water/Sewer Equipment Expansions	0	26,500	27,300	28,100	29,000	0
14	Water & Sewer Rate/Operational Studies	0	10,600	10,900	11,300	11,600	0
15	Phosphorus Standards Management	0	26,500	27,300	28,100	29,000	0
16	Water & Sewer Technology Equipment Replacements	0	0	0	0	0	0
17	Water & Sewer Improvements Defined By Study	0	0	0	0	0	0
18	Biosolids Dryer Replacement	0	0	3,278,200	9,004,100	9,274,200	9,552,400
19	Filter Cell Upgrade/Replacement at Noland WWTP	0	0	0	0	0	1,432,900
20	Upgrade Automation at both WWTPs	0	0	0	0	0	1,671,700
21	CIPP of 36" Sewer Line from Armstrong Ave to Nolan	0	0	0	0	0	1,194,100
22	Bypass Sewer Fulbright & North Gregg	1,442,000	0	0	0	0	0
23	Hamestring Lift Station Bottle Neck Resolution	0	848,700	0	0	0	0
24	Total Capital Improvement Program	8,023,200	8,121,800	9,122,100	14,909,800	15,240,300	13,851,100

(a) Capital costs reflect 3% annual inflation starting in 2021.

Table S - 7 - Wastewater Projected O&M Expenses

Line No.	Description	Projected					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Personal Costs	3,075,500	3,206,500	3,343,100	3,485,600	3,634,300	3,789,400
2	Materials and Supplies	724,700	746,500	768,900	791,900	815,700	840,200
3	Services and Charges	6,081,000	6,263,500	6,451,400	6,644,900	6,844,300	7,049,600
4	WWTP Contract	3,995,600	4,115,500	4,238,900	4,366,100	4,497,100	4,632,000
5	Motorpool	1,032,500	1,063,500	1,095,400	1,128,300	1,162,100	1,197,000
6	Cost Allocation	680,700	701,200	722,200	743,900	766,200	789,200
7	Maintenance	84,800	87,400	90,000	92,700	95,500	98,300
8	Total	15,674,800	16,184,100	16,709,900	17,253,400	17,815,200	18,395,700
9	% Change	0.81%	3.25%	3.25%	3.25%	3.26%	3.26%

Table S - 8 - Wastewater Cash Financed Capital

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Funds Available at Beginning of Year	504,100	501,900	506,700	504,400	506,700	501,100
2	Cash Financing of Capital Projects	6,270,000	6,880,000	8,710,000	14,490,000	14,800,000	13,850,000
3	Transfer from Impact Fee Fund	1,751,000	1,246,600	409,800	422,100	434,700	0
4	Subtotal	8,525,100	8,628,500	9,626,500	15,416,500	15,741,400	14,351,100
Application of Funds							
5	Major Capital Improvements	8,023,200	8,121,800	9,122,100	14,909,800	15,240,300	13,851,100
6	Subtotal	8,023,200	8,121,800	9,122,100	14,909,800	15,240,300	13,851,100
7	End of Year Balance	501,900	506,700	504,400	506,700	501,100	500,000
8	Capital Reserve EOY Balance - Cumulative	19,995,000	21,737,000	22,105,000	17,205,000	12,555,000	9,445,000

Table S - 9 - Wastewater Operating Cash Flow

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Revenues							
1	Revenues Under Existing Rates	24,461,900	25,428,800	25,738,200	26,052,500	26,372,200	26,697,600
Revenue Increases							
2	0 % Increase Effective January 1, 2022		0	0	0	0	0
3	3 % Increase Effective January 1, 2023		0	707,800	781,600	791,200	800,900
4	3 % Increase Effective January 1, 2024		0	0	737,900	814,900	825,000
5	3 % Increase Effective January 1, 2025		0	0	0	769,400	849,700
6	3 % Increase Effective January 1, 2026		0	0	0	0	802,300
7	Total Revenue from Rates	24,461,900	25,428,800	26,446,000	27,572,000	28,747,700	29,975,500
8	Other Revenues (a)	594,700	720,500	722,700	725,400	728,200	731,200
9	Total Revenues	25,056,600	26,149,300	27,168,700	28,297,400	29,475,900	30,706,700
Expenses							
10	Operating Expenses	15,674,800	16,184,100	16,709,900	17,253,400	17,815,200	18,395,700
11	Bad Debt	122,300	127,100	132,200	137,900	143,700	149,900
12	PILOT	1,039,600	1,080,700	1,124,000	1,171,800	1,221,800	1,274,000
13	Debt Service	0	0	0	0	0	0
14	Total Expenses	16,836,700	17,391,900	17,966,100	18,563,100	19,180,700	19,819,600
Transfers							
15	Transfer to Shop Fund	33,000	0	0	0	0	0
16	Transfer to Operating Reserve	125,600	129,600	134,100	138,500	143,100	147,900
17	Cash Financing of Capital	6,270,000	6,880,000	8,710,000	14,490,000	14,800,000	13,850,000
18	Transfer to/from Capital Reserve	1,793,000	1,742,000	368,000	-4,900,000	-4,650,000	-3,110,000
19	Total Transfers	8,221,600	8,751,600	9,212,100	9,728,500	10,293,100	10,887,900
Fund Balance							
20	Beginning Balance	105,500	103,800	109,600	100,100	105,900	108,000
21	Annual Operating Balance	-1,700	5,800	-9,500	5,800	2,100	-800
22	Ending Fund Balance	103,800	109,600	100,100	105,900	108,000	107,200
Performance Metrics							
23	Debt Service Coverage	NA	NA	NA	NA	NA	NA
24	O&M Reserve Balance (Days)	90.00	90.00	90.00	90.00	90.00	90.00

(a) Includes interest income on operating fund balance.

(b) Minimum requirement is 90 days of following year's Operating Expenses.

Table S - 10 - Wastewater Projected Fund Balances

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Operating Funds							
1	O&M Reserve Balance (a)	3,990,600	4,120,200	4,254,300	4,392,800	4,535,900	4,683,800
2	Operating Fund Balance (b)	103,800	109,600	100,100	105,900	108,000	107,200
3	Total (e)	4,094,400	4,229,800	4,354,400	4,498,700	4,643,900	4,791,000
Capital Funds							
4	Capital Fund Balance (c)	501,900	506,700	504,400	506,700	501,100	500,000
5	Capital Reserve Fund Balance (d)	19,995,000	21,737,000	22,105,000	17,205,000	12,555,000	9,445,000
6	Total (e)	20,496,900	22,243,700	22,609,400	17,711,700	13,056,100	9,945,000
7	Impact Fee Fund Balance (e)	4,437,800	3,935,100	4,269,200	4,591,000	4,900,200	5,644,100

(a) Calculated as 90 days of following year's Operating Expenses.

(b) Target minimum balance is \$100,000 to account for any adjustments that may be needed to the O&M balance at the end of the year.

(c) Target minimum balance is \$500,000.

(d) Does not include expenses associated with facilities master plan to be completed in FY 2022

(e) All balances are cumulative.

Table S - 11 - Wastewater 2022 Cost of Service

Line No.	Description	Operating Expense	Capital Cost	Total Cost
		\$	\$	\$

Statement of Net Revenue Requirements (Cash Basis)

Revenue Requirements				
1	O&M Expenses	16,184,100		16,184,100
2	Bad Debt	127,100		127,100
3	PILOT	1,080,700		1,080,700
4	Debt Service		0	0
Other Expenditures & Transfers:				
	Transfer to Shop Fund (Capital Outlay)		0	0
5	Transfer to Operating Reserve	129,600		129,600
6	Cash Funding of Capital Projects		6,880,000	6,880,000
7	Transfer to Capital Reserve		1,742,000	1,742,000
8	Subtotal	17,521,500	8,622,000	26,143,500
Less Revenue Requirements Met from Other Sources				
9	Other Revenues and Adjustments	676,300		676,300
10	Interest Earned	44,200		44,200
11	Net Balance Available		(5,800)	(5,800)
12	Full Year Rate Adjustment			
13	Subtotal	720,500	(5,800)	714,700
14	Net Revenue Requirements to be Recovered by Rates	16,801,000	8,627,800	25,428,800

Restatement of Net Cost of Service (Utility Basis)

15	O&M Expenses	16,801,000		16,801,000
16	Depreciation		8,060,600	8,060,600
17	Return		567,200	567,200
18	Net Cost of Service	16,801,000	8,627,800	25,428,800

Table S - 12 - Wastewater 2022 Allocation of Net Plant Investment

Line No.	Description	Total	Volume					Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only		Farmington Direct	BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Plant Investment:														
1	Sewer Collection	103,289,355	42,124,931		61,164,424									
2	Sewer Connections	319,887												319,887
3	Water Meters	2,345,265											2,345,265	
4	Owl Creek Lift Station and Force Main	14,103												14,103
5	Lift Stations	4,392,243	4,392,243											
Sewer Treatment Plant- Noland														
6	Sewage Pumping	229,919		229,919										
7	Mechanical Bar Screens	172,282							51,685		120,597			
8	Grit Removal													
9	Primary Sedimentation													
10	Disinfection	1,672,556		1,672,556										
11	Aeration Equipment	1,120,704							560,352		560,352			
12	Sludge Handling	400,690							220,380		180,311			
13	Other Plant and Misc Equipment	837,703		443,170					193,907		200,626			
14	General Treatment	12,725,018		6,731,924					2,945,516		3,047,578			
Sewer Treatment Plant- West														
15	Sewage Pumping	921,333		845,784			75,549							
16	Mechanical Bar Screens	169,727					13,918		46,743		109,066			
17	Grit Removal	1,380,570					113,207				1,267,363			
18	Primary Sedimentation	6,927,776					568,078		1,907,909		4,451,789			
19	Disinfection	653,801		600,189			53,612							
20	Aeration Equipment	1,490,202					122,197		684,003		684,003			
21	Sludge Handling	34,604,278					2,837,551		17,471,700		14,295,027			
22	Other Plant and Misc Equipment	3,298,489		103,353			270,476		1,437,424		1,487,236			
23	General Treatment	5,571,549		174,576			456,867		2,427,984		2,512,122			
24	Sewer Land and Land Rights	6,358,594	1,878,712	135,236	2,470,280		152,831		845,827		875,138			570
25	General Plant	1,768,202	450,601	104,632	592,487		43,702		270,723		280,104		22,718	3,235
26	Total Net Plant Investment	190,664,246	48,846,487	11,041,339	64,227,191	0	4,707,988	0	29,064,153	0	30,071,312	0	2,367,983	337,795

Table S - 13 - Wastewater 2022 Allocation of Depreciation

Line No.	Description	Total	Volume				Farmington Direct	Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only			BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Net Depreciation Expense:														
1	Sewer Collection	2,823,622	1,151,570		1,672,052									
2	Sewer Connections	22,463											22,463	
3	Water Meters	128,485										128,485		
4	Owl Creek Lift Station and Force Main	6,509											6,509	
5	Lift Stations	105,383	105,383											
Sewer Treatment Plant- Noland														
6	Sewage Pumping	42,418		42,418										
7	Mechanical Bar Screens	33,421						10,026		23,395				
8	Grit Removal													
9	Primary Sedimentation													
10	Disinfection	281,379		281,379										
11	Aeration Equipment	124,523	(1)					62,262		62,262				
12	Sludge Handling	83,361	(1)					45,849		37,513				
13	Other Plant and Misc Equipment	61,102	(1)	32,325				14,144		14,634				
14	General Treatment	847,144		448,165				196,092		202,887				
Sewer Treatment Plant- West														
15	Sewage Pumping	117,218		107,606		9,612								
16	Mechanical Bar Screens	55,071				4,516		15,167		35,388				
17	Grit Removal	135,374				11,101				124,273				
18	Primary Sedimentation	397,767				32,617		109,545		255,605				
19	Disinfection	41,046		37,680		3,366								
20	Aeration Equipment	140,345	1			11,508		64,418		64,418				
21	Sludge Handling	2,080,224				170,578		1,050,305		859,341				
22	Other Plant and Misc Equipment	316,959		9,931		25,991		138,125		142,912				
23	General Treatment	45,160		1,415		3,703		19,680		20,362				
24	Sewer Land and Land Rights	4,692	1,386	100	1,823	113		624		646				
25	General Plant	166,945	42,544	9,879	55,940	4,126		25,560		26,446				
26	Total Net Depreciation Expense	8,060,611	1,300,881	970,898	1,729,815	0	277,231	0	1,751,797	0	1,870,082	0	130,630	29,277

Table S - 14 - Wastewater 2022 Allocation of O&M Expenses

Line No.	Description	Total	Volume					Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only		Farmington Direct	BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Sewer Mains Maintenance	2,438,014	994,305		1,443,708									
2	Wastewater Treatment Plant	1,874,226		356,704		40,930		725,722		750,870				
3	Wastewater Treatment Plant-Noland	5,416,220		1,149,101				2,097,222		2,169,897				
4	Wastewater Treatment Plant-West	1,966,065		255,901		161,217		761,283		787,664				
5	Lift Stations	961,584	961,584											
6	Meter Operations (a)	1,653,047										1,653,047		
7	Water & Sewer Connections	198,731												198,731
8	Operations and Administration	1,396,102	188,216	169,530	138,929	19,453		344,912		356,864		159,074		19,124
9	All Other O&M Cost	1,617,511	218,065	196,416	160,962	22,538		399,612		413,460		184,301		22,157
10	Subtotal	17,521,500	2,362,170	2,127,652	1,743,599	0	244,138	0	4,328,751	0	4,478,755	1,996,422	0	240,012
	Less: Other Income Sources													
11	Sewer Connection Fees	47,900												47,900
12	Other Income Sources	672,600	49,235	87,491	71,698	10,039		178,002		184,170		82,095		9,870
13	Subtotal	720,500	49,235	87,491	71,698	0	10,039	0	178,002	0	184,170	82,095	0	57,770
14	Net O&M Expenses	16,801,000	2,312,936	2,040,161	1,671,901	0	234,099	0	4,150,749	0	4,294,584	1,914,327	0	182,243

Table S - 15 - Wastewater 2022 Units of Service

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Line	Customer Classes	Contributed	Infiltration	Total Treated	Strength		Customer	
		Volume	& Inflow	Volume	BOD	TSS	Bills	Meter
		1,000 gal.	1,000 gal.	1,000 gal. (2) + (3)	Pounds	Pounds	Bills	Equiv. Meters
Inside City								
1	Residential	1,741,203	1,569,234	3,310,437	5,627,580	4,793,035	421,883	34,346
2	Non-Residential	698,651	251,356	950,007	2,179,172	1,765,439	34,296	5,157
3	Industrial	396,716	88,856	485,572	1,226,170	980,007	252	249
4	Subtotal	2,836,570	1,909,446	4,746,016	9,032,922	7,538,481	456,431	39,752
Outside City								
Farmington								
5	Residential	75,950	76,937	152,887	247,241	212,609	21,431	1,603
6	Non-Residential	12,743	7,473	20,216	40,350	33,405	1,656	157
7	Industrial							
8	Subtotal	88,694	84,409	173,103	287,591	246,014	23,087	
Greenland								
9	Residential	10,349	17,400	27,749	35,133	31,856	5,388	435
10	Non-Residential	2,153	1,824	3,976	6,933	5,877	480	22
11	Industrial							
12	Subtotal	12,502	19,223	31,725	42,066	37,733	5,868	
Washington County/ Growth Area								
13	Residential	4,304	1,898	6,202	13,498	11,021	336	74
14	Non-Residential		67	67	14	28	24	
15	Industrial							
16	Subtotal	4,304	1,965	6,269	13,512	11,049	360	
Johnson								
17	Residential	6,479	6,720	13,199	21,124	18,202	1,884	151
18	Non-Residential	28	141	169	114	126	48	18
19	Industrial							
20	Subtotal	6,507	6,860	13,367	21,238	18,328	1,932	
21	Total Retail	2,942,069	2,015,044	4,957,113	9,376,091	7,833,277	485,746	39,752
Wholesale								
22	Elkins	81,017	18,069	99,086	250,391	200,104	24	23
23	West Fork	45,625	10,171	55,796	141,008	112,688	12	23
24	Subtotal	126,642	28,241	154,883	391,399	312,792	36	45
25	Subtotal (Inside City)	2,836,570	1,909,446	4,746,016	9,032,922	7,538,481	456,431	39,752
26	Subtotal (Outside City)	112,007	112,458	224,465	364,407	313,124	31,247	-
27	Subtotal (Wholesale)	126,642	28,241	154,883	391,399	312,792	36	45
28	Surcharge Customers				1,282,742	910,900		
29	Total System	3,075,218	2,050,145	5,125,363	11,071,470	9,075,297	487,714	42,258

Table S - 16 - Wastewater 2022 Unit Cost of Service

Line No.	Description	Total	Volume					Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only		Farmingington Direct	BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
		\$	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	Pounds	Pounds	Pounds	Pounds	Bills	Equiv. Meters	Bills
Units of Service														
1	Inside City		4,746,159	4,746,159	4,746,159	4,746,159		9,032,952	9,032,952	7,538,541	7,538,541	456,431	39,752	456,431
2	Outside City-w/o Farmington		206,667	206,667	51,784	51,784		469,275	469,275	380,751	380,751	8,196	746	
3	Surcharge		173,110		173,110		173,110	287,593		246,016		23,087	1,761	
4	Total System		5,125,935	4,952,825	4,971,052	4,797,943	173,110	9,789,820	9,502,227	8,165,308	7,919,292	487,714	42,258	456,431
Costs of Service														
Net Operating Expense														
5	Total - \$	16,801,000	2,312,936	2,040,161	1,671,901		234,099		4,150,749		4,294,584	1,914,327		182,243
6	Unit Cost - \$/unit		0.45	0.41	0.34		1.35		0.38		0.49	3.93		0.40
Depreciation Expense:														
7	Total - \$	8,060,608	1,300,881	970,898	1,729,815		277,231		1,751,797		1,870,082		\$ 130,630	29,277
8	Unit Cost - \$/unit		0.25	0.20	0.35		1.60		0.16		0.21		\$ 3.0913	0.06
Net Plant Investment:														
9	Total - \$	190,664,246	48,846,487	11,041,339	64,227,191		4,707,988		29,064,153		30,071,312		2,367,983	337,795
10	Unit Cost - \$/unit		9.53	2.23	12.92		27.20		2.69		3.41		56.04	0.74
Return on Investment														
11	Inside City, Unit Return - \$/unit		(0.02)	(0.00)	(0.02)				(0.00)		(0.01)		(0.10)	(0.00)
12	Outside City - Except Farmington - Unit Return - \$/Unit		0.67	0.16	0.90				0.19		0.24		3.92	
13	Outside City - Farmington - Unit Return - \$/Unit		0.52		0.71		\$1.4958						3.08	
Total Return														
14	Inside City - \$	(310,073)	(79,559)	(18,612)	(107,870)				(48,902)		(50,617)		(3,918)	(594)
15	Outside City - Except Farmington - \$	399,157	137,857	32,251	46,834				88,525		90,766		2,925	
16	Outside City - Farmington - \$	478,108	90,729	123,014		258,939							5,426	
17	Total Return - \$	567,192	149,026	13,638	61,978		258,939		39,623		40,148		4,432	(594)
Total Unit Cost of Service														
18	Inside City - \$/unit		0.69	0.60	0.66				0.54		0.69	3.93	2.99	0.46
19	Outside City (Exc Farmington)- \$/unit		1.37	0.76	1.59				0.74		0.94	3.93	7.01	
20	Outside City - Farmington - \$/unit		1.23		1.39		\$ 4.4496					3.93	6.17	
Total Cost of Service														
21	Inside City - Retail - \$	21,513,312	3,266,513	2,866,804	3,139,950				4,900,857		5,217,759	1,791,539	118,964	210,926
22	Inside City-Surcharge - \$	1,326,430							695,956		630,474			
23	Outside City - Except Farmington - \$	1,263,056	283,555	157,893	82,270				345,356		356,581	32,170	5,230	
24	Outside City - Farmington - \$	1,326,002	212,772		241,474		770,270					90,618	10,868	
25	Total Cost of Service - \$	25,428,800	3,762,841	3,024,697	3,463,694	0	770,270	0	5,942,169	0	6,204,815	1,914,327	135,062	210,926

Table S - 17 - Wastewater 2022 Cost of Service by Customer Class

		(1)	(2)	(3)	(4)
Line	Description	Allocated Cost of Service	Existing Revenues	Indicated Revenue Increase	
		\$	\$		
Inside City					
1	Residential	14,792,813	16,719,785	-11.5%	
2	Non-Residential	4,426,345	3,926,165	12.7%	
3	Industrial	2,294,154	1,890,075	21.4%	
4	Subtotal	21,513,312	22,536,025	-4.5%	
Outside City					
5	Residential	1,496,787	1,242,033	20.5%	
6	Non-Residential	179,997	160,411	12.2%	
7	Industrial			100.0%	
8	Subtotal	1,676,784	1,402,445	19.6%	
9	Total Retail	23,190,096	23,938,469	-3.1%	
10	Wholesale	912,277	655,689	39.1%	
11	Surcharge	1,326,430	834,607	58.9%	
12	Total	25,428,803	25,428,765	0.0%	

Table S - 18 - Wastewater Proposed 2022 Charges

Existing Wastewater Rates Effective January 1, 2022

Monthly Base Charge			
Meter Size	Inside City	Outside City	Farmington
Inches	\$/month	\$/month	\$/month
5/8	18.28	18.28	16.74
3/4	18.28	18.28	16.74
1	23.74	33.92	31.28
1 1/2	38.77	60.37	55.50
2	55.43	79.73	73.45
3	128.73	184.24	169.29
4	212.13	303.44	278.93
6	420.39	601.46	553.70
8	628.73	899.76	826.81

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Farmington
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

First 2,000 Gallons	4.35		
> 2,000 Gallons	5.80		
All Usage		8.18	7.52

Non-Residential

All Usage	4.40	8.18	7.52
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Major Industrial

All Usage	4.71	8.18	7.52
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Wholesale

85% of metered water usage	5.19		
Above 85% of metered water	2.71		

Surcharge

BOD - \$/lb for strength in excess of 300 p	0.4352		
TSS - \$/lb for strength in excess of 300 pp	0.3056		

Proposed Wastewater Rates Effective August 1, 2022

Monthly Base Charge			
Meter Size	Inside City	Outside City	Farmington
Inches	\$/month	\$/month	\$/month
5/8	18.28	18.28	25.10
3/4	18.28	18.28	25.10
1	23.74	33.92	52.62
1 1/2	38.77	66.73	109.78
2	55.43	93.11	154.24
3	128.73	196.10	327.83
4	212.13	303.44	482.37
6	420.39	601.46	897.30
8	628.73	899.76	998.92

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Farmington
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

First 2,000 Gallons	3.39		
> 2,000 Gallons	4.52		
All Usage		8.55	8.27

Non-Residential

All Usage	5.10	8.55	8.27
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Major Industrial

All Usage	5.71	8.55	8.27
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Wholesale

85% of metered water usage	7.20		
Above 85% of metered water	7.20		

Surcharge

BOD - \$/lb for strength in excess of 300	0.5426		
TSS - \$/lb for strength in excess of 300	0.6921		

Table S - 19 - Wastewater 2022 Cost of Service Under Proposed Rates

(1) Line No.	(2) Description	(3) Adjusted Cost of Service \$	(4) Revenue Under Existing Rates \$	(5) Indicated Revenue Increase	(6) Revenues Under Proposed Rates \$	(7) Proposed Revenue as % Cost of Service	(8) Indicated Revenue Increase	(9) Indicated Revenue Increase \$
Inside City								
1	Residential	14,792,800	16,719,800	-11.5%	14,790,200	100.0%	-11.5%	-1,929,600
2	Non-Residential	4,426,300	3,926,200	12.7%	4,424,900	100.0%	12.7%	498,700
3	Industrial	2,294,200	1,890,100	21.4%	2,291,500	99.9%	21.2%	401,400
4	Subtotal	21,513,300	22,536,100	-4.5%	21,506,600	100.0%	-4.6%	-1,029,500
Outside City								
5	Residential	1,496,800	1,242,000	20.5%	1,489,900	99.5%	20.0%	247,900
6	Non-Residential	180,000	160,400	12.2%	193,500	107.5%	20.6%	33,100
7	Industrial					0.0%	0.0%	
8	Subtotal	1,676,800	1,402,400	19.6%	1,683,400	100.4%	20.0%	281,000
Wholesale								
9	Elkins	583,600	419,500	39.1%	583,300	99.9%	39.0%	163,800
10	West Fork	328,700	236,200	39.2%	328,500	99.9%	39.1%	92,300
11	Subtotal	912,300	655,700	39.1%	911,800	99.9%	39.1%	256,100
12	Surcharge	1,326,400	834,600	58.9%	1,326,400	100.0%	58.9%	491,800
13	Total	25,428,800	25,428,800	0.0%	25,428,200	100.0%	0.0%	-600

Table S - 20 - Wastewater 2022 Bill Impact

Line No.	Meter Size	Monthly Usage	Inside City			Outside City			
			Existing Rates	Proposed Rates	Increase / Decrease	Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease
	Inches	1,000 gal.	\$	\$	\$	\$	\$	\$	
Residential									
1	3/4	0.5	22.10	19.98	-2.13	26.46	22.56	-3.91	-14.8%
2	3/4	2	26.45	25.06	-1.39	34.64	35.38	0.74	2.1%
3	3/4	4	38.05	31.84	-6.21	51.00	52.48	1.48	2.9%
4	3/4	8	61.25	45.40	-15.85	83.72	86.68	2.96	3.5%
5	3/4	10	72.85	52.18	-20.67	100.08	103.78	3.70	3.7%
6	3/4	15	101.85	69.13	-32.72	140.98	146.53	5.55	3.9%
Non-Residential									
7	3/4	10	61.75	69.28	7.53	100.08	103.78	3.70	3.7%
8	3/4	20	105.75	120.28	14.53	181.88	189.28	7.40	4.1%
9	1	50	243.05	278.74	35.69	442.92	461.42	18.50	4.2%
10	1	100	463.05	533.74	70.69	851.92	888.92	37.00	4.3%
11	1 1/2	50	257.64	293.77	36.13	469.37	494.23	24.86	5.3%
12	1 1/2	100	477.64	548.77	71.13	878.37	921.73	43.36	4.9%
13	2	100	493.82	565.43	71.61	897.73	948.11	50.38	5.6%
14	2	500	2,253.82	2,605.43	351.61	4,169.73	4,368.11	198.38	4.8%
Industrial									
15	2	100	493.52	626.43	132.91	897.73	948.11	50.38	5.6%
16	2	1,000	4,732.52	5,765.43	1,032.91	8,259.73	8,643.11	383.38	4.6%
17	4	500	2,441.89	3,067.13	625.24	4,393.44	4,578.44	185.00	4.2%
18	4	1,500	7,151.89	8,777.13	1,625.24	12,573.44	13,128.44	555.00	4.4%
19	6	2,500	11,948.78	14,695.39	2,746.61	21,051.46	21,976.46	925.00	4.4%
20	6	5,000	23,723.78	28,970.39	5,246.61	41,501.46	43,351.46	1,850.00	4.5%
21	6	10,000	47,273.78	57,520.39	10,246.61	82,401.46	86,101.46	3,700.00	4.5%

12.0 Appendix 3: Combined Tables

Table C - 1 - Combined Projected Fund Balances

Line No.	Description	Year Ending December 31,						
		2021	2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$	\$
	Operating Funds							
1	O&M Reserve Balance (a)	8,052,000	8,314,600	8,586,100	8,866,700	9,156,600	9,456,300	9,766,200
2	Operating Fund Balance (b)	209,900	210,500	200,100	208,800	212,800	209,800	209,700
3	Subtotal Operating Funds Balance (e)	8,261,900	8,525,100	8,786,200	9,075,500	9,369,400	9,666,100	9,975,900
	Capital Funds							
4	Capital Fund Balance (c)	1,008,700	1,008,400	1,006,100	1,010,300	1,009,800	1,003,200	1,003,600
5	Capital Reserve Fund Balance (d)	32,910,000	30,176,000	28,563,500	22,813,500	17,653,500	13,733,500	9,033,500
6	Subtotal Capital Funds Balance (e)	33,918,700	31,184,400	29,569,600	23,823,800	18,663,300	14,736,700	10,037,100
7	Impact Fee Fund Balance (e)	4,460,597	4,516,397	4,378,897	5,592,597	6,791,197	8,511,397	10,231,597

(a) Calculated as 90 days of following year's Operating Expenses.

(b) Target minimum combined balance is \$200,000 to account for any adjustments that may be needed to the O&M balance at the end of the year.

(c) Target minimum combined balance is \$1,000,000.

(d) Does not include expenses associated with facilities master plan to be completed in FY 2022

(e) All balances are cumulative.

Table C - 2 - Combined Operating Cash Flow

Line No.	Description	Year Ending December 31,						
		2021	2022	2023	2024	2025	2026	2027
		\$	\$	\$	\$	\$	\$	\$
	Revenues							
1	Revenues Under Existing Rates	45,648,500	47,229,500	47,826,000	48,433,700	49,053,000	49,684,500	50,328,300
	Revenue Increases							
2	0.0 % Increase Effective January 1, 2022		0	0	0	0	0	0
3	3.0 % Increase Effective January 1, 2023		0	1,315,200	1,453,000	1,471,600	1,490,500	1,509,900
4	3.0 % Increase Effective January 1, 2024		0	0	1,371,800	1,515,700	1,535,300	1,555,200
5	3.0 % Increase Effective January 1, 2025		0	0	0	1,431,100	1,581,300	1,601,800
6	3.0 % Increase Effective January 1, 2026		0	0	0	0	1,493,100	1,649,800
7	Total Revenue from Rates	45,648,500	47,229,500	49,141,200	51,258,500	53,471,400	55,784,700	58,202,800
8	Other Revenues (a)	1,127,800	1,362,000	1,369,800	1,378,500	1,387,500	1,397,100	1,406,700
9	Subtotal Revenues	46,776,300	48,591,500	50,511,000	52,637,000	54,858,900	57,181,800	59,609,500
	Expenses							
10	Operating Expenses	31,624,400	32,655,200	33,720,400	34,821,100	35,959,200	37,135,100	38,350,700
11	Bad Debt	228,200	236,100	245,700	256,300	267,300	278,900	291,000
12	PILOT	1,940,000	2,007,200	2,088,500	2,178,500	2,272,600	2,370,900	2,473,600
13	SDWF-Reimbursement to ADPH	230,000	233,800	237,800	241,800	245,900	250,200	254,400
14	Debt Service	0	0	0	0	0	0	0
15	Total Expenses	34,022,600	35,132,300	36,292,400	37,497,700	38,745,000	40,035,100	41,369,700
	Transfers							
16	Transfer to Shop Fund	66,000	0	0	0	0	0	0
17	Transfer to Operating Reserve	254,200	262,600	271,500	280,600	289,900	299,700	309,900
18	Cash Financing of Capital	11,730,000	15,930,000	15,570,000	20,600,000	20,980,000	20,770,000	22,630,000
19	Transfer to/from Capital Reserve	700,000	-2,734,000	-1,612,500	-5,750,000	-5,160,000	-3,920,000	-4,700,000
20	Total Transfers	12,750,200	13,458,600	14,229,000	15,130,600	16,109,900	17,149,700	18,239,900
	Fund Balance							
21	Beginning Balance	206,400	209,900	210,500	200,100	208,800	212,800	209,800
22	Annual Operating Balance	3,500	600	-10,400	8,700	4,000	-3,000	-100
23	Ending Fund Balance	209,900	210,500	200,100	208,800	212,800	209,800	209,700
	Performance Metrics							
24	Debt Service Coverage	NA	NA	NA	NA	NA	NA	NA
25	O&M Reserve Balance (Days)(b)	✓ 90.00	✓ 90.00	✓ 90.00	✓ 90.00	✓ 90.00	✓ 90.00	✓ 90.00

(a) Includes interest income on operating fund balance.

(b) Minimum requirement is 90 days of following year's Operating Expenses.

Table C - 3 - Combined 2022 Bill Impact

Line No.	Meter Size	Monthly Usage	Inside City				Outside City			
			Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease	Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease
	Inches	1,000 gal.	\$	\$	\$		\$	\$	\$	
Residential										
1	3/4	0.5	32.01	28.22	-3.80	-11.9%	37.82	32.33	-5.49	-14.5%
2	3/4	2	39.87	38.25	-1.62	-4.1%	50.04	51.86	1.82	3.6%
3	3/4	4	60.77	53.77	-7.00	-11.5%	77.10	80.78	3.68	4.8%
4	3/4	8	102.57	84.81	-17.76	-17.3%	131.22	138.62	7.40	5.6%
5	3/4	10	123.47	100.33	-23.14	-18.7%	158.28	167.54	9.26	5.9%
6	3/4	15	175.72	139.13	-36.59	-20.8%	225.93	239.84	13.91	6.2%
Non-Residential										
7	3/4	10	106.05	115.17	9.12	8.6%	151.20	161.82	10.62	7.0%
8	3/4	20	187.95	205.47	17.52	9.3%	276.80	297.82	21.02	7.6%
9	1	50	441.42	484.38	42.96	9.7%	672.13	726.18	54.05	8.0%
10	1.5	100	872.11	957.70	85.59	9.8%	1,334.15	1,450.95	116.80	8.8%
11	2	500	4,091.34	4,593.63	502.29	12.3%	6,289.61	6,926.63	637.02	10.1%
Industrial										
12	2	100	812.04	963.63	151.59	18.7%	1,260.25	1,330.63	70.38	5.6%
13	2	1,000	7,715.04	8,928.63	1,213.59	15.7%	11,682.25	12,166.63	484.38	4.1%
14	4	1,500	11,678.78	13,576.63	1,897.85	16.3%	17,760.33	18,466.37	706.04	4.0%
15	6	5,000	38,697.56	44,849.38	6,151.82	15.9%	58,675.24	61,007.28	2,332.04	4.0%
16	6	10,000	77,047.56	89,099.38	12,051.82	15.6%	116,575.24	121,207.28	4,632.04	4.0%

EXHIBIT A

51.136 Monthly Water Rates

Effective as of the first billing statements issued after December 31, 2022, the following monthly rates shall be fixed as rates to be charged for water furnished by the waterworks system of the city, which rates the City Council finds and declares to be reasonable and necessary minimum rates to be charged. All non-emergency water uses shall be billed to the user, to include but not limited to water used for: use within structures; business; manufacturing; irrigation; retail by another water utility; city uses; educational purposes; medical purposes; water system routine non-emergency uses; wastewater system routine non-emergency uses; non-profit uses; fire department non-emergency uses to include training and equipment calibration; construction of new water mains; street cleaning; and wet down of construction sites and materials. Emergency water use that does not pass through a water system meter shall not be billed, including firefighting, water leaks, water leak repair, and emergency water line flushing. The volumes used for these emergency purposes should be estimated and submitted monthly to the Business Office Manager and the Water/Sewer Operations Manager.

(A) *Monthly Water Rates.*

- (1) The water usage of each customer shall be determined each month by meter measurement and the amount per 1,000 gallons to be paid for water usage by each customer shall be computed on the basis of the following schedule of rates.

Table A-1 Monthly Water Rates Prior to January 1, 2023 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.51	\$4.04
	Next 13,000	\$4.65	\$5.35
	Over 15,000	\$6.59	\$7.54
Non-Residential	First 300,000	\$3.79	\$4.38
	Over 300,000	\$3.39	\$3.90
Major Industrial	All Usage	\$2.96	\$3.40
Irrigation	First 300,000	\$5.04	\$5.80
	Over 300,000	\$4.53	\$5.22
Wholesale	Reduced Peak Demand	\$2.87	\$2.87
	Peak Demand	\$3.20	\$3.20

Table A-2 Monthly Water Rates After December 31, 2022 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.30	\$4.47
	Next 13,000	\$4.37	\$5.91
	Over 15,000	\$6.20	\$8.38
Non-Residential	First 300,000	\$3.93	\$5.05
	Over 300,000	\$3.93	\$5.05

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EXHIBIT A

Major Industrial	All Usage	\$3.14	\$3.49
Irrigation	First 300,000	\$4.29	\$5.43
	Over 300,000	\$4.29	\$5.43
Wholesale	Reduced Peak Demand	\$3.16	\$3.16
	Peak Demand	\$3.16	\$3.16

Table A-3 Monthly Water Rates After December 31, 2023 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.40	\$4.60
	Next 13,000	\$4.50	\$6.09
	Over 15,000	\$6.39	\$8.63
Non-Residential	First 300,000	\$4.05	\$5.20
	Over 300,000	\$4.05	\$5.20
Major Industrial	All Usage	\$3.23	\$3.59
Irrigation	First 300,000	\$4.42	\$5.59
	Over 300,000	\$4.42	\$5.59
Wholesale	Reduced Peak Demand	\$3.25	\$3.25
	Peak Demand	\$3.25	\$3.25

Table A-4 Monthly Water Rates After December 31, 2024 Cost per 1,000 gallons			
Class	Usage Rate (In Gallons)	Inside City	Outside City
Residential	First 2,000	\$3.50	\$4.74
	Next 13,000	\$4.64	\$6.27
	Over 15,000	\$6.58	\$8.89
Non-Residential	First 300,000	\$4.17	\$5.36
	Over 300,000	\$4.17	\$5.36
Major Industrial	All Usage	\$3.33	\$3.70
Irrigation	First 300,000	\$4.55	\$5.76
	Over 300,000	\$4.55	\$5.76
Wholesale	Reduced Peak Demand	\$3.35	\$3.35
	Peak Demand	\$3.35	\$3.35

EXHIBIT A

- (2) Beginning January 1, 2026, all monthly water rates shall be increased by 3% per year.
 - (3) All bills under such schedules shall be computed by adding the applicable meter service charge prescribed by subsection (B) to the amount determined to be due for water usage under this schedule. Applicable sales tax and franchise fees shall be added to the bill so computed.
 - (4) When a common facility/building is served by multiple water meters and the water usage is for the same purpose, customers may petition the Water & Wastewater Director and/or the Finance & Internal Services Director to have the water consumption aggregated and have the tiered rates apply to the aggregated quantity.
 - (5) Water used for flushing and sampling of newly constructed water lines, Fire Department training and equipment calibration, and other similar uses requiring a large volume and/or high velocity of water movement shall employ a fire hydrant meter of the appropriate size for the use. If a fire hydrant meter cannot be used due to high flow or volume requirements, then the volume of water used shall be measured by using a pitot gauge to determine the gallons per minute and by timing the flow of water to be able to calculate total volume. In the cases of fire department training and equipment calibration, sewer line washing, street sweeping, and other uses where the equipment employed has a built-in water meter, these built in water meters may be used. All such meters other than those on fire trucks must be evaluated by the Meter Superintendent. These water uses shall be billed at the same rates as non-residential customers.
 - (6) Monthly wholesale treated water rates outside city limits are based on Cost of Service Methodology.
- (B) *Monthly Water Service Charge.*
- (1) In addition to the above, each customer shall pay a monthly water service charge in accordance with the following schedule:

Table B-1 Monthly Water Service Charge Prior to January 1, 2023			
Meter Size	Inside City	Outside City	Wholesale
¾ x ¾ inch	\$6.59	\$7.54	\$7.54
1 inch	\$9.14	\$10.52	\$10.52
1 ½ inch	\$15.93	\$18.31	\$18.31
2 inch	\$23.20	\$26.66	\$28.56
3 inch	\$54.05	\$62.18	\$64.38
4 inch	\$89.50	\$102.93	\$112.25
6 inch	\$178.99	\$205.82	\$213.02
8 inch	\$268.41	\$308.67	\$319.47

Table B-2 Monthly Water Service Charge After December 31, 2022			
Meter Size	Inside City	Outside City	Wholesale
¾ x ¾ inch	\$6.59	\$7.54	\$7.54
1 inch	\$9.14	\$12.26	\$12.26

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EXHIBIT A

1 ½ inch	\$15.93	\$24.22	\$24.22
2 inch	\$23.20	\$33.52	\$33.52
3 inch	\$54.05	\$69.84	\$69.84
4 inch	\$89.50	\$102.93	\$102.93
6 inch	\$178.99	\$205.82	\$205.82
8 inch	\$268.41	\$308.67	\$308.67

Table B-3
Monthly Water Service Charge After
December 31, 2023

Meter Size	Inside City	Outside City	Wholesale
¾ x ¾ inch	\$6.79	\$7.77	\$7.77
1 inch	\$9.41	\$12.63	\$12.63
1 ½ inch	\$16.41	\$24.95	\$24.95
2 inch	\$23.90	\$34.53	\$34.53
3 inch	\$55.67	\$71.94	\$71.94
4 inch	\$92.19	\$106.02	\$106.02
6 inch	\$184.36	\$211.99	\$211.99
8 inch	\$276.46	\$317.93	\$317.93

Table B-4
Monthly Water Service Charge After
December 31, 2024

Meter Size	Inside City	Outside City	Wholesale
¾ x ¾ inch	\$6.99	\$8.00	\$8.00
1 inch	\$9.70	\$13.01	\$13.01
1 ½ inch	\$16.90	\$25.69	\$25.69
2 inch	\$24.61	\$35.56	\$35.56
3 inch	\$57.34	\$74.09	\$74.09
4 inch	\$94.95	\$109.20	\$109.20
6 inch	\$189.89	\$218.35	\$218.35
8 inch	\$284.76	\$327.47	\$327.47

- (2) Beginning January 1, 2026, all monthly water service charges shall be increased by 3% per year.
- (3) The monthly treated water rates and the monthly meter service charge rates prescribed by subsections (A) and (B) of this section shall commence as of the first billing statements issued after December 31, 2022.

EXHIBIT A

- (4) The State of Arkansas mandated Safe Drinking Water Act fee shall be added to the monthly water utility bill.

(C) *Monthly Standby Fire Protection Service Charge.*

- (1) Charges for unmetered service connections for standby fire protection and fire hydrants shall be based on the incoming line size or the backflow preventer size, whichever is smaller, as set forth in the following table:

Monthly Standby Fire Protection Service Charge		
Line Size or Backflow Preventer Size	Inside City	Outside City
1 inch	\$9.75	\$11.68
2 inch	10.17	12.10
2.5 inch	20.33	23.37
3 inch	30.48	35.06
4 inch	60.97	70.11
6 inch	169.34	194.74
8 inch	355.65	409.00
10 inch	609.68	701.11

- (2) The Utilities Department shall review the monthly standby fire protection service charges every two (2) years and shall make recommendations to the City Council following such review. Fire protection lines shall not be connected to the water system downstream from a meter.

(Code 1965, §21-25; Ord. No. 1165, 4-18-58; Ord. No. 2144, 9-2-75; Ord. No. 2594, 2-5-80; Ord. No. 3197, 7-1-86; Ord. No. 3409, 2-21-89; Ord. No. 3431, 6-6-89; Ord. No. 3491, 7-17-90; Ord. No. 3513, 9-18-90; Ord. No. 3519, 11-20-90; Ord. No. 4059, §1, 10-7-97; Ord. No. 4223, 2-15-00; Code 1991, §51.136; Ord. No. 4530 12-02-02; Ord. No. 4540, 02-03-04; Ord. No. 5123, 4-1-08; Ord. No. 6169, §1, 4-2-2019)

EXHIBIT B

51.137 Monthly Sewer Rates

(A) *Monthly Sewer Rates.*

- (1) All monthly sewer charges shall be calculated from the customer's monthly water usage. The following monthly rates are hereby fixed as rates to be charged for sewer services:

Table D-1 Monthly Sewer Rates Per 1,000 Gallons Before January 1, 2023		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$4.35
	Greater than 2,000 gallons	\$5.80
Non-Residential	All Usage	\$4.40
Major Industrial	All Usage	\$4.71
Farmington	All Usage	\$7.52
Outside city	All Usage	\$8.18
Elkins	85% of metered water usage	\$5.19
	Usage above 85% of metered water usage	\$2.71

Table D-2 Monthly Sewer Rates Per 1,000 Gallons After December 31, 2022		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$3.39
	Greater than 2,000 gallons	\$4.52
Non-Residential	All Usage	\$5.10
Major Industrial	All Usage	\$5.71
Farmington	All Usage	\$8.27
Outside city	All Usage	\$8.55
Elkins	85% of metered water usage	\$7.20
	Usage above 85% of metered water usage	\$7.20

EXHIBIT B

Table D-3 Monthly Sewer Rates Per 1,000 Gallons After December 31, 2023		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$3.49
	Greater than 2,000 gallons	\$4.66
Non-Residential	All Usage	\$5.25
Major Industrial	All Usage	\$5.88
Farmington	All Usage	\$8.52
Outside city	All Usage	\$8.81
Elkins	85% of metered water usage	\$7.42
	Usage above 85% of metered water usage	\$7.42

Table D-4 Monthly Sewer Rates Per 1,000 Gallons After December 31, 2024		
Class	Usage Rate (In Gallons)	Cost per 1,000 gallons
Residential	First 2,000 gallons	\$3.60
	Greater than 2,000 gallons	\$4.80
Non-Residential	All Usage	\$5.41
Major Industrial	All Usage	\$6.06
Farmington	All Usage	\$8.77
Outside city	All Usage	\$9.07
Elkins	85% of metered water usage	\$7.64
	Usage above 85% of metered water usage	\$7.64

- (2) Beginning January 1, 2026, all monthly sewer quantity charge- usage rates per 1,000 gallons shall be increased by 3% per year.
- (3) Sewer related fees levied by the Cities of Farmington or Greenland shall be added to the wastewater utility bill at the request of Farmington or Greenland. These fees may be calculated on a per-thousand volumetric usage or a per month basis.

(B) *Monthly Sewer Service Charge.*

EXHIBIT B

- (1) In addition to the above, each customer shall pay a monthly sewer service charge in accordance with the following schedule:

Table E-1 Monthly Sewer Service Charge Prior to January 1, 2023			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$18.28	\$18.28	\$16.74
1 inch	\$23.74	\$33.92	\$31.28
1½ inch	\$38.77	\$60.37	\$55.50
2 inch	\$55.43	\$79.73	\$73.45
3 inch	\$128.73	\$184.24	\$169.29
4 inch	\$212.13	\$303.44	\$278.93
6 inch	\$420.39	\$601.46	\$553.70
8 inch	\$628.73	\$899.76	\$826.81

Table E-2 Monthly Sewer Service Charge After December 31, 2022			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$18.28	\$18.28	\$25.10
1 inch	\$23.74	\$33.92	\$52.62
1½ inch	\$38.77	\$66.73	\$109.78
2 inch	\$55.43	\$93.11	\$154.24
3 inch	\$128.73	\$196.10	\$327.83
4 inch	\$212.13	\$303.44	\$482.37
6 inch	\$420.39	\$601.46	\$897.30
8 inch	\$628.73	\$899.76	\$998.92

Table E-3 Monthly Sewer Service Charge After December 31, 2023			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$18.83	\$18.83	\$25.85
1 inch	\$24.45	\$34.94	\$54.20
1½ inch	\$39.93	\$68.73	\$113.07
2 inch	\$57.09	\$95.90	\$158.87
3 inch	\$132.59	\$201.98	\$337.66
4 inch	\$218.49	\$312.54	\$496.84
6 inch	\$433.00	\$619.50	\$924.22
8 inch	\$647.59	\$926.75	\$1,028.89

EXHIBIT B

Table E-4 Monthly Sewer Service Charge After December 31, 2024			
Meter Size	Inside City	Outside City†	Farmington†
¾ x ¾ inch	\$19.39	\$19.39	\$26.63
1 inch	\$25.19	\$35.99	\$55.82
1½ inch	\$41.13	\$70.79	\$116.47
2 inch	\$58.81	\$98.78	\$163.63
3 inch	\$136.57	\$208.04	\$347.79
4 inch	\$225.05	\$321.92	\$511.75
6 inch	\$445.99	\$638.09	\$951.95
8 inch	\$667.02	\$954.56	\$1,059.75

†Cost of Service Methodology required by contract.

- (2) Beginning January 1, 2026, all monthly sewer service charges shall be increased by 3% per year.
- (C) *Determination of Sewer Quantity Charge for Residential Customers.*
- (1) In the case of residential customers residing in a single family home, duplex, triplex, and/or fourplex, the average monthly water consumption for the preceding months of December, January, and February shall be computed separately for each customer, and a uniform monthly charge for each customer shall be determined by applying the schedule of rates set out in subsection (A) of this section to such average monthly water consumption. In the case of a residential user for whom a uniform monthly charge has been established and who moves to a new location the same uniform monthly charge shall apply at the new location. In the case of new residential customers, sewer averages shall be established based on the number of individuals residing within the dwelling unit, at a rate of 2,100 gallons per customer per month. This methodology of sewer averaging shall not apply to multi-family structures containing five (5) or more units in a contiguous building.
- (2) In the case of sewer customers who do not have a water meter provided by a public water utility, the sewer usage volume billed shall be the average volume of all users in the sewer system in like dwellings from the most recent system-wide sewer average calculation.
- (D) *Determination of Charge for Non-residential and Major Industrial Customers.* In the case of non-residential and/or major industrial customers, the monthly sewer charge shall be determined by applying the schedule of rates prescribed in subsection (A) of this section to the monthly water usage of such customers. In the event that a non-residential or major industrial customer discharging waste into the city's sanitary sewer system produces evidence to the Water and Wastewater Director demonstrating that a substantial portion of the total amount of water from all sources used for all purposes does not reach the sanitary sewer which is in excess of the factors used in establishing the rates in subsection (A) of this section, an estimated percentage of total water consumption to be used in computing charges may be established by the Water and Wastewater Director. The factors used in establishing said rates are on file in the office of the Water and Wastewater Director and are incorporated herein by reference thereto. Any rate so adjusted by the Water and Wastewater Director shall be effective for a twelve (12) month period beginning with the billing for the month when rates adjudged hereby go into effect.
- (E) *Extra Strength Surcharge.*

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- (1) For all significant industrial users as defined in §51.074, whose wastewater discharge is greater than 300 mg/l of BOD₅ and/or TSS, the city shall levy an Extra Strength Surcharge for each parameter in accordance with the following unit charges:

Table F3 Extra Strength Surcharges	
	After 12/31/2022
Extra Strength BOD ₅	\$0.5426 per pound
Extra Strength TSS	\$0.6921 per pound

- (2) Starting after December 31, 2023, Extra Strength Surcharges shall be increased by 3% per year.
- (3) Extra Strength Surcharges shall be billed monthly and shall be computed on the basis of water meter reading (wastewater discharge volume).
- (4) All sampling and analyses of the wastewater characteristics shall be performed in accordance with U.S. Environmental Protection Agency 40 Code of Federal Regulations Part 136 approved methods.
- (5) The volume of flow used in computing surcharge shall be based upon metered water consumption as shown in the records of meter readings maintained by the city's business office. In the event that a user discharging waste into the city sanitary sewer system produces evidence to the city demonstrating that a portion of the total amount of water used for all purposes is not discharged into the sanitary sewer, a separate meter or meters or other approved flow measuring device may be installed at the user's expense, upon its request, to measure only that portion of the total flow being discharged into the city sewer system. If a surcharge is assessed by the city, it shall be shown separately on the monthly billing.
- (6) Any person discharging industrial waste into the sanitary sewers of the city who procures any part or all of the user's water supply from sources other than the city, all or part of which is discharged into the sanitary sewer, shall install and maintain at the user's expense water meters of the type approved by the city for the purpose of determining the proper volume of flow to be used in computing sewer service charges. Such meter will be read monthly and tested for accuracy when deemed necessary by the city. Where it can be shown that a portion of the water measured by the aforesaid meter or meters does not enter the sanitary sewer system of the city, a separate meter or meters or other approved flow measuring device may be installed at the user's expense, upon its request, to measure only that portion of the total flow being discharged into the city sewer system. If a surcharge is assessed by the city, it shall be shown separately on the monthly billing.
- (7) Computation of extra strength surcharges shall be based on the following formula:

- (a) Extra strength surcharge:

S	= $V \times 8.34 \times [\text{BOD Unit Charge (BOD - 300)} + \text{SS Unit Charge (TSS - 300)}]$
---	---

- (b) Where:

S	= Surcharge in dollars
V	= Sewer volume in million gallons
8.34	= Pounds per gallon of water
BOD Unit Charge	= Unit charge for BOD in dollars per pound

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EXHIBIT B

BOD	= BOD strength in parts per million
300	= Allowed BOD strength in parts per million
TSS Unit Charge	= Unit charge for suspended solids in dollars per pound
TSS	= Suspended solids strength in parts per million
300	= Allowed TSS Strength in parts per million

(F) *Elkins Sewer Charges.*

- (1) Elkins' payment for wastewater treatment shall be based on 85% of the metered water purchased. The volume of wastewater received by Fayetteville at the "Point of Connection" shall be measured by the installed wastewater meter. Volumes of wastewater below or above the agreed upon percentage (85%) of metered water, as measured by the wastewater meter, shall be recorded on a monthly basis, with a reconciliation of the net difference to occur semiannually in June and December. If the reconciliation volume is over the agreed upon percentage, this amount shall be billed to Elkins in June and December at the actual computed cost of wastewater collection to and treatment at the Noland Wastewater Treatment Plant, not including the calculated rate of return and not including depreciation charges, but including any capacity surcharge, based on the most recent rate as determined in paragraph B of this contract. If the reconciliation volume is below the agreed upon percentage, the actual amount billed for the difference shall be refunded to Elkins in June and December
- (2) Elkins Impact Fee Charges. The City of Elkins shall pay an additional \$0.25 per 1,000 gallons of wastewater, for all wastewater volume charges including both the 85% of metered water volume and for wastewater in excess of the 85% of the metered water purchased billed volume.

(G) *Hauled Wastewater Fees.*

- (1) Application fee. An application to discharge hauled domestic waste must be accompanied by a fee of \$100.00.
- (2) Discharge fee. A fee of \$50.00 must be paid for each hauled domestic waste load discharged.

(H) *Industrial Wastewater Discharge Permit Fee.*

- (1) Application Fee. An application for an industrial wastewater discharge permit must be accompanied by a fee of \$500.00.

(Code 1965, §21-26; Ord. No. 1165, 4-18-58; Ord. No. 3197, 7-1-86; Ord. No. 3285, 8-4-87; Ord. No. 3398, 1-3-89; Ord. No. 3491, 7-17-90; Ord. No. 3637, §§1, 2, 8-18-92; Ord. No. 4059, §2, 10-7-97; Code 1991, §51.137; Ord. No. 4530, 12-02-03; Ord. No. 4803, 12-20-05; Ord. No. 4998, 4-3-07; Ord. No. 5129, 4-15-08; Ord. No. 5438, 9-20-11; Ord. No. 5739, 2-17-15)

CITY OF FAYETTEVILLE, ARKANSAS

Notice of Public Hearing on Proposed Water and Sewer Rate Changes

City Council Agenda Session: Tuesday, June 14, 2022 at 4:30 PM

City Council Meeting: Tuesday, June 21, 2022 at 5:30 PM

City of Fayetteville Administration Building, City Hall
113 W. Mountain – Room 219 or via Zoom link at www.fayetteville-ar.gov

The City of Fayetteville AR, on the dates and times mentioned above, will hold a public hearing as part of the City Council Agenda Session and City Council Meeting with Fayetteville City Council prior to the adoption of the 2023 water and sewer rate increases. The public can attend in person or remotely via the link on the City's website, www.fayetteville-ar.gov.

If adopted, the proposed new rates would take effect on or after January 01, 2023, with 3% increases annually thereafter. All property owners/tenants and other interested parties are invited to attend the public hearing and be heard on the matter.

A water and sewer cost of service study was conducted by Black & Veatch pursuant to Fayetteville City Council Resolution 212-20 to perform a cost analysis to determine if costs allocations are fair and equitable among customer classes, to review the existing rate structure and design proposed rates that provide adequate revenues.

The proposed water and sewer rate changes below are necessary for the City of Fayetteville to continue to provide safe and reliable water and sewer services to its citizens because extensive new capital needs are required at this point in time and operating costs have increased above the revenue increases generated by the current annual 3% proportional adjustment.

PROPOSED WATER RATE CHANGES – ON OR AFTER 1/1/2023

FIXED BASE CHARGE \$/MONTH		WATER INSIDE CITY			WATER OUTSIDE CITY		
Meter Size		EXISTING	PROPOSED	CHANGE	EXISTING	PROPOSED	CHANGE
5/8"		6.59	6.59	0.0%	7.54	7.54	0.0%
3/4"		6.59	6.59	0.0%	7.54	7.54	0.0%
1"		9.14	9.14	0.0%	10.52	12.26	16.5%
1.5"		15.93	15.93	0.0%	18.31	24.22	32.3%
2"		23.20	23.20	0.0%	26.66	33.52	25.7%
3"		54.05	54.05	0.0%	62.18	69.84	12.3%
4"		89.50	89.50	0.0%	102.93	102.93	0.0%
6"		178.99	178.99	0.0%	205.82	205.82	0.0%
8"		268.41	268.41	0.0%	308.67	308.67	0.0%
			AVG	0.0%		AVG	9.7%
QUANTITY CHARGE \$/1,000 GALLONS							
Residential							
First 2,000 gallons		3.51	3.30	-6.0%	4.04	4.47	10.6%
Next 13,000 gallons		4.64	4.37	-5.8%	5.34	5.91	10.7%
All over 15,000 gallons		6.59	6.20	-5.9%	7.54	8.38	11.1%
			AVG	-5.9%		AVG	10.8%
Non-Residential							
First 300,000 gallons		3.79	3.93	3.7%	4.38	5.05	15.3%
All over 300,000 gallons		3.38	3.93	16.3%	3.90	5.05	29.5%
			AVG	10.0%		AVG	22.4%
Major Industrial							
All Usage		2.96	3.14	6.1%	3.20	3.49	9.1%
Irrigation							
First 300,000 gallons		5.04	4.29	-14.9%	5.80	5.43	-6.4%
All over 300,000 gallons		4.53	4.29	-5.3%	5.22	5.43	4.0%
			AVG	-10.1%		AVG	-1.2%
Wholesale							
Reduced Peak Demand					2.87	3.16	10.1%
Peak Demand					3.20	3.16	-1.3%
						AVG	4.4%

*Beginning January 1, 2024, all monthly water rates shall be increased by 3% per year

PROPOSED SEWER RATE CHANGES – ON OR AFTER 1/1/2023

FIXED BASE CHARGE \$/MONTH	SEWER INSIDE CITY			SEWER OUTSIDE CITY			SEWER FARMINGTON		
Meter Size	EXISTING	PROPOSED	CHANGE	EXISTING	PROPOSED	CHANGE	EXISTING	PROPOSED	CHANGE
5/8"	18.28	18.28	0.0%	18.28	18.28	0.0%	16.74	25.10	49.9%
3/4"	18.28	18.28	0.0%	18.28	18.28	0.0%	16.74	25.10	49.9%
1"	23.74	23.74	0.0%	33.92	33.92	0.0%	31.28	52.62	68.2%
1.5"	38.77	38.77	0.0%	60.37	66.73	10.5%	55.50	109.78	97.8%
2"	55.43	55.43	0.0%	79.73	93.11	16.8%	73.45	154.24	110.0%
3"	128.73	128.73	0.0%	184.24	196.10	6.4%	169.29	327.83	93.6%
4"	212.13	212.13	0.0%	303.44	303.44	0.0%	278.93	482.37	72.9%
6"	420.39	420.39	0.0%	601.46	601.46	0.0%	553.70	897.30	62.1%
8"	628.73	628.73	0.0%	899.76	899.76	0.0%	826.81	998.92	20.8%
		AVG	0.0%		AVG	3.8%		AVG	69.5%
QUANTITY CHARGE \$/1,000 GALLONS									
Residential									
First 2,000 Gallons	4.35	3.39	-22.1%	8.18	8.55	4.5%	7.52	8.27	10.0%
All over 2,000 Gallons	5.80	4.52	-22.1%	8.18	8.55	4.5%	7.52	8.27	10.0%
		AVG	-22.1%		AVG	4.5%		AVG	10.0%
Non-Residential									
All Usage	4.40	5.10	15.9%	8.18	8.55	4.5%	7.52	8.27	10.0%
Major Industrial									
All Usage	4.71	5.71	21.2%	8.18	8.55	4.5%	7.52	8.27	10.0%
Wholesale									
Reduced Peak Demand				5.19	7.20	38.7%			
Peak Demand				2.71	7.20	165.7%			
					AVG	102.2%			

*Beginning January 1, 2024, all monthly sewer rates shall be increased by 3% per year

For more information or questions about the proposed water and sewer rate changes, contact the City of Fayetteville, Utilities Financial Services Division at (479) 575-8224 or visit the City's website for at www.fayetteville-ar.gov.

Final Draft

WATER AND WASTEWATER COMPREHENSIVE RATE STUDY

B&V PROJECT NO. 406577

PREPARED FOR

City of Fayetteville, Arkansas

8 JUNE 2022



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1.0 Executive Summary

The City of Fayetteville (City) provides water and wastewater services to retail and wholesale customers. The Water and Wastewater fund is an Enterprise Fund, which is funded by the operating and capital revenues from the users of the system. Due to multiple factors including increasing operating costs, significant capital investments to meet regulatory requirements, and the need for infrastructure rehabilitation and replacement, revenues under existing rates are not adequate to meet the annual revenue requirements. Therefore, to maintain financial sufficiency and to assure equitable cost recovery, the City engaged Black & Veatch Management Consulting, LLC (Black & Veatch) to perform a Water and Wastewater Comprehensive Rate Study (Study).

The primary objectives of the Study are to develop a balanced financial plan, determine cost of service allocations for each customer class and design rates to recover costs from customer classes in reasonable accord with the allocated costs of service. The financial plan was developed for the six-year period of 2021 through 2026, also referred to as the study period or the forecast period. The city's fiscal year is a calendar year, starting on January 1 and ending on December 31.

As a result of our evaluations and analyses, the following summary of findings and recommendations are offered for the City's consideration.

1.1 Summary of Findings

1.1.1 Revenue Under Existing Rates

1. The City provides retail water services to approximately 40,800 customers inside the City and about 7,000 customers outside the City. The number of retail water service customers inside the City is projected to increase to about 44,800 by 2026 and the number of outside City water customers is projected to increase to about 8,000. The City also provides treated water to four wholesale customers. Retail wastewater collection and treatment service is provided to approximately 36,900 customers inside the City and about 2,600 customers outside the City. The number of inside City wastewater service customers is projected to increase to about 40,600 by 2026 and the number of outside City wastewater service customers is projected to increase to about 2,700.
2. Treated water sales to inside City retail customers are projected to increase from approximately 3,146,800 1,000 gallons (kgals) in 2021 to approximately 3,388,000 kgals by 2026. Treated water sales to outside City retail customers are projected to increase from approximately 507,600 kgals in 2021 to approximately 519,400 kgals by 2026. Treated water sales to wholesale customers is projected to be approximately 219,100 kgals in 2021 and decrease to 202,300 kgals in 2022 and remain at that level through 2026. Billed wastewater volume from inside City retail customers is projected to increase from approximately 2,806,700 kgals in 2021 to approximately 2,961,800 kgals by 2026. Billed wastewater volume from outside City retail customers is projected to increase from 109,800 kgals in 2021 to about 117,400 kgals by 2026. Billed wastewater volume from wholesale customers is projected to increase from 81,000 kgals in 2021 to 126,600 kgals in 2026 due to the addition of West Fork as a wholesale wastewater customer starting December 2020. The annual wholesale wastewater volume is projected to remain at the 2021 level through 2026.

3. The City's current water rates became effective January 1, 2022. For both retail and wholesale customers, the water rates include a monthly base charge, which varies by meter size and a volume charge that varies by customer class. The existing schedule of rates for wastewater service became effective on January 1, 2022. For retail customers, the wastewater rates include a monthly base charge, which varies by meter size. The volume charge varies by customer class. Surcharge rates are based on excess strength of Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS). The existing wastewater rate structure is described in Section 3.3.2.
4. Revenue is currently derived principally from charges for treated water and wastewater service, with some revenue also obtained from fire protection charges and other miscellaneous sources. Revenue from treated water sales, under existing rates, is projected to increase from \$21,186,400 in 2021 to about \$22,986,800 in 2026, reflecting a 5-year cumulative increase of 8%. Miscellaneous water revenues are estimated to increase from \$1,484,700 in 2021 to approximately \$1,608,600 in 2026, reflecting a 5-year cumulative increase of 8%. Revenue for wastewater collection and treatment services is projected to increase from \$24,461,900 in 2021 to about \$26,697,600 in 2026, under existing rates, reflecting a 5-year cumulative increase of 9%. Miscellaneous wastewater revenue is estimated at \$1,297,100 in 2021 and \$1,420,200 per year through 2022 to 2026, reflecting a 5-year cumulative increase of 9%.

1.1.2 Revenue Requirements

1. Costs of service to be recovered from water and wastewater service charges include (1) operation and maintenance (O&M) expenses; (2) bad debt; (3) Payment In Lieu of Taxes; (4) Safe Drinking Water Fee Reimbursement; (5) debt service (consisting of principal and interest payments); (6) transfer to shop fund; (7) transfer to operating reserve; (8) cash financed capital; and (9) transfer to capital reserve. The water and wastewater utilities do not have any outstanding debt service. There are no future debt issuances planned over the study period and no transfers to the shop fund over the study period.
2. The annual O&M expense includes the cost of labor, materials, power, chemicals, purchased water, contract services and other expenses associated with each utility's operation. In this study, FY 2021 is defined as the base budget year, based on which the O&M costs are projected for the forecast period. O&M expense for the water utility is projected to increase from \$15,949,600 in 2021 to \$18,739,400 by 2026 due to the combined effects of inflation and system growth. O&M expense for the wastewater utility is projected to increase from \$15,674,800 in 2021 to \$18,395,700 by 2026 due to the combined effects of inflation and system growth.
3. Bad debt expenses refer to outstanding balances from customers that are deemed uncollectible. The water and wastewater bad debt in 2019 was 0.5% of revenue. Bad debt projections for the study period assume 0.5% of annual revenues. Annual bad debt expenses for water utility is projected to increase from \$105,900 in 2021 to \$129,000 by 2026. Annual bad debt expenses for wastewater utility is projected to increase from \$122,300 in 2021 to \$149,900 by 2026.
4. The Payment In Lieu of Taxes (PILOT) are paid by public utilities to municipal entity as a compensation for utilization of streets, easements, right of ways or other public places. The PILOT amount is determined per City Ordinance 4449 that requires the water and wastewater funds to pay 4.25% of annual total gross sales revenues to the City. Annual PILOT amount for the water utility is anticipated to increase from \$900,400 in 2021 to \$1,096,900 in 2026. Annual

PILOT amount for the wastewater utility is projected to increase from \$1,039,600 in 2021 to \$1,274,000 in 2026.

5. The Safe Drinking Water Fee (SDWF) revenue collected for each metered customer is reimbursed to the state of Arkansas Department of Public Health. The SDWF reimbursement is projected to increase from \$230,000 in 2021 to \$250,200 in 2026. The SDWF is a pass-through fee and is treated as a “revenue reduction” by the City.
6. The City maintains an operating reserve balance equivalent of ninety (90) days of following years’ O&M budget. The transfer to operating reserve for the water utility is projected to increase from \$133,000 in 2022 to \$151,800 in 2026. The transfer to operating reserve for wastewater is projected to increase from \$129,600 in 2022 to \$147,900 in 2026.
7. The City currently utilizes the following two sources of funding for the water and wastewater utility capital projects (1): transfer from operating revenues and (2) transfer from the impact fee fund. A capital project meets the requirements of using impact fees if the existing water or wastewater capacity is expanded due to growth. The wastewater capital improvement program for the study period is \$69 million, of which \$67 million is projected to be funded from operating revenues and \$2 million is from the impact fee fund.

1.1.3 Summary of Cash Flow Results

1. The cash flow analysis performed based on the projected annual revenues under existing rates and the projected annual revenue requirements indicates a funding gap for both utilities beginning in 2021.
2. Therefore, a series of 3% annual revenue adjustment is needed in both the water and wastewater utilities to achieve the goal of the operating fund revenues being self-sufficient and adequate to cover all of the O&M expenses, cash financing of the capital program, required transfers, and to maintain the minimum reserve requirements. Table W - 9, in Appendix 1 presents the cash flow analysis and the proposed series of revenue increases for the water utility, and Table S - 9, in Appendix 2 presents the same for the wastewater utility.

1.1.4 Cost of Service Analysis

1. The revenue requirements less any revenues from other sources provides the “net” annual operating fund revenue requirements (also referred to as “cost of service”) that needs to be recovered through user rates and charges. A summary of the projected annual cost of service for 2023 is shown for water and wastewater in tables ES-1 and ES-2, respectively.

Table ES - 1 –Water 2023 Cost of Service

Line No.	Description	Operating Expense	Capital Cost	Total Cost
		\$	\$	\$
1	O&M Expenses	17,791,700		17,791,700
2	Depreciation		2,820,100	2,820,100
3	Return		1,476,000	1,476,000
4	Net Cost of Service	17,791,700	4,296,100	22,087,800

Table ES - 2 –Wastewater 2023 Cost of Service

Line No.	Description	Operating Expense	Capital Cost	Total Cost
		\$	\$	\$
1	O&M Expenses	17,346,000		17,346,000
2	Depreciation		8,259,600	8,259,600
3	Return		132,600	132,600
4	Net Cost of Service	17,346,000	8,392,200	25,738,200

2. As a basis for design of a schedule of water and wastewater rates, the costs of service are allocated to the classes of customers in accordance with respective service requirements of each customer class. The resulting costs of service allocated to customer classes are summarized in Table W - 17 for water and Table S - 17 for wastewater.

1.2 Proposed Recommendations

Based on the financial planning and cost of service analysis performed for the study period, the Black & Veatch team proffers the following series of recommendations:

1. Implement a series of 3% annual revenue increase from 2024 to 2026 for both water and wastewater utilities.
2. Implement cost of service-based rates for water and wastewater utilities in 2023.
3. Transition the existing monthly Base charge to the proposed Base Charge, derived based on cost of service, if cost of service based proposed Base Charge is greater than the existing Base charge.
4. Eliminate the minimum volume charge billing of 1,000 gallons from the volumetric portion of the rate structure.
5. Continue with the existing tier block structure for customer classes that have an inclining block (residential) or a uniform block (industrial) for the volumetric rate structure.
6. Change to uniform block for customers that currently have a declining block (non-residential and irrigation) volumetric rate structure.

The aforementioned recommendations enable the water and wastewater utilities to meet all its financial obligations, so that the City can continue to provide reliable service to serve the needs of existing and future customers.

1.3 Disclaimer

This report was prepared for the City of Fayetteville (Client) by Black & Veatch Management Consulting, LLC (Black & Veatch) and is based on information provided by the Client not within the control of Black & Veatch. While it is believed that the information, data and opinions contained herein will be reliable under the conditions and subject to the limitations set forth in this report, Black & Veatch does not guarantee the accuracy thereof. Black & Veatch has assumed that the information provided by others, both verbal and written, is complete and correct. The projections set forth in this report are intended as "forward-looking statements." In formulating these projections, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. While Black & Veatch believes the assumptions are reasonable actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that occur. As such, Black & Veatch does not take responsibility for the accuracy of data or projections provided by or prepared on behalf of the Client, nor does Black & Veatch have any responsibility for updating this report for events occurring after the date of this report.

Use of this report or any information contained therein by any party other than the Client, shall constitute a waiver and release by such third party of Black & Veatch from and against all claims and liability, including but not limited to liability for special, incidental, indirect or consequential damages in connection with such use. Such use of this report by a third party shall constitute agreement by the third party user that its rights, if any, arising from this report shall be subject to the terms of this Report Limitations, and in no event shall the third party's rights, if any, exceed those of the Client under its contract with B&V. The benefit of such releases, waivers, or limitations of liability shall extend to the related companies and subcontractors of any tier of B&V, and the shareholders, directors, officers, partners, employees, and agents of all released or indemnified parties.

2.0 Introduction

The City of Fayetteville water utility provides treated water and water distribution services to approximately 40,800 customers within the corporate limits of Fayetteville, and to approximately 7,000 customers in areas contiguous to, but outside of the City's corporate limits. The wastewater utility provides retail wastewater collection and treatment service to approximately 37,000 customers within the corporate city limits and to approximately 2,600 customers outside of the City's corporate limits. The City also provides treated water to four wholesale customers and wastewater treatment to two wholesale customers.

In providing water and wastewater service, the City incurs considerable expense related to the ongoing operating and capital needs of the utilities. These operating and capital expenditures tend to increase annually due to the combined effects of inflation and the need to repair, replace, or extend existing service facilities to meet customer service requirements, as well as to meet more stringent state and federal water quality requirements and EPA requirements.

The City of Fayetteville, recognizing the importance of financial planning and cost of service analysis to equitably recover the increasing costs to replace, renew, expand, improve, and operate its water and wastewater service facilities, retained Black & Veatch to perform this comprehensive study of revenue requirements, cost of service, and rates for potable water service and wastewater service.

2.1 Purpose

This report examines the respective projected revenue and rate requirements of the water and wastewater systems of the City. The purpose of this report is (1) to project the future revenues of the water and wastewater utilities under existing rates and charges, as well as the operating expenses and capital financing revenue requirements of the two utilities, and to examine the adequacy of projected revenues to meet these revenue requirements through calendar year 2026; (2) to allocate these revenue requirements, or costs of service, for a representative test year to the various customer classes in accordance with the respective service requirements that each class places on the systems; and (3) to develop a suitable schedule of water and wastewater rates that will produce revenues adequate to meet the financial needs of the utility on a basis that recognizes customer costs of service, existing wholesale service agreements and practical bill impact considerations.

2.2 Scope

This report presents the results of a comprehensive study of the projected revenue and revenue requirements, costs of service allocations, and proposed rates for treated water and wastewater service. Revenue and revenue requirements are projected for the five calendar years from 2022 through 2026, recognizing anticipated growth in number of customers, water use, and wastewater flows throughout the service area. The study of revenue requirements recognizes projected operation and maintenance expense, capital improvement requirements met from revenues, principal and interest payments on outstanding and proposed bond issues, and reserve fund requirements. Requirements of existing revenue bond indentures are also recognized.

Costs of treated water and wastewater service are developed for each group of customers and type of service based on consideration of utility revenue needs and projected customer service requirements. Rate adjustments are designed for retail and wholesale customers in accordance with allocated costs of service, wholesale service agreement terms, and customer bill impact considerations.

2.3 Study Methodology

The development of user rates and charges requires the integration of three critical components: (i) financial plan; (ii) cost of service allocations; and (iii) rate design.

2.3.1 Financial Plan

The development and update of a financial plan is necessary to continue to focus on financial discipline, build financial stability, and maintain sustainable financial planning practices. The financial planning process helps to establish a financial roadmap to meet all of the water and wastewater utility's obligations.

As illustrated in Figure 2 - 1, the key components of a financial plan are: (i) projection of revenues from user rates and other sources; (ii) development of a capital financing plan to decide the mix of debt and cash funding of capital program; (iii) projection of revenue requirements (O&M and capital costs, and target reserves); and (iv) determination of the level and timing of revenue adjustments needed to maintain financial viability.

The annual revenue requirements are typically developed on a *cash-needs basis* for public utility rate setting. The revenue requirements, under the cash-needs basis approach, include the following:

- O&M expenditures;
- Debt service expenses;
- Cash financing of capital program;
- Contributions to operating reserves; and
- Other obligations such as payments and transfers for specific purposes.

To establish financial stability, a financial plan is typically prepared for a multi-year period. A six-year financial plan was developed for the water and wastewater utility to achieve the financial objectives and target metrics defined to build and sustain financial integrity. 2022 through 2026 is the forecast period for both revenues and revenue requirement projections.

The revenue adjustments represent the level of annual revenue increases necessary to meet the annual net revenue requirements.

2.3.2 Cost of Service

Cost of service can be described as the revenue that the water and wastewater utility need to generate, *net of funding from other miscellaneous sources of revenues*. Therefore, Cost of Service is essentially the "net revenue requirement" that is to be recovered through user rates and charges. As illustrated in Figure 2 - 2, Cost of service analysis enables an equitable apportioning of the net annual revenue requirements (also referred to as cost of service) to the various cost components and customer

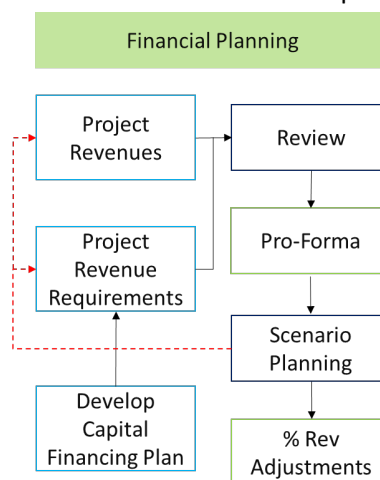


Figure 2 - 1: Financial Plan

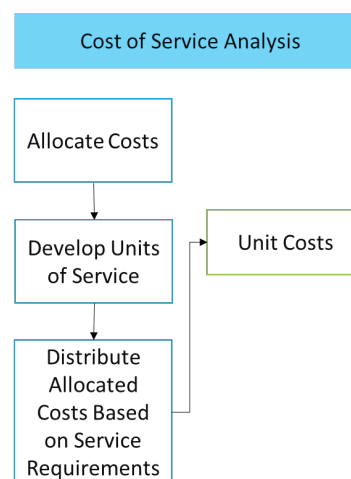


Figure 2 - 2: Cost of Service

classes. The level and types of allocation performed depend on the existing and anticipated rate structure.

As municipal utilities are *public utilities that cannot make a profit*, the equitable allocation of costs is a critical step that is necessary to establish a reasonable nexus between costs incurred in providing service and the fees charged from customers, and to establish defensible user rates and charges.

2.3.3 Rate Design

The third and final component is an evaluation of the existing rate structure components and the development of proposed user rates and charges. The user rates and charge schedules typically include fixed charge, volumetric charge, and other special charge rate components. As illustrated in Figure 2 - 3, the rates and charges are designed to recover the annual cost of service allocated to these different rate components and based on local policy and practical considerations.

The study methodology described above and used in the financial planning, cost of service and rate design analysis reflect the application of industry accepted rate setting approaches that are provided in the following two guidance manuals:

- American Water Works Association (AWWA) *Manual M-1: Principles of Water Rates, Fees, and Charges* for water rate setting; and
- Water Environment Foundation (WEF) *Financing and Charges for Wastewater Systems* for wastewater.

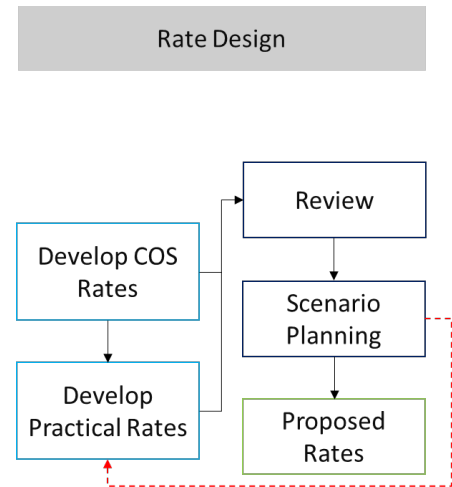


Figure 2 - 3: Rate Design

3.0 Rate Structure Overview

The revenue requirements of a water and wastewater utility, net of any miscellaneous sources of revenues, are recovered from user rates and charges. A water rate structure usually consists of two primary components, namely, a fixed charge and a volumetric charge. Similarly, a wastewater rate structure more commonly consists of a fixed charge, a volumetric charge, and pollutant charge (for wastewater pollutants such as Bio-chemical Oxygen Demand (BOD) and Total Suspended Solids (TSS)). Occasionally, a utility's water and wastewater rate structures may include special surcharges and/or special assessments to recover costs associated with certain service situations such as purchased water, pumping to elevations, drought conditions, readiness-to-serve, environmental conditions, and extra-strength wastewater discharges.

3.1 Fixed Charge

A utility's annual revenue requirements comprise mostly of fixed costs such as salaries and benefits, pension obligations, debt service, cash financing for infrastructure renewal, and costs related to the provision of adequate capacity for service. These types of fixed costs occur on a recurring basis regardless of the amount of water used by the customer.

Therefore, rate structures need to afford the ability to recover at least some of the fixed costs based on billing parameters that are not related to water usage or wastewater flow. The fixed charge, which is assessed regardless of the volume of water used, provides a mechanism to reliably recover some of the fixed annual operating costs of the utility, and provide for some level of revenue stability.

In the utility industry, fixed charges are designed to recover one or more of the following types of costs, namely, (i) metering; (ii) billing; (iii) readiness-to-serve cost; (iv) specific capital investment; and (v) other specific costs. The costs of providing these functions vary among types of customers and/or by factors such as size and capacity of the meters. Therefore, to provide for equitable cost recovery, water and wastewater fixed charges are usually assessed based on meter size and also by customer class.

3.2 Volumetric (Usage) Charge

In the utility industry, usage charges are designed to recover all other costs (except those that are recovered through fixed charge) associated with the treatment and delivery of water service and the collection, treatment, and disposal of wastewater.

The three common types of volumetric charge are: (i) inclining block rate, where the usage in the next higher usage block is priced at a higher rate per unit; (ii) uniform block rate, where all units of usage are priced at the same unit rate; and (iii) declining block rate, where the usage in the next higher usage block is priced at a lower rate per unit. As usage patterns vary among customer classes and consequently different classes place different levels of service demands, different volumetric rates can be established for the various customer classes. In designing the volumetric rate structure, practical considerations including conservation, equity, affordability, and ease of administration are addressed.

3.3 Existing Rate Structure

3.3.1 Water Rate Structure

Consistent with industry rate structures, the City's water rate structure comprises of both Fixed Charge and Volumetric Charge components. The water rate structure includes the following two components:

- Base Charge (Fixed Charge); and
- Volume Charge (Volumetric Charge).

Some of these components are applicable to only specific customer classes. The revenues derived from the above charges are collectively referred to as **“Water Service Revenues.”**

- **Base Charge:** The existing Base Charge for all customer classes is based on meter size.
- **Volume Charge:** The existing Volume Charge is based on the quantity of water used by the customers.
- **Safe Drinking Water Fee:** This is a regulatory charge per bill that is collected by the City on behalf of the state of Arkansas Department of Public Health.

The customer classes to which the specific charge components apply is illustrated in Figure 3 - 1. The existing water rate schedule for 2022, for these rate components, is presented in Table W - 3 in Appendix 1. All customers are billed monthly.

Figure 3 - 1: Existing Water Rate Structure

Rate Component	Applicable Customer Classes
• Base Charge by Meter Size	• Retail Inside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); • Retail Outside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); • Wholesale
• Volume Rate (3-Tier Inclining Block) • Minimum Usage (1,000 Gallons)	• Retail Inside City Residential; and • Retail Outside City Residential
• Volume Rate (2-Tier Declining Block) • Minimum Usage (1,000 Gallons)	• Retail Inside City Non-Residential, Irrigation; and • Retail Outside City Non-Residential, Irrigation
• Volume Rate (Uniform) • Minimum Usage (1,000 Gallons)	• Retail Inside City Major Industrial • Retail Outside City Major Industrial
• Volume Rate (Uniform) • 2 rates (Reduced Peak Demand and Peak Demand)	• Wholesale
• Safe Drinking Water Fee (per month)	• All customer classes

3.3.2 Wastewater Rate Structure

The City’s Operating Fund wastewater rate structure also comprises of both Fixed Charge and Volumetric Charge components. The wastewater rate structure includes the following three components:

- Base Charge (Fixed Charge);

- Volume Charge (Volumetric Charge); and
- BOD and TSS Charge (Surcharge).

The revenues derived from all these three sources are collectively referred to as **“Wastewater Service Revenues.”** Some of these user rate components are applicable to only specific customer classes.

- **Base Charge:** The existing Base Charge for all retail customers is based on meter size.
- **Volume Charge:** The existing volume wastewater charge is based on the quantity of water used by the customer classes.

Surcharge: The existing wastewater surcharge is based on the excess strengths of BOD and TSS, of certain customers.

The customer classes to which the specific rate components are applicable is illustrated in Figure 3 - 2. The existing wastewater rate schedule for 2022 is presented in [Table S - 3](#) in Appendix 2.

Figure 3 - 2: Existing Wastewater Rate Structure

Rate Component	Applicable Customer Classes
Base Charge by Meter Size	- Retail Inside City (Residential, Non-Residential and Major Industrial); - Retail Outside City (Residential, Non-Residential and Major Industrial);
- Volume Rate (2-Tier Inclining Block) - Based on winter water usage of December, January and February	Retail Inside City Residential
Volume Rate (Uniform)	- Retail Inside City (Non-Residential and Major Industrial) - Retail Outside City (Residential, Non-Residential and Major Industrial)
- Volume Rate (Uniform) 2 tiered rates (85% of metered water usage and Above 85% of metered water usage)	Wholesale

4.0 Water Utility

The financial plan and rate design were developed to meet all the funding obligations of the water utility, and to achieve the financial adequacy and equitable cost recovery discussed in Section 2.3.

The water utility financial plan was developed for the six-year forecast period of 2021 through 2026, and includes the following key components:

- Revenue projections (user rate revenues and non-rate revenues);
- Capital improvement program financing;
- Annual revenue requirement projections; and
- Annual proposed revenue increases

4.1 Water Revenue Projections Under Existing Rates

The water utility revenues are derived from the following sources:

- Water Service Revenues (Base and Volume Charge)
- Other Revenues

As a first step in the development of the financial plan, Water Service Revenues under the 2022 existing rates are projected for the forecast period.

4.1.1 Water Revenue Under Existing Rates

As described in Section 3.3.1, the Water Service Revenue consists of two charge components. For each of the two components, revenues are projected based on billing units and applicable existing rate schedules. The billing units necessary to compute the Base Charge revenues are the *number of accounts* based on meter size and customer class. The billing units necessary to compute the Volume Charge are the *annual water usage* by customer class and by applicable blocks of usage.

4.1.1.1 Projection of Customer Accounts

Typically, historical billing units are reviewed and used to project billing units for the forecast period. The project team reviewed historical accounts and average usage trends for each customer class referenced in Section 3.3.1.

Based on the review of historical trends, two annual adjustment factors were applied to project billing units for the forecast period. The two adjustment factors applied at the customer class level are *accounts growth rate* and *usage factor*. The number of accounts is projected to grow in all customer classes except for Fire protection and wholesale where the number of accounts is anticipated to remain at the 2020 level.

The total number of water accounts (not including private fire connections) is anticipated to increase from about 48,620 in 2021 to about 52,850 in 2026, at an overall annual system growth rate of 1.7%. The number of private fire connections is anticipated to remain at 727 throughout the study period. Table W - 1 in Appendix 1 presents the projected annual number of water accounts and private fire connections for the period of 2021 through 2026.

Figure 4-1 presents both the historical and projected number of accounts for the water utility.

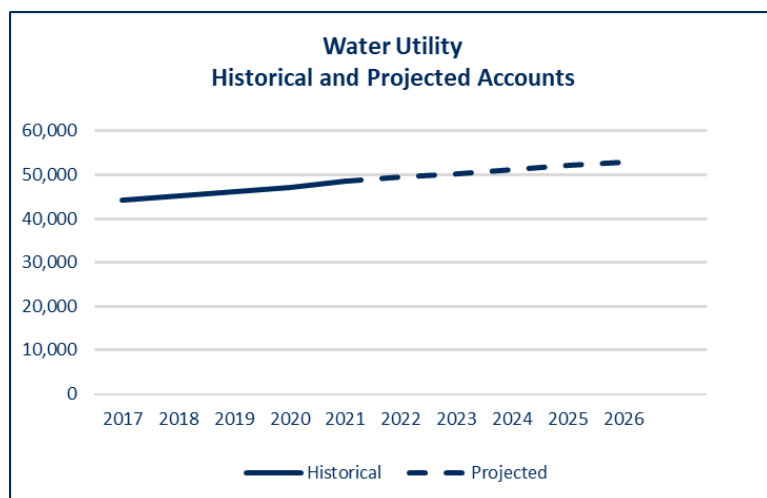


Figure 4-1 - Historical and Projected Water Accounts

4.1.1.2 Projection of Water Usage

Billed water volumes are projected based on estimates of the number of water accounts and the average billed usage per account. Average water use per account is determined based on historical usage. The historical usage per account for all customer classes varies each year between 2016 and 2020. In 2020, the COVID pandemic led to stay-at-home measures and shut down of non-essential businesses across the country. Consequently, the residential customers used more water in 2020, whereas the non-residential customers used less water as compared to previous years. The average use per account for 2021 was projected to remain at the 2020 levels assuming a lingering effect of the pandemic. The average usage per account for 2022 and beyond was projected to return to the 2019 level for all customer classes assuming a return to pre-pandemic levels.

Total system water usage is projected to increase from 3,873,500 kgals in 2021 to 4,109,400 kgals in 2026. Table W - 2 in Appendix 1 presents the projected annual volume for the period of 2021 through 2026.

Figure 4-2 presents both the historical and projected annual billed volume for the water utility.

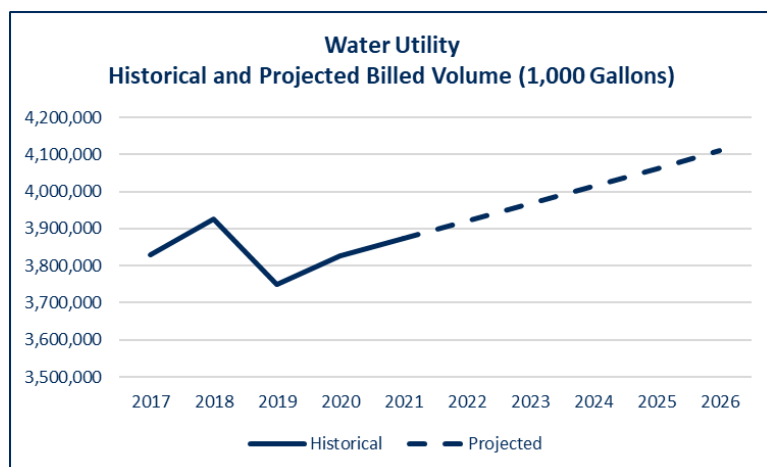
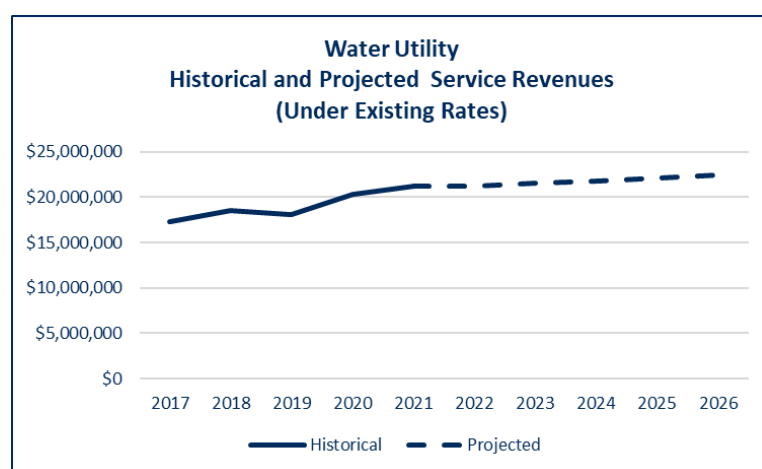


Figure 4-2 - Historical and Projected Water Billed Volume**4.1.2 Projection of Service Revenue Under Existing Rates**

Water service revenues for the period 2021 through 2026 are projected for each charge component (base and volume) based on the projections of accounts by meter size, projected water usage for each customer class, and the application of the 2021 rate schedule for 2021 revenues and 2022 rate schedule for 2022 through 2026 revenues. Water service revenue under existing rates is projected to increase slightly from \$21.2 million in 2021 to \$23.0 million in 2026. This growth is due to increase in water sales due to the growth in the number of accounts over the study period. Table W - 4 in Appendix 1 presents the projected annual service revenues for the period of 2021 through 2026.

Figure 4-3 presents both the historical and projected annual service revenues under existing rates for the water utility.

**Figure 4-3 - Historical and Projected Water Service Revenue****4.1.3 Other Water Revenues**

The other revenues include the following major components:

- Impact Fee Revenue;
- Water/Rural Water Connection Fees;
- Miscellaneous Fees (Water Sales Not on Computer, Trip Fees, Tampering-Billed Service)
- Penalties; and
- Safe Drinking Water Fee (pass-through)

The annual revenues from water impact fees, water connection fees and miscellaneous fees for 2021 to 2026 are projected based on historical three-year (2018 to 2020) average revenues for each of the fees. The penalties revenue in 2020 reflects only the first two and half months of revenues, as the City stopped assessing penalties for non-payment due to the pandemic. The revenue for penalties in 2021 is projected to be half of the historical three -year (2017 to 2019) average revenues due to continued waiver of the penalties as a result of the COVID pandemic during the first half for 2021. The revenue

from penalties in 2022 and beyond is projected as the historical three-year average (2017 to 2019) average revenues. Table W - 5 in Appendix 1 presents the historical and projected annual service revenues for the period of 2021 through 2026.

The Safe Drinking Water Fee (SDWF) is assessed for all water users in the state of Arkansas. The current rate is \$0.40 per bill per month and is collected by all water utilities in the state. The SDWF revenue is projected by applying the current rate to the number of meters for the period 2021 to 2026. The revenue collected as part of this fee is reimbursed to the state.

4.2 Water Capital Improvements Program

The capital project costs provided by the City were based on 2020 dollars. Based on discussions with the City, the project costs are inflated at an annual rate of 3.0% to accurately reflect the costs of projects for 2021 and beyond. The water utility Capital Improvement Plan (CIP) provides for a total of \$49.0 million of investments during the study period of 2021 through 2026. Table W - 6 in Appendix 1 presents the CIP list of projects and schedule for 2021 through 2026. The CIP is expected to be financed from a funding mix of cash financing from service revenue and impact fees.

4.3 Water Revenue Requirements

Projection of reliable revenue requirements includes: (1) operation and maintenance expenses; (2) bad debt; (3) Payment In Lieu of Taxes; (4) SDWF Reimbursement; (5) debt service (consisting of principal and interest payments); (6) transfer to shop fund; (7) transfer to operating reserve; (8) cash financed capital; and (9) transfer to capital reserve. The projections of annual revenue requirements for the study period is discussed in this section.

4.3.1 Water Operation and Maintenance Expenses

The O&M expenses for the water utility include the annual expenses associated with the water purchases from Beaver Water District; storage and distribution; meters and services; billing and collection, and general administrative services. These expenses include personnel costs (salaries and benefits), costs for materials and supplies, costs of utilities, and contracted services.

The 2021 O&M budget provided by the City was used as the baseline for projection of O&M expenses for the study period. In addition, costs associated with a water inspector (not included in the 2021 budget) recurring salary and benefits costs, recurring vehicle maintenance costs and one-time cost of the vehicle purchase was added per City's direction. Based on historical O&M costs, industry experience, and discussions with the City management, appropriate escalation factors were applied to various categories of costs to project future annual O&M expenses. Annual escalation factors used for major cost categories include the following:

- Salaries: 4.00%
- Benefits: 5.00%
- Energy: 3.00%
- Chemicals: 3.00%
- Purchased Water: 3.00%

The annual O&M expenses for water utility are budgeted at \$15.9 million in 2021 and are projected to grow to \$18.7 million by 2026. Table W - 7 in Appendix 1 presents a summary of total projected operation and maintenance expense for the period 2021 through 2026.

Figure 4-4 presents the historical and projected O&M expenses for the water utility.

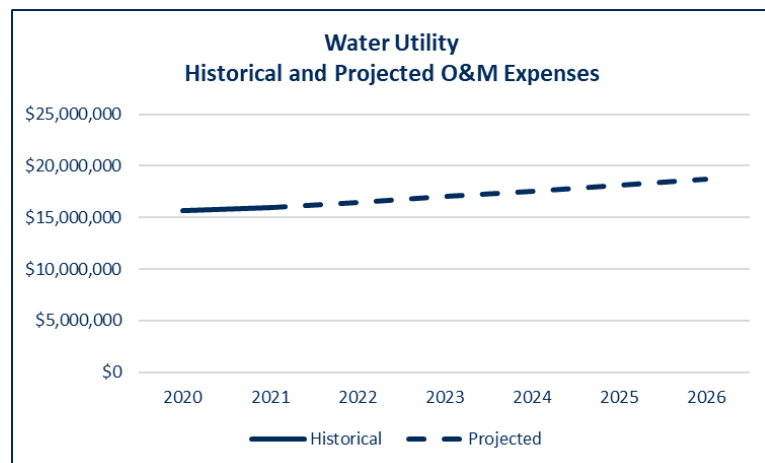


Figure 4-4 - Projected Annual Water O&M Expenses

4.3.2 Water Bad Debt

Bad debt expenses refer to outstanding balances owed that are deemed uncollectible. The water bad debt in 2019 was 0.5% of revenue. Hence, bad debt projections for the study period assume 0.5% of annual revenues. Annual bad debt expenses for water utility is projected to increase from \$105,900 in 2021 to \$125,300 by 2026 reflecting the increase in projected revenues. Line 12 in Table W - 9 in Appendix 1 presents the projected bad debt for the period 2021 through 2026.

4.3.3 Water Payment In Lieu of Taxes

The PILOT costs are paid by public utilities to municipal entity as a compensation for utilization of streets, easements, right of ways or other public places. The PILOT amount is determined per City Ordinance 4449 that requires that the water and wastewater funds to pay 4.25% of annual total gross sale revenues to the City. Annual PILOT amount for the water utility is calculated by multiplying actual water revenues from prior year (Water sales on Computer and Water sales not on Computer/ Bulk Water Sales, and Fire Hydrant and Protection). Annual PILOT amount for the water utility is anticipated to increase from \$900,400 in 2021 to \$1,064,900 in 2026. Line 13 in Table W - 9 in Appendix 1 presents the projected PILOT expenses for the period 2021 through 2026.

4.3.4 Safe Drinking Water Fee Reimbursement

The SDWF revenue collected for each metered customer is reimbursed to the state of Arkansas department of Public Health. The SDWF reimbursement is projected to increase from \$230,000 in 2021 to \$250,200 in 2026. Line 14 in Table W - 9 in Appendix 1 presents the projected SDWF reimbursement for the period 2021 through 2026.

4.3.5 Water Debt Service Requirements

The water utility does not have any outstanding debt service obligations. The City does not anticipate any debt issuances during the study period, therefore there is no projected debt service for future debt as shown in Line 15 in Table W - 9 in Appendix 1.

4.3.6 Transfer to Shop Fund

The transfer to the shop fund is made by the utility whenever a new vehicle (associated with new personnel) is purchased, thereby expanding the existing fleet. There are no projected transfers to the shop fund over the study period as shown in Line 17 in Table W - 9 in Appendix 1.

4.3.7 Transfer to Operating Reserve

The City maintains an operating reserve balance equivalent of ninety (90) days of following years' O&M budget. The transfer to operating reserve is projected to increase from \$133,000 in 2022 to \$151,800 in 2026 reflecting the growth in the O&M budget. Line 18 in Table W - 9 in Appendix 1 presents the projected transfers to the operating reserve for the period 2021 through 2026.

4.3.8 Water Cash Financed Capital

The City currently utilizes the following two sources of funding for the water utility capital projects (1): transfer from operating revenues and (2) transfer from the impact fee fund. As stated in Section 4.2, the water capital improvement program for the study period is \$52 million, of which \$50 million is projected to be funded from operating revenues and \$2 million is from the impact fee fund. A capital project meets the requirements of using impact fees if the existing water capacity is expanded due to growth. The construction contract and the budget amendment to change the source of funding to impact fee must be approved by the City Council. Table W - 8 in Appendix 1 presents the sources of funding for the water capital improvement program. Line 19 in Table W - 9 in Appendix 1 presents the projected transfers for cash financed capital for the period 2021 through 2026.

4.3.9 Transfer to Capital Reserve

The water utility, after meeting all the obligations stated in sections above, transfers the excess funds to the capital reserve fund. The capital reserve fund is used as a source for funding the capital program in the years that the revenues are not sufficient to meet the capital funding requirements. Line 20 in Table W - 9 in Appendix 1 presents the projected transfers to and from the capital reserve for the period 2021 through 2026.

4.4 Water Proposed Revenue Adjustments

The annual revenue adjustments that are needed to achieve the defined financial performance objectives are determined by evaluating the funding gap between the projected annual revenue requirements and the projected revenues under existing rates. Table W - 9 in Appendix 1, provides a summary of the revenue and revenue requirements (financial plan) for the study period.

Projected Revenue Under Existing Rates: Line 1 indicates that under existing rates (2022 rates) water utility revenues will increase from \$21.8 million in 2022 to \$23.0 million in 2026.

Projected Other Revenues: Line 8 indicates that the other revenues are anticipated to increase from \$641,500 in 2022 to \$662,300 in 2026. This increase is due to the growth in SDWF, which is a pass-through. It is anticipated that all other categories of other revenues will remain flat throughout the study period.

Projected Expenses: Line 15 indicates the total annual expenses for the water utility are anticipated to increase from \$17.7 million in 2022 to \$20.2 million in 2026.

Projected Transfers: Line 20 indicates the total annual transfers for the water utility are anticipated to increase from \$4.7 million in 2022 to \$5.6 million in 2026.

Funding Gap: The cash flow analysis indicates that the sum of revenues under existing rates and the other revenues is not adequate to fund the projected annual revenue requirements, thereby causing an operating deficit.

Proposed Revenue Adjustments: To address the funding gap in the water utility, a series of revenue adjustments are proposed as follows:

- 2024: 3% effective (January 1, 2024)
- 2025: 3% effective (January 1, 2025)
- 2026: 3% effective (January 1, 2026)

Lines 2 through 7 present the amount of additional revenues generated each year with the proposed magnitude and timing of revenue adjustments. Figure 4-5 presents the projected revenue and revenue requirements through 2026 for the wastewater utility.

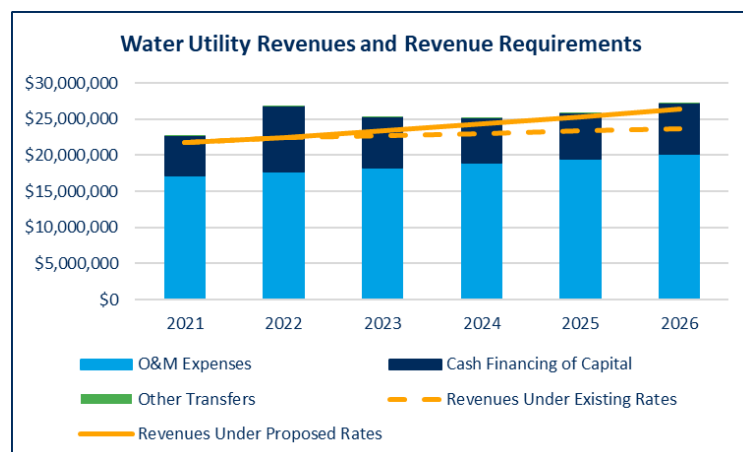


Figure 4-5 - Water Revenues and Revenue Requirements

Table W - 10 in Appendix 1 presents the water utility's operating reserve, capital reserve and impact fee fund balances. The City has identified the minimum balance requirements for each of the following funds:

- **O&M Reserve Balance:** A cash balance of at least 90 days of the follow's year operating expenses.
- **Operating Fund Balance:** A minimum target of \$100,000.

- **Capital Fund Balance:** A minimum target of \$500,000.
- **Capital Reserve Fund Balance:** An amount necessary to fully fund anticipated capital projects.

As shown in Table W - 10, the proposed annual revenue adjustments will allow the water utility to meeting the minimum fund balance requirements for all funds through 2026.

4.5 Water Cost of Service

A key step to developing an equitable rate structure involves the cost of service analysis. The financial plan discussed in sub sections 4.1 through 4.4 provides an estimate of the total annual revenue requirements for a given fiscal year. The cost of service analysis provides a mechanism to defensibly allocate the total annual revenue requirements to the various customer classes.

The cost of service is typically performed for a single year, referred to as the “Test Year” for which the rates are to be designed. The test year for which the cost of service study was performed is 2023.

The key components of the cost of service analysis are:

- Determination of Cost of Service (net revenue requirements);
- Determination of Functional Costs;
- Allocation of Functional Costs to Cost Components; and
- Distribution of Water Utility Costs to Customer Classes

4.5.1 Determination of Cost of Service

The first step is to determine the cost of service that is to be recovered from user rates and charges. As briefly discussed in Section 2.3, cost of service is defined as, and synonymous with, the “net revenue requirement” that is to be recovered for the test year through user rates and charges. Table W - 11 in Appendix 1 presents the derivation of the cost of service to be recovered through water charges. As Line 18 in Table W - 11 indicates, the water cost of service for 2023 is projected to be \$22.1 million. This cost of service consists of \$17.8 million of net O&M expense and \$4.3 million of net capital costs.

Costs of service is apportioned among customer classes in this study on a “Utility Basis”, that is, in terms of operating expense, depreciation expense, and return. For a municipal utility, the total of depreciation expense and return is equal to the capital cost related portion of the total cost of service.

Depreciation is the loss in value of the original plant investment, not restored by current maintenance, due to wear, decay, inadequacy, and obsolescence. Annual depreciation is determined as a percentage of original investment based on expected service lives of the various facilities. Unless funds are provided for normal annual replacement of original plant items, operating reliability of the system, as well as the value, will decrease. Depreciation funds are used to finance principal payments on bond issues and provide normal annual capital expenditures.

The depreciation expense associated with the water utility is estimated in this study recognizing depreciation rates presently in use by the water utility. This results in a projected test year depreciation expense of \$2.8 million exclusive of depreciation on contributed plant, which is not recognized for cost

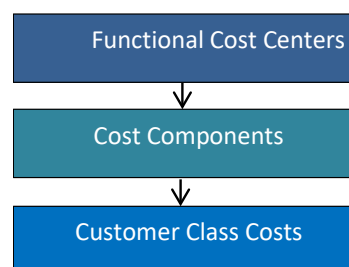
allocation or rate design purposes. The contributed plant adjustment is consistent with generally accepted regulatory practices.

Total return on the system investment provides funds for bond interest payments and any other costs that may be incurred. In developing the level of return on net plant serving the requirements of outside City customers, provisions for a reasonable margin should be made to meet interest on borrowed funds, and to recognize the business risk assumed by the City in providing reliable facilities to serve nonresident customers. Total return for the test year is projected to be \$1,476,030 as shown on Line 17 of Table W - 11 in Appendix 1.

4.5.2 Determination of Functional Costs

As a basis for developing an equitable rate structure, the test year cost of service should be allocated to the various customer classes according to respective service requirements.

The basic underlying principle in developing cost of service rates is the determination of what elements in a water system are responsible for causing the level of revenue requirements that is needed. To allocate the costs to customer classes, first the operating and capital costs of service are aggregated into “Functional Cost Centers.” The functional costs are then further allocated to cost components. Each component cost is then apportioned to customer classes



Functional Cost Centers

Functional cost centers of a water utility represent the activities that contribute to the incurrence of O&M and capital costs. For a water utility, they often include source of *water supply, pumping, treatment, storage, distribution, meters, billing, and other administration* costs. Both the O&M and capital costs defined for the Test Year, discussed in 4.5.1, need to be allocated to functional cost centers.

Functional Costs

The **capital costs** associated with the functional cost centers are determined using detailed fixed assets data, provided by the City, for each class of asset that is currently in service, construction work in progress and projected capital improvement program for the test year. The total value of the fixed assets (referred to as “Net Plant Investment”) in the system is usually presented as Original Cost Less Depreciation (“OCLD”). The total estimated OCLD of the water system is \$104 , as presented in Line 9 in Table W - 12 in Appendix 1. This plant investment data is subsequently used as a basis for the allocation to cost components, discussed in the following subsection 4.5.3.2.

The **O&M costs** for the Test Year are allocated to the various functional cost centers based on the specific nature of costs. The allocation of the projected O&M cost of service (net operating revenue requirement) of \$17.8 million, to the various functional cost centers, is presented in Table W - 14 in Appendix 1.

The various cost elements of water service are assigned to functional cost components as the first step in the subsequent distribution of the costs of service to customer classes.

4.5.3 Allocation of Costs to the Functional Cost Components

The principal functional cost components consist of *Base Costs*, *Extra-Capacity Costs*, and *Customer Costs*.

Base costs are those which vary directly with the quantity of water used, as well as those costs associated with serving customers under average load conditions without the elements necessary to meet water use variations or peak demands. Base costs include purchased power and treatment chemicals, and other operating and capital costs of the water system associated with serving customers to the extent required for a constant, or average annual rate of use.

Extra-Capacity costs represent those operating costs incurred due to demands in excess of average, and capital related costs for additional plant and system capacity beyond that required for the average rate of use. Total extra capacity costs are subdivided into costs associated with maximum day and maximum hour demand.

Customer Costs are defined as costs which tend to vary in proportion to the number of customers connected to the system. These include meter reading, billing, collection and accounting costs, and maintenance and capital charges associated with meters and services.

The delineation of costs of service into these principal categories provides the means of further allocating such costs to the various customer classes based on the respective base, extra capacity, and customer service requirements of each customer class.

Wholesale customers generally do not use smaller water distribution mains as do retail users. Therefore, separate functional cost of service categories are designated for costs which are common to all customer classes and those which are common to retail service classes only.

4.5.3.1 Water Utility Allocation to Cost Components

The water utility is comprised of a variety of service facilities, each designed and operated to fulfill a given function. In order to provide adequate service to its customers at all times, the utility must be capable of not only providing the total amount of water used, but also supplying water at maximum rates of demand.

Since all customers do not exert their maximum demand for water at the same time, capacities of water facilities are designed to meet the peak coincidental demands that all classes of customers, as a whole, place on the system. For every water service facility on the system, there is an underlying average demand, or uniform rate of usage exerted by the customers for which the base cost component applies. For those facilities designed solely to meet average day demand, costs are allocated 100% to the base cost component. Extra capacity requirements associated with coincidental demands in excess of average use are further related to maximum daily and maximum hourly demands.

Analysis of historical system maximum day and maximum hour demands to average day demands results in appropriate ratios for the allocation of capital costs and operating expenses to base and extra capacity cost components. A maximum day to average day ratio of 2.10 is used based on experienced demands in the water system. This indicates that approximately 47.6% of the capacity of facilities designed and operated to meet maximum day demand is required for average or base use. According, the remaining 52.4% is required for maximum day extra capacity requirements.

The costs associated with facilities required to meet maximum hour demand are allocable to base, maximum day extra capacity, and maximum hour extra capacity. A ratio of maximum hour to annual average day water use of 2.73 is used, based on demands experienced by the system. This ratio indicates that 36.6% of the capacity of facilities designed and operated for maximum hour demand is needed for average or base use, while 40.3% is utilized for maximum day extra capacity uses, and the remaining 23.1% is required to meet maximum hour extra capacity demand in excess of maximum day needs.

4.5.3.2 Allocation of Net Water Plant Investment

The estimated test year net plant investment in water facilities consists of net plant in service as of December 31, 2019, the 2020 construction work in progress, and the estimated cost of proposed capital improvements expected to be in service by the end of calendar year 2022. As the wholesale customers have their own storage tanks, the plant investment associated with tanks was allocated to the retail customers only. The total estimated OCLD of the water system is \$104 million, as presented in Line 9 in Table W - 12 in Appendix 1.

Plant investment is allocated to cost components on a design basis recognizing the principal function governing the design of the facility. The allocation of net plant investment provides the basis for allocation of depreciation expense.

4.5.3.3 Allocation of Water Facilities Depreciation Expense

Depreciation is a real part of the cost of operating a utility. In utility accounting, it is generally accepted practice to use depreciation funds to finance system replacements, improvements, and extensions. While such action does not restore the value lost in each property unit every year, the total value lost through depreciation is restored to the system as a whole. Depreciation funds can be reinvested in the system either by direct payment of routine capital additions and replacements or by principal payments on bonded debt.

The total estimated depreciation cost (excluding depreciation on contributed facilities) for the water system is \$2.8 million, as presented on Line 9 in Table W - 13 in Appendix 1. As the wholesale customer have their own storage tanks, the depreciation costs associated with tanks was allocated to the retail customers only.

4.5.3.4 Allocation of Water Utility Operating Expenses

Table W - 14 in Appendix 1 presents the allocation of O&M expense to functional cost components. Total test year O&M expense, as shown on Line 7 of this table, amounts to \$18.2 million. Operating expenses are allocated to functional cost components in generally the same manner as plant investment.

4.5.4 Distribution of Water Utility Costs to Customer Classes

As a basis for determining the cost of water service to each customer class, the elements of cost of service previously allocated to functional cost components are distributed among the classes in proportion to their respective service requirements. Estimates of these requirements, or units of service, reflect the average number of accounts with recognition to relative meter sizes serving each account, annual water sales, and estimated peak water demands placed on the system by each customer class. Analysis of resulting costs of service to each class and comparison of allocated costs with revenues under existing rates provide a basis for future water rate adjustments.

4.5.4.1 Water Customer Classification

Customer classes consist of residential, non-residential, industrial, irrigation, wholesale, and public and private fire protection. The residential class includes single family residential, duplex, fourplex, apartment, multi-unit residential, and rooming house customers. The non-residential class includes commercial, combination, construction, government, and non-profit classes. Industrial includes major and minor industrial. Outside City includes Farmington, Greenland, Washington/Growth Area, Johnson, and Goshen/ White River. Wholesale includes the communities of Elkins, West Fork, Mt. Olive, and RDA/WWA. These classes group together customers with similar service requirement characteristics and provide a means for allocating costs to customers.

4.5.4.2 Water Units of Service

The cost of service responsibility for base costs varies with the annual volume of water usage and is distributed to customer classes on that basis. Extra capacity costs are those costs associated with meeting peak rates of water use and are distributed to customer classes on the basis of their respective system capacity requirements in excess of average requirement rates. Customer costs, which consist of meter related costs, billing, collection and accounting costs, are allocated on the basis of the number of equivalent meters and monthly bills.

The estimated units of service for the various customer classifications are presented in Table W - 15 in Appendix 1. Estimates of test year annual water volumes, shown in Column 1, are based on the projections of total water sales for the test year 2023. Average daily water use is presented in Column 2. Columns 3 through 8 present the estimated maximum day and maximum hour capacity factors for each customer class, the resulting demands, and extra capacity requirements, respectively.

Customer related meter and service costs are allocated on the basis of the number of equivalent 3/4 inch meters serving each customer class. The number of equivalent meters in each customer class (Column 10) is estimated by relating typical costs for meters and services larger than 5/8 inch in size to the typical cost of a 3/4 inch meter and its related service line. Customer billing and accounting costs are distributed to classes on the basis of the number of bills for each customer class in Column 11.

Extra capacity requirements for fire protection service recognize, in part, peak fire flow requirements, and system capabilities established by the Insurance Service Office. One fire is estimated with peak fire flow requirements of 9,000 gallons per minute for 10 hours (maximum day) and 24 hours (maximum hour). Direct fire protection costs have been allocated between inside City and outside City customers in proportion to the number of equivalent 6-inch fire hydrants, as shown in Columns 12 and 13.

4.5.4.3 Water Utility Customer Class Costs of Service

Unit costs of service are developed by dividing the total cost allocated to each functional cost component by the total applicable units of service. The customer class responsibility for service is obtained by applying unit costs of service to the number of units for which the customer class is responsible.

The water utility has been built with provision for service to customers outside the City, yet the inside City customers must bear the responsibility for providing system facilities by undertaking the necessary investment. Revenues derived from outside City service should provide a margin of return on capital adequate to induce the citizens of Fayetteville to bear the risks of providing outside City service. To recognize the proprietary interest and responsibility of inside City customers in the system, it is proper to charge outside City customers, in addition to their share of operating expense and depreciation, a

reasonable return on their allocated portion of value. A 7.0% (4.0% for future debt service plus 3.0% risk component) annual rate of return on the value of water facilities serving outside City customers is recognized for purposes of this study.

Table W - 16 in Appendix 1 shows the development of the unit costs of service applicable to each cost function. Lines 1 through 3 summarize the units of service developed in Table W - 15. Total allocated costs or investment shown on Lines 4, 6, and 8 were previously developed in Table W - 12, Table W - 13 and Table W - 14 respectively. Unit costs of service for each component are determined by dividing the allocated cost or investment by the total units of service.

Total allocated unit costs of service for inside and outside City customers (Lines 15 and 16) are determined by adding the unit costs for net operating expense (Line 5) and depreciation expense (Line 7) to the respective inside and outside City unit costs for return on investment (Lines 10 and 11). These unit costs applied to the respective units of service shown on Lines 1 and 2 determine the allocated total costs of service for inside and outside City customers shown on Lines 17 and 18. In order to determine the allocated costs for each customer class, the costs are allocated to the various customer classes by applying the appropriate unit cost of service to the respective service requirements of each customer class.

Table W - 17 in Appendix 1 shows the resulting allocated and adjusted cost of service by customer class, revenue under existing rates, and the additional revenue required from each class. Costs associated with public fire protection are not recovered through direct charges, therefore, the cost of service for this class is reallocated to all other retail customers in proportion to their allocated cost of service as shown in Column 3. The test year adjusted cost of service, reflecting the reallocation of these costs, is shown in Column 4. The indicated increase or decrease in revenue required to meet adjusted cost of service is shown in Column 6.

5.0 Water Rate Design

The principal consideration in establishing water rate schedules is to establish rates to customers to recover costs that reasonably commensurate with the cost of providing water service. Theoretically, the only method of assessing entirely equitable rates for water service would be the determination of each customer's bill based upon each customer's particular service requirements. Since this is impractical, schedules of rates are normally designed to meet average conditions for groups of customers having similar service requirements. Rates should provide for equitable cost recovery, ease of customer understanding and be simple to administer.

The revenue requirements and cost of service allocations described in the preceding sections provide the basis for adjusting water rates. The revenue requirements reflect the need for adjustment and the level of revenue required. The cost of service analysis provides the unit costs of service used in the rate design process and gives a basis for determining whether resultant rates will develop revenues which recover costs of service from customer classes in proportion to service required and provide the total level of revenue required.

5.1 Existing Water Rates

The existing schedule of rates for water service became effective on January 1, 2022. For both retail and wholesale customers, these rates include a monthly base charge bill, which varies by meter size. The volume charge varies by customer class. The existing water rate structure is described in Section 3.3.1. The existing schedule of base and volumetric water rates is shown in Table W - 3.

5.2 Proposed Water Rates

The cost of service analysis described in the preceding sections of this report provides a basis for the design of a schedule of water rates to meet those costs. Proposed water base charge and volume rates have been designed to meet the test year allocated costs of service and are presented in Table W - 18. The proposed rate structure eliminates the minimum volume charge associated with 1,000 gallons. Additionally, volumetric rate structure for non-residential and irrigation customers classes both inside and outside city were changed from declining block rates to uniform block rates Figure 5 - 1 below presents the proposed water rate structure.

Figure 5 - 1 Proposed Water Rate Structure

Rate Component	Applicable Customer Classes
Base Charge by Meter Size	- Retail Inside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); - Retail Outside City (Residential, Non-Residential, Major Industrial, Irrigation, Fire Protection); - Wholesale
Volume Rate (3-Tier Inclining Block)	- Retail Inside City Residential; and - Retail Outside City Residential
Volume Rate (Uniform)	Retail Inside City Non-Residential, Major Industrial, Irrigation; and

Rate Component	Applicable Customer Classes
	Retail Outside City Non-Residential, Irrigation
Volume Rate (Uniform)	Wholesale
Safe Drinking Water Fee (per month)	All customer classes

In developing proposed schedules of water rates, it must be recognized that the cost of service studies are the result of engineering estimates, based to some extent upon judgment and experience, and detailed results should not be used as literal and exact answers but as guides for potential rate adjustments. Practical considerations such as previous rate levels, bill impact on customers, and magnitude of cost of service shifts among customer classes, and past local practices are commonly recognized in making rate adjustments.

A comparison of estimated test year revenue under the proposed rates with allocated costs of service for each of the customer classes is presented in Table W - 19 in Appendix 1. This comparison indicates the proposed rates will recover revenues from inside and outside City customer groups reasonably commensurate with the cost of service and practical considerations previously noted.

To better reflect the total effect the proposed rates have on customer bills, a comparison of typical inside city and outside city customer water charges under existing rates and the rates proposed to become effective January 1, 2023, is presented in Table W - 20.

6.0 Wastewater Utility

The financial plan and rate design were developed to meet all the funding obligations of the wastewater utility, and to achieve the financial adequacy and equitable cost recovery discussed in Section 2.3.

The wastewater utility financial plan was developed for the forecast period of 2021 through 2026, and includes the following key components:

- Revenue projections (user rate revenues and non-rate revenues);
- Capital improvement program;
- Annual revenue requirement projections; and
- Annual proposed revenue increases

6.1 Wastewater Revenue Projections Under Existing Rates

The wastewater utility revenues are derived from the following sources:

- Wastewater Service Revenues (Base and Volume Charge)
- Other Revenues

As a first step in the development of the financial plan, Wastewater Service Revenues under the 2021 existing rates are projected for the forecast period.

6.1.1 Wastewater Revenue Under Existing Rates

As described in Section 3.3.2, the Wastewater Service Revenue consists of two charge components. For each of the two components, revenues are projected based on billing units and applicable existing rate schedules. The billing units necessary to compute the Base Charge revenues are the *number of accounts* based on meter size and customer class. The billing units necessary to compute the Volume Charge are the *annual wastewater billed volumes* by customer class and by applicable blocks of billable wastewater volume.

6.1.1.1 Projection of Customer Accounts

Typically, historical billing units are reviewed and used to project billing units for the forecast period. The project team reviewed historical accounts and billed volume trends for each customer class referenced in Section 3.3.1.

Based on the review of historical trends, two annual adjustment factors were applied to project billing units for the forecast period. The two adjustment factors applied at the customer class level are *accounts growth rate* and *volume factor*. The number of accounts is projected to grow for residential customer classes Fayetteville (Inside City) and Farmington (Outside City), whereas all other customer classes are anticipated to remain at the 2020 level.

The total number of wastewater accounts is anticipated to increase from about 40,100 in 2021 to about 43,300 in 2026, at an overall annual system growth rate of 1.6%. Table S - 1 in Appendix 2 presents the projected annual number of accounts for the period of 2021 through 2026.

Figure 6-1 presents both the historical and projected number of accounts for the wastewater utility.

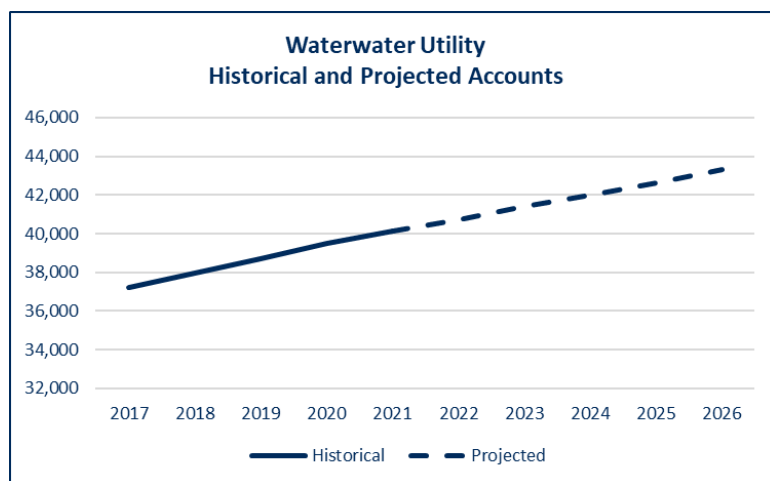


Figure 6-1 - Historical and Projected Wastewater Accounts

6.1.1.2 Projection of Wastewater Volume

Billed wastewater volumes are projected based on estimates of the number of wastewater accounts and the average billed volume per account. Average billed volume per account is determined based on historical billed volume. The historical billed volume per account for all customer classes varies each year between 2016 and 2020. In 2020, the COVID pandemic led to stay-at-home measures and shut down of non-essential businesses across the country. Consequently, the residential customers used more water in 2020, whereas the non-residential customers used less water as compared to previous years. The average billed volume per account for 2021 was projected to remain at the 2020 levels assuming a lingering effect of the pandemic. The average billed volume per account for 2022 and beyond was projected to return to the 2019 level for all customer classes assuming a return to pre-pandemic levels.

Total system wastewater billed volume is projected to increase from 3,043,100 kgals in 2021 to 3,205,800 kgals in 2026. Table S - 2 in Appendix 2 presents the historical and projected annual volume for the period of 2020 through 2026.

Figure 6-2 presents both the historical and projected annual billed volume for the wastewater utility.

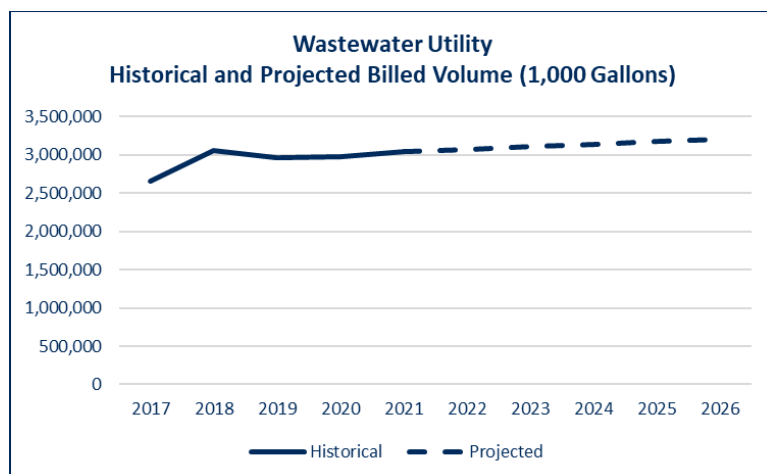


Figure 6-2 - Historical and Projected Wastewater Billed Volume

6.1.2 Projection of Service Revenue Under Existing Rates

Wastewater service revenues for the period 2021 through 2026 are projected for each charge component (base and volume) based on the projections of accounts by meter size, projected billed volume for each customer class, and the application of the 2021 rate schedule for 2021 revenues and 2022 rate schedule for 2022 through 2026. Wastewater service revenue under existing rates is projected to increase slightly from \$24.5 million in 2021 to \$26.7 million in 2026. This growth is due to increase in wastewater sales due to the growth in the number of accounts over the study period. Table S - 4 in Appendix 2 presents the historical and projected annual service revenues for the period of 2021 through 2026.

Figure 6-3 presents both the historical and projected annual service requirements under existing rates for the wastewater utility.

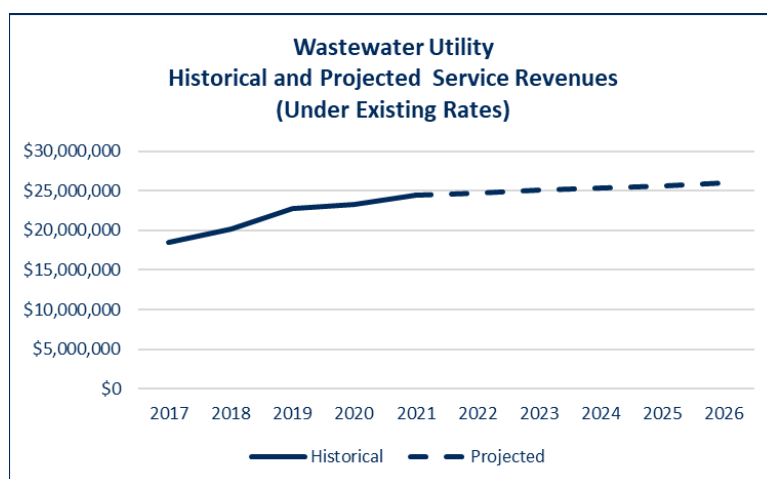


Figure 6-3 - Historical and Projected Wastewater Service Revenue

6.1.3 Other Wastewater Revenue

The other revenues include the following major components:

- Impact Fee Revenue;
- Wastewater Connection Fees;
- Wastewater Sales Not on Computer
- Penalties; and
- WWTP Fees (Hay Sales, Biosolids/ Fertilizer Sales & Water Treatment Residual)

The annual revenues from wastewater impact fees, wastewater connection fees, wastewater sales not on computer, and WWTP Fees for 2021 to 2026 are projected based on historical three-year (2018 to 2020) average revenues for each of the fees. The penalties revenue in 2020 reflects only the first two and half months of revenues, as the City stopped assessing penalties for non-payment due to the pandemic. The revenue for penalties in 2021 is projected to be half of the historical three-year (2017 to 2019) average revenues due to continued waiver of the penalties as a result of the COVID pandemic during the first half for 2021. The revenue from penalties in 2022 and beyond is projected as the historical three-year average (2017 to 2019) average revenues. Table S - 5 in Appendix 2 presents the historical and projected annual other revenues for the period of 2020 through 2026.

6.2 Wastewater Capital Improvements Program

The capital project costs provided by the City were based on 2020 dollars. Based on discussions with the City, the project costs are inflated at an annual rate of 3.0% to accurately reflect the costs of projects for 2021 and beyond. The City's wastewater utility Capital Improvement Plan (CIP) provides for a total of \$69.3 million of investments during the study period of 2021 through 2026. Major wastewater projects include sanitary wastewater rehabilitation totaling \$15.7 million and Biosolids Dryer Replacement totaling \$31.1 million. Table S - 6 in Appendix 2 presents the CIP list of projects for 2021 through 2026. The CIP is expected to be financed from a funding mix of cash financing from service revenue and impact fees.

6.3 Wastewater Utility Revenue Requirements

Projection of reliable revenue requirements includes: (1) O&M expenses; (2) bad debt; (3) Payment In Lieu of Taxes; (4) debt service (consisting of principal and interest payments); (5) transfer to shop fund; (6) transfer to operating reserve; (7) cash financed capital; and (8) transfer to capital reserve. The projections of annual revenue requirements for the study period is discussed in this section.

6.3.1 Wastewater Operation and Maintenance Expenses

The O&M expenses for the wastewater utility include the annual expenses associated with the wastewater conveyance, pumping, treatment and disposal; meters and services; billing and collection, and general administrative services. These expenses include personnel costs (salaries and benefits), costs for materials and supplies, costs of utilities, and contracted services.

The 2021 O&M budget provided by the City was used as the baseline for projection of O&M expenses for the study period. In addition, costs associated with a wastewater inspector (not included in the 2021 budget) recurring salary and benefits costs, recurring vehicle maintenance costs and one-time cost of the vehicle purchase was added per City's direction. Based on historical O&M costs, industry experience, and discussions with the City management, appropriate escalation factors were applied to various

categories of costs to project future annual O&M expenses. Annual escalation factors used for major cost categories include the following:

- Salaries: 4.00%
- Benefits: 5.00%
- Energy: 3.00%
- Chemicals: 3.00%
- Wastewater Treatment Plant Contract: 3.00%

The annual O&M expenses for wastewater utility are budgeted at \$15.7 million in 2021 and are projected to grow to \$18.4 million by 2026. Table S - 7 in Appendix 2 presents a summary of projected operation and maintenance expense for the period 2021 through 2026.

Figure 6-4 presents the historical and projected O&M expenses for the wastewater utility.

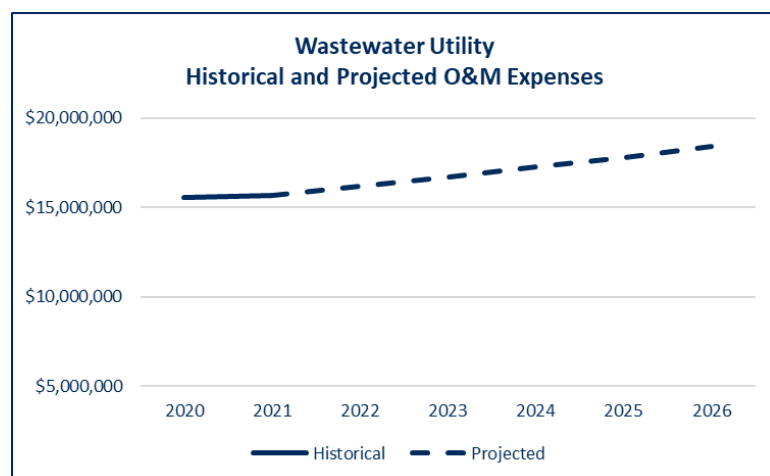


Figure 6-4 - Projected Annual Wastewater O&M Expense

6.3.2 Wastewater Bad Debt

Bad debt expenses refer to outstanding balances owed that are deemed uncollectible. The wastewater bad debt in 2019 was 0.5% of revenue. Hence, the bad debt projections for the study period assume 0.5% of annual revenues. Annual bad debt expenses for wastewater utility is projected to increase from \$122,300 in 2021 to \$145,500 by 2026 reflecting the increase in projected revenues. Line 16 in Table S - 9 in Appendix 2 presents bad debt expense for the period 2021 through 2026.

6.3.3 Wastewater Payment In Lieu of Taxes

The PILOT costs are paid by public utilities to municipal entity as a compensation for utilization of streets, easements, right of ways or other public places. The PILOT amount is determined per City Ordinance 4449 that requires that the water and wastewater funds to pay 4.25% of annual total gross sale revenues to the City. Annual PILOT amount for the wastewater utility is calculated by multiplying actual wastewater revenues from prior year (Wastewater sales on Computer and Wastewater sales not

on Computer/ Dump Fees) and is projected to increase from \$1,039,600 in 2021 to \$1,236,900 in 2026. Line 17 in Appendix 2 presents PILOT expense for the period 2021 through 2026.

6.3.4 Wastewater Debt Service Requirements

The wastewater utility does not have any outstanding debt service obligations. The City does not anticipate any debt issuances during the study period, therefore no projected debt service for future debt as shown in Line 18 in Table S - 9 in Appendix 2.

6.3.5 Transfer to Shop Fund

The transfer to the shop fund is made by the utility whenever a new vehicle (associated with new personnel) is purchased, thereby expanding the existing fleet. There are no projected transfers to the shop fund over the study period as shown in Line 20 in Table S - 9 in Appendix 2

6.3.6 Transfer to Operating Reserve

The City maintains an operating reserve balance equivalent of ninety (90) days of following years' O&M budget. The transfer to operating reserve is projected to increase from \$12,7100 in 2022 to \$145,500 in 2026 reflecting the growth in the O&M budget. Line 21 in Table S - 9 in Appendix 2 presents transfer to the operating reserve for the period 2021 through 2026.

6.3.7 Wastewater Cash Financed Capital

The City currently utilizes the following two sources of funding for the wastewater utility capital projects (1): transfer from operating revenues and (2) transfer from the impact fee fund. As stated in Section 6.2, the wastewater capital improvement program for the study period is \$69 million, of which \$67 million is projected to be funded from operating revenues and \$2 million is from the impact fee fund. A capital project meets the requirements of using impact fees if the existing wastewater capacity is expanded due to growth. The construction contract and the budget amendment to change the source of funding to impact fee must be approved by the City Council. Table S - 8 in Appendix 2 presents the sources of funding for the wastewater capital improvement program. Line 22 in Table S - 9 in Appendix 2 presents transfer for cash financing of capital program for the period 2021 through 2026.

6.3.8 Transfer to Capital Reserve

The wastewater utility, after meeting all the obligations stated in sections above, transfers the excess funds to the capital reserve fund. The capital reserve fund is used as a source for funding the capital program in the years that the revenues are not sufficient to meet the capital funding requirements. Line 23 in Table S - 9 in Appendix 2 presents transfer to and from the capital reserve for the period 2021 through 2026.

6.4 Wastewater Proposed Revenue Adjustments

The annual revenue adjustments that are needed to achieve the defined financial performance objectives are determined by evaluating the funding gap between the projected annual revenue requirements and the projected revenues under existing rates. Table S - 9 in Appendix 2 provides a summary of the revenue and revenue requirements (financial plan) for the study period.

Projected Revenue Under Existing Rates: Line 1 indicates that under existing rates (2022 rates) wastewater utility revenues will increase from \$25.4 million in 2022 to \$26.7 million in 2026.

Projected Other Revenues: Line 8 indicates that the other revenues and interest income are anticipated to increase from \$720,500 in 2022 to \$727,000 in 2026. It is anticipated that all categories of other revenues will remain flat throughout the study period. The slight growth is due to the increase in interest income on the operating reserve.

Projected Expenses: Line 14 indicates the total annual expenses for the wastewater utility are anticipated to increase from \$17.4 million in 2022 to \$19.8 million in 2026.

Projected Transfers: Line 19 indicates the total annual transfers for the wastewater utility are anticipated to increase from \$8.8 million in 2022 to \$10.1 million in 2026.

Funding Gap: The cash flow analysis indicates that the sum of revenues under existing rates and the other revenues is not adequate to fund the projected annual revenue requirements, thereby causing an operating deficit.

Proposed Revenue Adjustments: To address the funding gap in the wastewater utility, a series of revenue adjustments are proposed as follows:

- 2024: 3% effective (January 1, 2024)
- 2025: 3% effective (January 1, 2025)
- 2026: 3% effective (January 1, 2026)

Lines 2 through 7 in Table S - 9 present the amount of additional revenues generated each year with the proposed magnitude and timing of revenue adjustments. Figure 6-5 presents the projected revenue and revenue requirements through 2026 for the wastewater utility.

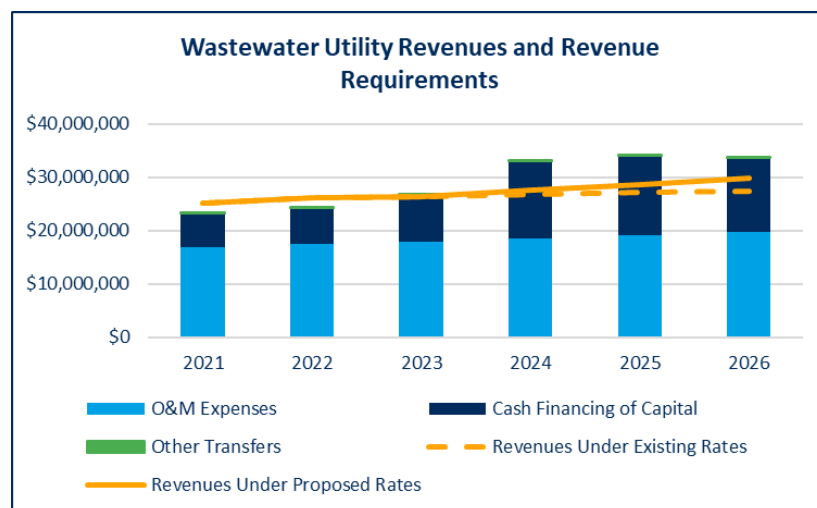


Figure 6-5 - Wastewater Revenues and Revenue Requirements

Table S - 10 in Appendix 2 presents the wastewater utility's operating reserve, capital reserve and impact fee fund balances. The City has identified the minimum balance requirements for each of the following funds:

- **O&M Reserve Balance:** A cash balance of at least 90 days of the follow's year operating expenses.
- **Operating Fund Balance:** A minimum target of \$100,000.
- **Capital Fund Balance:** A minimum target of \$500,000.
- **Capital Reserve Fund Balance:** An amount necessary to fully fund anticipate capital projects.

As shown in Table S - 9, the proposed annual revenue adjustments will allow the water utility to meet the minimum fund balance requirements for all funds through 2026.

6.5 Wastewater Cost of Service

A key step to developing an equitable rate structure involves the cost of service analysis. The financial plan discussed in sub sections 6.1 through 6.4 provides an estimate of the total annual revenue requirements for a given fiscal year. The test year for which the cost of service study was performed is 2023.

The key components of the cost of service analysis are:

- Determination of Cost of Service (net revenue requirements);
- Determination of Functional Costs;
- Allocation of Functional Costs to Cost Components; and
- Distribution of Wastewater Utility Costs to Customer Classes

6.5.1 Determination of Cost of Service

The first step is to determine the cost of service that is to be recovered from user rates and charges. As briefly discussed in Section 2.3, cost of service is defined as, and synonymous with, the "net revenue requirement" that is to be recovered for the test year through user rates and charges. Table S - 11 in Appendix 2 presents the derivation of the cost of service to be recovered through the wastewater charges. As Line 18 in Table S - 11 indicated, wastewater cost of service for 2023 is projected to be \$25.7 million. This cost of service consists of \$17.3 million of net operation and maintenance expense and \$8.4 million of net capital costs.

As performed for the water utility, costs of services are apportioned among customer classes in this study on a Utility Basis.

The depreciation expense and return on system investments that were already explained in Section 4.5.1 are applicable to the wastewater utility cost of service analysis as well. The depreciation expense associated with the wastewater utility is estimated in this study recognizing depreciation rates presently in use by the wastewater utility. This results in a projected test year depreciation expense of \$8.3 million

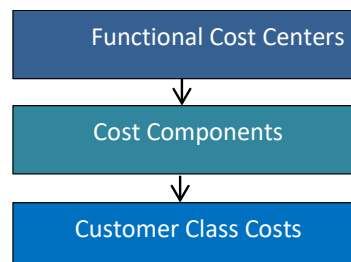
exclusive of depreciation on contributed plant, which is not recognized for cost allocation or rate design purposes. The contributed plant adjustment is consistent with generally accepted regulatory practices.

Total return for the test year is projected to be \$132,600 as shown on Line 17 of Table S - 11.

6.5.2 Determination of Functional Costs

As a basis for developing an equitable rate structure, the test year cost of service should be allocated to the various customer classes according to respective service requirements.

The basic underlying principle in developing cost of service rates is the determination of what elements in a wastewater system are responsible for causing the level of revenue requirements that is needed. To allocate the costs to customer classes, first the operating and capital costs of service are aggregated into “Functional Cost Centers.” The functional costs are then further allocated to cost components. Each component cost is then apportioned to customer classes.



Functional Cost Centers

Functional cost centers of a wastewater utility represent the activities that contribute to the incurrence of O&M and capital costs. For a wastewater utility, they often include source of *collection, pumping, conveyance, treatment, disposal, meters, billing, and other administration* costs. Both the O&M and capital costs defined for the Test Year, discussed in 6.5.1, need to be allocated to functional cost centers.

Functional Costs

The **capital costs** associated with the functional cost centers are determined using detailed fixed assets data, provided by the City, for each class of asset that is currently in service, construction work in progress and projected capital improvement program for the test year. The total value of the fixed assets (referred to as “Net Plant Investment”) in the system is usually presented as Original Cost Less Depreciation (“OCLD”). The total estimated OCLD value of the wastewater system is \$200.0 million, as presented in Line 26 in Table S - 12 in Appendix 2. This plant investment is subsequently used as a basis for the allocation to cost components, discussed in the following subsection 6.5.3.2.

The **O&M costs** for the Test Year are allocated to the various functional cost centers based on specific nature of costs. The allocation of the projected O&M cost of service (net operating revenue requirement) of \$17.3 million, to the various functional cost centers is presented in Table S - 14 in Appendix 2.

The various cost elements of wastewater service are assigned to functional cost components as the first step in the subsequent distribution of the costs of service to customer classes.

6.5.3 Allocation of Costs to the Functional Cost Components

The principal functional cost components consist of volume related costs, strength related costs, and customer related costs.

Volume costs are those which vary directly with the quantity of wastewater contributed. They consist of capital costs related to investment in system facilities which are sized on the basis of, or required

because of, wastewater volume. This also includes operation and maintenance expense related to those facilities, and the expense of volume related treatment chemicals and purchased power.

Wastewater strength costs consist of the operation and maintenance expense and capital costs related to system facilities which are designed principally to treat the wastewater pollutant loadings of pollutants such as BOD, TSS, and other pollutants. BOD costs reflect costs associated with the treatment of influent BOD and include costs related to activated sludge aeration and disposal of BOD related sludge. Suspended solids strength costs are those costs of wastewater treatment which tend to vary according to the quantity of suspended solids in the raw wastewater.

Customer costs are those which tend to vary in proportion to the number of customer bills or customers served. These include the wastewater utility share of customer related meter reading, billing, collection, and account expense.

The delineation of costs of service into functional components provides a means of distributing such costs to the various customer classes based on the respective total wastewater volume, strength, and customer cost requirements of each.

Wholesale customers generally do not use lateral wastewater lines as do retail users. Therefore, separate functional cost of service categories are designated for costs which are common to all customer classes and those which are common to retail service classes only.

6.5.3.1 Wastewater Utility Cost Allocation to Cost Components

In establishing the costs associated with each functional cost component, the return portion of the test year cost of service is distributed to cost functions based on an allocation of the estimated test year value of wastewater system facilities. The test year depreciation expense associated with each major element of plant facilities is allocated to cost functions in the same manner as the plant value. Operating expense is similarly allocated to cost functions based on the projected test year expense estimated for each wastewater system component.

6.5.3.2 Allocation of Net Wastewater Plant Investment

The estimated test year value of wastewater facilities consists of net plan in service as of December 31, 2019, the 2020 construction work in progress, and the estimated cost of proposed capital improvements expected to be in service by the end of calendar year 2022. Table S - 12 in Appendix 2 presents the allocation of the wastewater utility's total estimated plant value less contributions on an original cost less depreciation value basis. Total plant investment is estimated to be \$200.0 million as indicated by Line 26 of the Table S - 12.

Plant investment is allocated to cost components on a design basis recognizing the principal purpose governing the design of the facility. The allocation of net plant investment provides the basis for allocation of depreciation expense.

The Owl Creek Lift Station and Force Main serve only the City of Fayetteville, hence the plant investment associated with Owl Creek is allocated directly to the City of Fayetteville customers. Additionally, the outside City customers maintain their own wastewater connections, hence, the plant investment associated with wastewater connections is allocated 100% to the City of Fayetteville customers.

The City has a contract with the City of Farmington stipulating that Farmington will be allocated 8.2% of the costs associated with the West Treatment Plant. Hence, 8.2% of the West Treatment Plant's investment is allocated directly to the City of Farmington customers.

Wastewater collection net plant is allocated 41% to both retail and wholesale (common to all) and 59% to retail only based on the ratio of interceptors (large diameter mains) which is 41% of the collection system.

6.5.3.3 Allocation of Wastewater Facilities Depreciation Expense

As explained in Section 4.5.3.3, depreciation expense is a real part of the cost of operating a utility.

The total estimated depreciation cost (excluding depreciation on contributed facilities) for the wastewater system is \$8,259,600 as presented on Line 26 in Table S - 13 in Appendix 2. The items of expense are allocated to cost components on the same design or cost causative basis used to allocate plant investment. Hence, the depreciation expense associated with Owl Creek Lift Station and Force main and Wastewater connections is directly allocated to the City of Fayetteville customers and 8.2% of the West Treatment Plant's depreciation is allocated directly to the City of Farmington customers.

6.5.3.4 Allocation of Wastewater Utility Operating Expenses

Table S - 14 in Appendix 2 presents the allocation of operation and maintenance expense to functional cost components. Total test year operation and maintenance expense, as shown on Line 10 of this table, amounts to \$18.1 million. Operating expenses are allocated to functional cost components in generally the same manner as plant investment.

6.5.4 Distribution of Wastewater Utility Costs to Customer Classes

The total cost responsibility of each customer class is determined by developing unit costs of service for each cost component and applying the unit costs to the respective service requirements of each class. In accomplishing this, each customer class is allocated the share of volume, strength, and customer costs for which it is responsible.

6.5.4.1 Wastewater Customer Classification

Customer classes consist of residential, non-residential, industrial and wholesale. The residential class includes single family residential, duplex, fourplex, apartment, multi-unit residential and rooming house customers. The non-residential class includes commercial, combination, construction, government, and non-profit customers. Outside City includes Farmington, Greenland, Washington County/Growth Area and Johnson. Wholesale includes the community of Elkins and West Fork.

6.5.4.2 Wastewater Units of Service

Derivation of the responsibility of customer classes for costs of service require that each class be allocated a portion of the volume, strength, and customer costs of service according to their respective service requirements.

The cost of service responsibility for volume costs, which vary with the volume of wastewater contributed to the wastewater system, is distributed to customer classes on that basis. Strength costs are principally related to the function of reducing wastewater suspended solids, and BOD strength loading. Customer costs, which consist of meter related costs, billing, collection and accounting costs, are allocated on the basis of equivalent meters and monthly bills.

The estimated test year service requirements or units of service for the various customer classes are shown in Table S - 15 in Appendix 2. Wastewater collected and treated consists of two elements: (1) sanitary wastewater flow and (2) infiltration/inflow (I/I) of ground water into the sewers. Contributed wastewater flow is that portion of the annual water use and/or other flows from each customer class that are discharged to the wastewater system. Estimates of the contributed volume of each class is generally based upon wastewater billing records. For residential customers, the billed wastewater volume is based on average water consumption for the preceding months of December, January and February. This methodology of using a winter quarter average for quantity of wastewater flows is used to exclude outdoor uses such as irrigation, which do not return water to the collection system. For all other customer classes, the billed wastewater volume is the same as the water volume.

The difference between the measured plant influent and the customer contributed wastewater flow is attributed to Infiltration and Inflow (I/I) volume. Based on discussions with the City staff, 40% of the total treated volume is assumed to be I/I flows. Each customer class should bear its proportionate share of the costs associated with I/I, as it is integral aspect of wastewater system costs. The number of customer connections to a wastewater collection system and the volume of customer flows conveyed both influence the extent of I/I in a system. Recognizing that the major cost responsibility for I/I is allocable on an individual connection basis, two-thirds of the total I/I volume projected is allocated to customer classes based on the number of customers with the remaining one-third allocated on the basis of contributed volume.

Estimated total strength units shown for each customer class are based on an average BOD concentration of 365 milligrams per liter (mg/l) and an average suspended solids concentration of 285 mg/l. I/I strength allowances for BOD and suspended solids are assumed at 25 mg/l and 50 mg/l, respectively. Estimated BOD and suspended solids responsibilities of each customer class presented in Table S - 15 in Appendix 2 are based on the respective indicated average strength concentrations and contributed wastewater and I/I volumes for each class.

Customer billing and accounting costs are distributed to classes on the basis of the number of bills for each customer class (Column 7) in Table S - 15. Customer related meter and service costs are allocated on the basis of the number of equivalent 3/4 inch meters serving each customer class. The number of equivalent meters in each customer class (Column 8) is estimated by relating typical costs for meters and services larger than 3/4 inch in size to the typical cost of a 3/4 inch meter.

6.5.5 Wastewater Utility Customer Class Costs of Service

Unit costs of service are developed by dividing the total cost allocated to each functional cost component by the total applicable units of service. The customer class responsibility for service is obtained by applying unit costs of service to the number of units for which the customer class is responsible.

The wastewater utility has been built with the provision for service to customers outside the City, yet the inside City customers must bear the responsibility of providing system facilities by undertaking the necessary investment. Revenues derived from outside City service should provide a margin of return on capital adequate to induce the citizens of Fayetteville to bear the risks of providing outside City service. To recognize the proprietary interest and responsibility of inside City customers in the system, it is proper to charge outside City customers, in addition to their share of operating expense and depreciation, a reasonable return on their allocated portion of value. A 7.0% (4.0 % for future debt

service plus 3.0% risk component) annual rate of return on the value of wastewater facilities serving outside City customers is recognized for purposes of this study.

Table S - 16 in Appendix 2 shows the development of the unit costs of service applicable to each cost function. Lines 1 through 3 summarize the units of service developed in Table S - 15. Total allocated costs or investment shown on Lines 5, 7, and 9 were previously developed in Table S - 14, Table S - 13 and Table S - 12, respectively.

Total allocated unit costs of service for inside City and outside City customers (Line 18, Line 19, Line 20 and Line 21) are determined by adding the unit costs for net operating expense (Line 6) and depreciation expense (Line 8) to the respective inside and outside City unit costs for return on investment (Lines 11 and 12). These unit costs applied to the respective units of service shown on Lines 1, 2 and 3 determine the allocated total costs of service for inside and outside City customers shown on Lines 18 through 21. In order to determine the allocated costs for each customer class, the costs are allocated to the various customer classes by applying the appropriate unit cost of service to the respective service requirements of each customer class.

Table S - 17 in Appendix 2 shows the resulting allocated cost of service by customer class, revenue under existing rates, and the indicated increase or decrease in revenue required to meet the allocated cost of service.

7.0 Wastewater Rate Design

The principal consideration in establishing wastewater rate schedules is to establish charges to recover costs that are reasonably commensurate with the cost of providing wastewater service.

The revenue requirements and cost of service allocations described in the preceding sections provide the basis for adjusting wastewater rates. The revenue requirements show the need for adjustment and the level of revenue required. This cost of service analysis provides the unit costs of service to be used in the rate design process and gives a basis for determining whether resultant rates will generate revenues which recover costs of service from customer classes in proportion to service required and provide the total level of revenue required.

7.1 Existing Wastewater Rates

The existing schedule of rates for wastewater service became effective on January 1, 2022. For retail customers, these rates include a monthly base charge bill, which varies by meter size. The volume charge varies by customer class. Surcharge rates are based on excess strength of BOD and TSS. The existing wastewater rate structure is described in Section 3.3.2. The existing schedule of base and volume rates for wastewater service is shown in Table S - 3 in Appendix 2.

7.2 Proposed Wastewater Rates

The cost of service study described in preceding sections of this report provides a basis for the design of a schedule of wastewater rates to meet those costs. Proposed wastewater rates have been designed to meet the test year allocated costs of service and are presented in Table S - 18. The proposed rate structure presented in Figure 7 - 1 is similar to the existing structure.

Figure 7 - 1 Proposed Wastewater Rate Structure

Rate Component	Applicable Customer Classes
Base Charge by Meter Size	- Retail Inside City (Residential, Non-Residential and Major Industrial); - Retail Outside City (Residential, Non-Residential and Major Industrial);
- Volume Rate (2-Tier Inclining Block) - Based on winter water usage of December, January and February	Retail Inside City Residential
Volume Rate (Uniform)	- Retail Inside City (Non-Residential and Major Industrial) - Retail Outside City (Residential, Non-Residential and Major Industrial)
Volume Rate (Uniform)	Wholesale

As already explained in Section 5.2, practical rate design should consider multiple factors including previous rate levels, customer bill impact, and magnitude of cost shifts among customer classes.

A comparison of estimated test year revenue under the proposed rates with allocated costs of service for each of the customer classes is shown in Table S - 19 in Appendix 2. This comparison indicates the proposed rates will recover revenues from inside and outside City customer groups reasonably commensurate with the cost of service and practical considerations previously noted.

To better reflect the total effect the proposed rates have on customer bills, a comparison of typical bills under existing rates and the rates proposed to become effective January 1, 2023, is shown in Table S - 20.

8.0 Combined Water and Wastewater Utilities

Table C - 1 in Appendix 3 presents the combined operating reserve, capital reserve and impact fee fund balances.

Table C - 2 in Appendix 3 provides a summary of the combined revenue and revenue requirements (financial plan) for the study period.

The revenue under existing rates are not sufficient to meet the obligations of the two utilities. As discussed in Section 4 and Section 6, a series of annual 3% proposed revenue adjustments enable the utilities to meet their operating, capital and reserve obligations. Figure 8-1 presents the projected revenue and revenue requirements through 2026 for the wastewater utility.

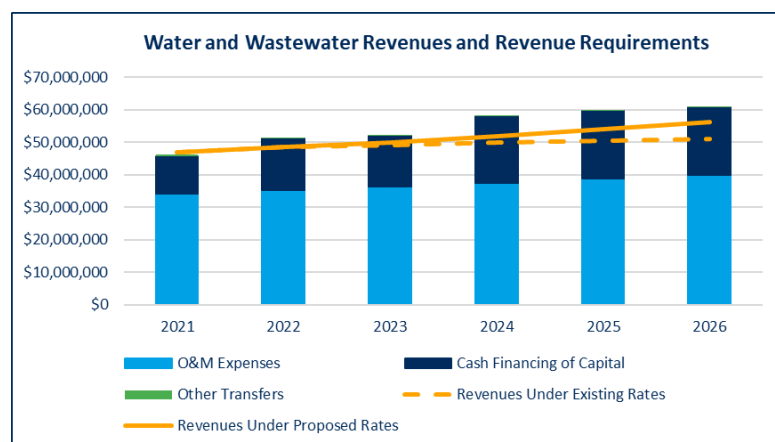


Figure 8-1 - Water and Wastewater Revenues and Revenue Requirements

Table C - 2 in Appendix 3 presents the combined water and wastewater operating reserve, capital reserve and impact fee fund balances. The City has identified the minimum balance requirements for each of the following funds:

O&M Reserve Balance: A cash balance of at least 90 days of the follow's year operating expenses.

Operating Fund Balance: A minimum target of \$200,000.

Capital Fund Balance: A minimum target of \$1,000,000.

Capital Reserve Fund Balance: An amount necessary to fully fund anticipated capital projects.

As shown in Table C - 2, the proposed annual revenue adjustments will allow the utilities on a combined basis to meet the minimum fund balance requirements for all funds through 2026.

A comparison of combined water and wastewater typical bills under existing rates and the rates proposed to become effective January 1, 2022, is shown in Table C - 3.

9.0 Disclaimer

This report was prepared for the City of Fayetteville (Client) by Black & Veatch Management Consulting, LLC (Black & Veatch) and is based on information provided by the Client not within the control of Black & Veatch. While it is believed that the information, data and opinions contained herein will be reliable under the conditions and subject to the limitations set forth in this report, Black & Veatch does not guarantee the accuracy thereof. Black & Veatch has assumed that the information provided by others, both verbal and written, is complete and correct. The projections set forth in this report are intended as "forward-looking statements." In formulating these projections, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. While Black & Veatch believes the assumptions are reasonable actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that occur. As such, Black & Veatch does not take responsibility for the accuracy of data or projections provided by or prepared on behalf of the Client, nor does Black & Veatch have any responsibility for updating this report for events occurring after the date of this report.

Use of this report or any information contained therein by any party other than the Client, shall constitute a waiver and release by such third party of Black & Veatch from and against all claims and liability, including but not limited to liability for special, incidental, indirect or consequential damages in connection with such use. Such use of this report by a third party shall constitute agreement by the third party user that its rights, if any, arising from this report shall be subject to the terms of this Report Limitations, and in no event shall the third party's rights, if any, exceed those of the Client under its contract with B&V. The benefit of such releases, waivers, or limitations of liability shall extend to the related companies and subcontractors of any tier of B&V, and the shareholders, directors, officers, partners, employees, and agents of all released or indemnified parties.

10.0 Appendix 1: Water Tables

Table W - 1 - Water Projected Number of Accounts

Line	Customer Class	Projected						Change
No.		2021	2022	2023	2024	2025	2026	5-Year
Inside City								
1	Residential	35,200	35,800	36,400	37,100	37,700	38,400	3,200
2	Non-Residential	3,500	3,500	3,500	3,500	3,500	3,500	0
3	Industrial	21	21	21	21	21	21	0
4	Irrigation	2,000	2,100	2,100	2,100	2,200	2,200	200
5	Private Fire	713	713	713	713	713	713	0
6	Subtotal	41,434	42,134	42,734	43,434	44,134	44,834	3,400
Outside City								
7	Residential	6,500	6,600	6,800	6,900	7,100	7,200	700
8	Non-Residential	400	400	400	500	500	500	100
9	Industrial	0	0	0	0	0	0	0
10	Irrigation	271	277	285	292	299	307	37
11	Private Fire	14	14	14	14	14	14	0
12	Subtotal	7,185	7,291	7,499	7,706	7,913	8,021	837
Wholesale								
13	Elkins	1	1	1	1	1	1	0
14	Mount Olive	2	2	2	2	2	2	0
15	West Fork	1	1	1	1	1	1	0
16	RDA/WWA	4	4	4	4	4	4	0
17	Subtotal	8	8	8	8	8	8	0
18	Total	48,627	49,433	50,241	51,148	52,055	52,863	4,237
19	% Change	3.26%	1.66%	1.63%	1.81%	1.77%	1.55%	8.71%

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Table W - 2 - Water Projected Billed Volume (1,000 Gallons)

Line No.	Customer Class	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	
	Inside City							
1	Residential	1,896,300	1,769,800	1,800,800	1,832,300	1,864,400	1,897,000	700
2	Non-Residential	678,600	827,100	827,100	827,100	827,100	827,100	148,500
3	Industrial	322,300	401,800	401,800	401,800	401,800	401,800	79,500
4	Irrigation	249,600	244,300	248,600	252,900	257,300	261,800	12,200
5	Subtotal	3,146,800	3,243,000	3,278,300	3,314,100	3,350,600	3,387,700	240,900
	Outside City							
6	Residential	427,900	385,700	394,600	403,800	413,300	423,100	-4,800
7	Non-Residential	51,300	65,600	66,400	67,300	68,300	69,200	17,900
8	Irrigation	28,400	24,400	25,000	25,700	26,400	27,100	-1,300
9	Subtotal	507,600	475,700	486,000	496,800	508,000	519,400	11,800
	Wholesale							
10	Elkins	81,000	75,000	75,000	75,000	75,000	75,000	-6,000
11	Mount Olive	68,900	62,100	62,100	62,100	62,100	62,100	-6,800
12	West Fork	69,200	65,200	65,200	65,200	65,200	65,200	-4,000
13	RDA/WWA	0	0	0	0	0	0	0
14	Subtotal	219,100	202,300	202,300	202,300	202,300	202,300	-16,800
15	Total	3,873,500	3,921,000	3,966,600	4,013,200	4,060,900	4,109,400	235,900
16	% Change	1.26%	1.23%	1.16%	1.17%	1.19%	1.19%	6.09%

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Table W - 3 - Water Existing Rates

Existing Water Rates Effective January 1, 2022

Monthly Base Charge					
Meter Size	Inside City	Outside City	Wholesale	Inside City Private Fire	Outside City Private Fire
Inches	\$/month	\$/month	\$/month	\$/month	\$/month
5/8	6.59	7.54	8.31		
3/4	6.59	7.54	8.31		
1	9.14	10.52	11.49	9.75	11.68
1 1/2	15.93	18.31	20.00	10.17	12.10
2	23.20	26.66	29.07	20.33	23.37
3	54.05	62.18	64.38	30.48	35.06
4	89.50	102.93	112.25	60.97	70.11
6	178.99	205.82	212.76	169.34	197.74
8	268.41	308.67	332.91	355.65	409.00
10				609.68	701.11

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Wholesale
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

0 - 2,000 Gallons	3.51	4.04
2,000 - 15,000 Gallons	4.65	5.35
Over 15,000 Gallons	6.59	7.54

Non-Residential

First 300,000 Gallons	3.79	4.38
Over 300,000 Gallons	3.39	3.90

Major Industrial

All Usage	2.96	3.40
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Irrigation

First 300,000 Gallons	5.04	5.80
Over 300,000 Gallons	4.53	5.22

Wholesale

Reduced Peak Demand	2.87
Peak Demand	3.20

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Table W - 4 - Water Projected Revenues Under Existing Rates

Line No.	Customer Class	Projected						Change
		2021	2022 (a)	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
Inside City								
1	Residential	11,196,100	11,001,700	11,194,200	11,390,100	11,589,500	11,792,300	596,200
2	Non-Residential	2,844,700	3,476,000	3,476,000	3,476,000	3,476,000	3,476,000	631,300
3	Industrial	933,000	1,196,700	1,196,700	1,196,700	1,196,700	1,196,700	263,700
4	Irrigation	1,410,700	1,431,200	1,456,300	1,481,800	1,507,700	1,534,100	123,400
5	Private Fire	967,600	967,600	967,600	967,600	967,600	967,600	0
6	Subtotal	17,352,100	18,073,200	18,290,800	18,512,200	18,737,500	18,966,700	1,614,600
Outside City								
7	Residential	2,743,800	2,614,600	2,674,900	2,737,200	2,801,400	2,867,700	123,900
8	Non-Residential	258,700	328,200	333,000	338,000	343,300	348,800	90,100
9	Industrial	0	0	0	0	0	0	0
10	Irrigation	190,000	173,400	177,900	182,500	187,400	192,400	2,400
11	Private Fire	27,100	27,100	27,100	27,100	27,100	27,100	0
12	Subtotal	3,219,600	3,143,300	3,212,900	3,284,800	3,359,200	3,436,000	216,400
Wholesale								
13	Elkins	226,800	216,200	216,200	216,200	216,200	216,200	-10,600
14	Mount Olive	193,900	179,800	179,800	179,800	179,800	179,800	-14,100
15	West Fork	194,000	188,100	188,100	188,100	188,100	188,100	-5,900
16	RDA/WWA	0	0	0	0	0	0	0
17	Subtotal	614,700	584,100	584,100	584,100	584,100	584,100	-30,600
18	Total	21,186,400	21,800,600	22,087,800	22,381,100	22,680,800	22,986,800	1,800,400
19	% Change	4.28%	2.90%	1.32%	1.33%	1.34%	1.35%	8.50%

(a) Reflects 3.0% revenue increase effective January 1, 2022.

Table W - 5 - Water Projected Other Revenues

Line No.	Description	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
1	Water Impact Fee Revenue	976,300	976,300	976,300	976,300	976,300	976,300	0
2	Water Sales Not on Computer	300	300	300	300	300	300	0
3	Water Connection Fees	162,000	162,000	162,000	162,000	162,000	162,000	0
4	Rural Water Connection Fees	2,700	2,700	2,700	2,700	2,700	2,700	0
5	Service Charge/Trip Fee - Billed Service	9,500	9,500	9,500	9,500	9,500	9,500	0
6	Tampering Fee - Billed Service	200	200	200	200	200	200	0
7	Penalties	103,700	207,400	207,400	207,400	207,400	207,400	103,700
8	Safe Drinking Water Fee	230,000	233,800	237,800	241,800	245,900	250,200	20,200
9	Total	1,484,700	1,592,200	1,596,200	1,600,200	1,604,300	1,608,600	123,900
10	% Change	-0.99%	7.24%	0.25%	0.25%	0.26%	0.27%	8.35%

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Table W - 6 - Water Capital Improvement Program

Line No.	Description	Projected (a)					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Water System Rehabilitation/Replacement	2,060,000	0	2,185,500	2,251,000	2,318,500	0
2	Water Tank Improvements	1,030,000	1,060,900	1,092,700	1,125,500	1,159,300	2,149,300
3	Water Storage & Pump Station Maintenance	103,000	106,100	109,300	112,600	115,900	0
4	Water Meters	849,800	875,200	901,500	928,500	956,400	0
5	Backflow Prevention Assemblies	51,500	53,000	54,600	56,300	58,000	0
6	W/S Improvements defined by Study (West Water Transmission Line)	618,000	636,500	655,600	675,300	695,600	4,776,200
7	Water Impact Fee Improvements	412,000	424,400	437,100	450,200	463,700	0
8	Utilities Financial Services Improvements	0	11,100	3,300	1,700	8,700	0
9	Water/Sewer Relocations - Bond Projects	174,600	265,200	273,200	281,400	289,800	0
10	Water/Sewer Impact Fee Cost Sharing	0	79,600	82,000	84,400	86,900	0
11	Utilities Technology Improvements	0	228,100	234,900	130,000	10,400	0
12	Water/Sewer Building-Office Improvements	0	26,500	27,300	28,100	29,000	0
13	Water/Sewer Equipment Expansions	0	26,500	27,300	28,100	29,000	0
14	Water & Sewer Rate/Operational Studies	0	10,600	10,900	11,300	11,600	0
15	Phosphorus Standards Management	0	26,500	27,300	28,100	29,000	0
16	Water & Sewer Technology Equipment Replacements	0	0	0	0	0	0
17	Water & Sewer Improvements Defined By Study	0	0	0	0	0	0
18	Huntsville Water Line Replacement (6 -inch upto 8-inch)	776,300	0	0	0	0	0
19	Benson Water Tank	1,030,000	338,200	0	0	0	0
20	East Water Service Improvements - Township	3,290,600	0	0	0	0	0
21	South Garland Ave Waterline Replacement	253,800	0	0	0	0	0
22	East Water Service Improvements CS 3 (Gulley, PS, Goshen Lines)	0	5,304,500	0	0	0	0
23	Ila/Oaks Manor/Persimmon Waterline Replacements	927,000	0	0	0	0	0
24	Western Park Waterline Replacement	309,000	0	0	0	0	0
25	N. College Waterline Replacement - upgrade from 8" to 12"	0	0	2,185,400	0	0	0
26	Total Capital Improvement Program	11,885,600	9,472,900	8,307,900	6,192,500	6,261,800	6,925,500

(a) Capital costs reflect 3% annual inflation starting in 2021.

Table W - 7 - Water Projected O&M Expenses

Line No.	Description	Projected					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Personal Costs	3,433,900	3,580,100	3,732,600	3,891,600	4,057,400	4,230,400
2	Materials and Supplies	968,100	997,100	1,027,000	1,057,800	1,089,600	1,122,200
3	Services and Charges	9,994,600	10,294,400	10,603,300	10,921,400	11,249,000	11,586,500
4	Motorpool	837,100	862,200	888,000	914,700	942,100	970,400
5	Cost Allocation	631,100	650,000	669,500	689,600	710,300	731,600
6	Maintenance	85,800	88,400	91,100	93,800	96,600	99,500
7	Total	15,950,600	16,472,200	17,011,500	17,568,900	18,145,000	18,740,600
8	% Change	1.91%	3.27%	3.27%	3.28%	3.28%	3.28%

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Table W - 8 - Capital Program Financing

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
	Sources of Funds						
1	Funds Available at Beginning of Year	500,200	506,800	501,700	501,700	503,600	508,700
2	Cash Financing of Capital Projects	5,460,000	9,050,000	6,860,000	6,110,000	6,180,000	6,920,000
3	Transfer from Impact Fee Fund	6,432,200	417,800	1,447,900	84,400	86,900	0
4	Subtotal	12,392,400	9,974,600	8,809,600	6,696,100	6,770,500	7,428,700
	Application of Funds						
5	Major Capital Improvements	11,885,600	9,472,900	8,307,900	6,192,500	6,261,800	6,925,500
6	Subtotal	11,885,600	9,472,900	8,307,900	6,192,500	6,261,800	6,925,500
7	End of Year Balance	506,800	501,700	501,700	503,600	508,700	503,200
8	Capital Reserve EOY Balance - Cumulative	12,915,000	8,453,000	6,559,000	5,789,000	5,359,000	4,634,000

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Table W - 9 - Water Operating Cash Flow

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Revenues							
1	Revenue Under Existing Rates	21,186,600	21,800,700	22,087,800	22,381,200	22,680,800	22,986,900
Indicated Revenue Increases							
2	0 % Increase Effective January 1, 2022		0	0	0	0	0
3	0 % Increase Effective January 1, 2023		0	0	0	0	0
4	3 % Increase Effective January 1, 2024		0	0	615,500	680,400	689,600
5	3 % Increase Effective January 1, 2025		0	0	0	642,400	710,300
6	3 % Increase Effective January 1, 2026		0	0	0	0	670,600
7	Total Revenue from Rates	21,186,600	21,800,700	22,087,800	22,996,700	24,003,600	25,057,400
8	Other Revenues (a)	533,100	641,500	644,200	649,800	655,800	662,300
9	Total Revenue	21,719,700	22,442,200	22,732,000	23,646,500	24,659,400	25,719,700
Expenses							
10	Operating Expenses	15,950,600	16,472,200	17,011,500	17,568,900	18,145,000	18,740,600
11	Bad Debt	105,900	109,000	110,400	115,000	120,000	125,300
12	PILOT	900,400	926,500	938,700	977,400	1,020,200	1,064,900
13	Safe Drinking Water Fee	230,000	233,800	237,800	241,800	245,900	250,200
14	Debt Service	0	0	0	0	0	0
15	Total Expenses	17,186,900	17,741,500	18,298,400	18,903,100	19,531,100	20,181,000
Transfers							
16	Transfer to Shop Fund	33,000	0	0	0	0	0
17	Transfer to Operating Reserve	128,600	133,000	137,500	142,000	146,900	151,800
18	Cash Financing of Capital	5,460,000	9,050,000	6,860,000	6,110,000	6,180,000	6,920,000
19	Transfer to/from Capital Reserve	-1,093,000	-4,479,000	-2,567,500	-1,505,000	-1,210,000	-1,522,000
20	Total Transfers	4,528,600	4,704,000	4,430,000	4,747,000	5,116,900	5,549,800
Fund Balance							
21	Beginning Balance	99,400	103,600	100,300	103,900	100,300	111,700
22	Annual Operating Balance	4,200	-3,300	3,600	-3,600	11,400	-11,100
23	Ending Fund Balance	103,600	100,300	103,900	100,300	111,700	100,600
Performance Metrics							
24	Debt Service Coverage	NA	NA	NA	NA	NA	NA
25	O&M Reserve Balance (Days) (b)	90	90	90	90	90	90

(a) Includes interest income on operating fund balance.

(b) Minimum requirement is 90 days of following year's Operating Expenses.

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Table W - 10 - Water Fund Balances

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Operating Funds							
1	O&M Reserve Balance (a)	4,061,600	4,194,600	4,332,100	4,474,100	4,621,000	4,772,800
2	Operating Fund Balance (b)	103,600	100,300	103,900	100,300	111,700	100,600
3	Total (e)	4,165,200	4,294,900	4,436,000	4,574,400	4,732,700	4,873,400
Capital Funds							
4	Capital Fund Balance (c)	506,800	501,700	501,700	503,600	508,700	503,200
5	Capital Reserve Fund Balance (d)	12,915,000	8,436,000	5,868,500	4,363,500	3,153,500	1,631,500
6	Total (e)	13,421,800	8,937,700	6,370,200	4,867,100	3,662,200	2,134,700
7	Impact Fee Fund Balance (e)	22,800	581,300	109,700	1,001,600	1,891,000	2,867,300

(a) Calculated as 90 days of following year's Operating Expenses.

(b)

Target minimum balance is \$100,000 to account for any adjustments that may be needed to the O&M balance at the end of the year.

(c) Target minimum balance is \$500,000.

(d) Does not include expenses associated with facilities master plan to be completed in FY 2022

(e) All balances are cumulative.

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Table W - 11 - Water 2023 Cost of Service

Line No.	Description	Operating Expense \$	Capital Cost \$	Total Cost \$
Statement of Net Revenue Requirements (Cash Basis)				
	Revenue Requirements			
1	O&M Expenses	17,011,500		17,011,500
2	Bad Debt Expense	110,400		110,400
3	PILOT	938,700		938,700
4	Debt Service	0		0
	Other Expenditures & Transfers:			
	Transfer to Shop Fund (Capital Outlay)			
5	Transfer to Operating Reserve	137,500		137,500
6	Cash Funding of Capital Projects		6,860,000	6,860,000
7	Transfer to Capital Reserve		-2,567,500	-2,567,500
8	Subtotal	18,198,100	4,292,500	22,490,600
	Less Revenue Requirements Met from Other Sources			
9	Other Revenues	382,100		382,100
10	Interest Earned	24,300		24,300
11	Net Balance Available		-3,600	-3,600
12	Full Year Rate Adjustment			
13	Subtotal	406,400	-3,600	402,800
14	Net Revenue Requirements to be Recovered by	17,791,700	4,296,100	22,087,800
Restatement of Net Cost of Service (Utility Basis)				
15	O&M Expenses	17,791,700		17,791,700
16	Depreciation		2,820,100	2,820,100
17	Return		1,476,000	1,476,000
18	Net Cost of Service	17,791,700	4,296,100	22,087,800

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Table W - 12 - Water 2023 Allocation of Net Plant Investment to Functional Cost Components

Line No.	Description	Total	Common to All			Retail Only			Customers		
			Base	Extra Capacity		Base	Extra Capacity		Meters and Services	Billing &	Fire
				Max. Day	Max. Hour		Max. Day	Max. Hour			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Plant Investment:											
1	Water Land and Land Rights	2,191,756	1,043,693	1,148,063							
2	Water Supply	6,819,846	3,247,546	3,572,300							
3	Water Storage and Pumping	6,090,361				2,900,172	3,190,189				
4	Water Transmission	26,043,791	12,401,805	13,641,986							
5	Water Distribution	47,479,642				17,391,810	9,565,496	5,478,420	15,043,916		
6	Water Meters	3,289,003							3,289,003		
7	Fire Hydrants	7,535,573									7,535,573
8	Water General System	4,537,529	761,641	837,805		925,847	581,994	249,960	836,462		343,820
9	Total Net Plant Investment	103,987,502	17,454,685	19,200,154	0	21,217,829	13,337,679	5,728,380	19,169,381	0	7,879,393

Table W - 13 - Water 2023 Allocation of Net Annual Depreciation to Functional Cost Components

Line No.	Description	Total	Common to All			Retail Only			Customers		
			Base	Extra Capacity		Base	Extra Capacity		Meters and Services	Billing &	Fire
				Max. Day	Max. Hour		Max. Day	Max. Hour			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Depreciation Expense:											
1	Water Land and Land Rights										
2	Water Supply	277,295	132,045	145,250							
3	Water Storage and Pumping	219,139				104,352	114,787				
4	Water Transmission	706,125	336,250	369,875							
5	Water Distribution	1,134,421				415,539	228,546	130,895	359,441		
6	Water Meters	169,405							169,405		
7	Fire Hydrants	215,879									215,879
8	Water General System	97,807	16,825	18,508		18,679	12,336	4,703	19,001		7,756
9	Total Net Depreciation Expense	2,820,070	485,120	533,632	0	538,570	355,669	135,598	547,847	0	223,635

Table W - 14 - Water 2023 Allocation of O&M Expenses to Functional Cost Components

Line No.	Description	Total	Common to All			Retail Only			Customers		Fire Protection	
			Base	Extra Capacity		Base	Extra Capacity		Meters and Services	Billing & Collection	Public	Private
				Max. Day	Max. Hour		Max. Day	Max. Hour				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Water Purchased	9,611,754	4,577,026	5,034,728								
2	Water Storage and Pumping	269,987				98,896	108,786	62,305				
3	Water Distribution (a)	3,105,785				1,005,654	1,251,415	716,720			100,938	31,058
4	Meter Services (b)	1,007,563							1,007,563			
5	Customer Billing (c)	1,051,559								1,051,559		
6	All Other Cost	3,151,452	958,637	1,054,501		231,343	284,888	163,163	211,029	220,244	21,141	6,505
7	Subtotal	18,198,100	5,535,663	6,089,229	0	1,335,894	1,645,089	942,187	1,218,592	1,271,804	122,079	37,563
Less:												
8	Water Connection Fees (d)	164,700							164,700			
9	Other Income Sources	241,700	89,707	80,875		17,743	21,849	12,514		16,892	1,621	499
10	Subtotal	406,400	89,707	80,875		17,743	21,849	12,514	164,700	16,892	1,621	499
11	Net O&M Expenses	17,791,700	5,445,956	6,008,355		1,318,151	1,623,240	929,674	1,053,892	1,254,912	120,458	37,064

(a) 3.25% of 2020 water repair costs was associated with hydrants.

(b) Includes costs for Meter Reading and Meter Maintenance and Backflow prevention

(c) Includes costs under Utilities Financial Services

(d) Includes revenues from Water Connection Fees and Rural Water Connection Fees

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Table W - 15 - Water 2023 Estimated Units of Service

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Line No.	Description	Consumption		Capacity Factor	Maximum Day		Capacity Factor	Maximum Hour		Customer		Direct Fire protection	
		Annual	Avg. Day		Total	Extra		Total	Extra	Eq. Meters	Billing/Collection	Public	Private
		1,000 gal.	1,000 gal. (1)/365		1,000 gal. (2) x (3)	1,000 gal. (4) - (2)		1,000 gal. (2) x (6)	1,000 gal. (7) - (4)	Equiv. Meters	Bills	Equiv. Hydrant	Equiv. Hydrants
Inside City													
1	Residential	1,800,801	4,934	250%	12,334	7,401	370%	18,255	5,920	34,939	437,192		
2	Non-Residential	827,079	2,266	240%	5,438	3,172	355%	8,044	2,606	6,761	41,712		
3	Industrial	401,767	1,101	200%	2,201	1,101	295%	3,247	1,046	261	252		
4	Irrigation	248,556	681	240%	1,634	953	355%	2,417	783	3,141	25,333		
5	Subtotal	3,278,204	8,981		21,608	12,627		31,964	10,355	45,102	504,489		
Fire Protection													
6	Public				4,201	4,201		10,083	5,882			4,035	
7	Private				491	491		1,179	688				472
8	Subtotal	3,278,204	8,981		26,300	17,319		43,226	16,925	45,102	504,489	4,035	472
Outside City													
Farmington													
9	Residential	85,288	234	250%	584	350	370%	865	280	1,762	23,614		
10	Non-Residential	17,853	49	240%	117	68	355%	174	56	245	2,431		
11	Industrial			200%			295%						
12	Irrigation	1,359	4	240%	9	5	355%	13	4	46	480		
13	Subtotal	104,500	286		710	424		1,051	341	2,053	26,525		
Greenland													
14	Residential	19,818	54	250%	136	81	370%	201	65	458	5,676		
15	Non-Residential	4,298	12	240%	28	16	355%	42	14	59	588		
16	Industrial			200%			295%						
17	Irrigation	1,230	3	240%	8	5	355%	12	4	20	96		
18	Subtotal	25,345	69		172	103		255	83	537	6,360		
Washington County/Growth													
19	Residential	198,114	543	250%	1,357	814	370%	2,008	651	2,618	34,384		
20	Non-Residential	24,123	66	240%	159	93	355%	235	76	109	1,368		
21	Industrial			200%			295%						
22	Irrigation	14,574	40	240%	96	56	355%	142	46	188	1,884		
23	Subtotal	236,811	649		1,611	963		2,385	773	2,915	37,635		
Johnson													
24	Residential	6,718	18	250%	46	28	370%	68	22	158	2,064		
26	Non-Residential	8,320	23	240%	55	32	355%	81	26	35	240		
27	Industrial			200%			295%						
28	Irrigation	77	0	240%	1	0	355%	1	0	3	24		
29	Subtotal	15,115	41		101	60		150	49	196	2,328		
Goshen/White River													
30	Residential	84,663	232	250%	580	348	370%	858	278	1,054	15,447		
31	Non-Residential	11,837	32	240%	78	45	355%	115	37	52	768		
32	Industrial			200%			295%						
33	Irrigation	7,781	21	240%	51	30	355%	76	25	86	931		
34	Subtotal	104,281	286		709	423		1,049	340	1,192	17,146		
Fire Protection													
35	Public				696	696		1,669	973			668	
36	Private				12	12		29	17				12
37	Subtotal	486,052	1,332		4,012	2,680		6,588	2,575	6,892	89,994	668	12
38	Total Retail	3,764,256	10,313		30,312	19,999		49,813	19,501	51,994	594,483		
Wholesale													
39	Elkins	75,031	206	240%	493	288	355%	730	236	23	12		
40	Mount Olive	62,062	170	240%	408	238	355%	604	196	38	24		
41	West Fork	65,226	179	240%	429	250	355%	634	206	23	12		
42	RDA/WWA			240%			355%				48		
43	Subtotal	202,319	554		1,330	776		1,968	637	83	96		
44	Subtotal (Inside City)	3,278,204	8,981		26,300	17,319		43,226	16,925	45,102	504,489	4,035	472
45	Subtotal (Outside City)	486,052	1,332		4,012	2,680		6,588	2,575	6,892	89,994	668	12
46	Subtotal (Wholesale)	202,319	554		1,330	776		1,968	637	83	96		
47	Total System	3,966,575	10,867		31,643	20,775		51,781	20,138	52,077	594,579	4,703	483

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Table W - 16 - Water 2023 Unit Cost of Service

Line No.	Description	Total	Common to All Customers			Common to Retail Customers			Customer		Direct Fire protection	
			Base	Extra Capacity		Base	Extra Capacity		Eq. Meters	Billing/Collective	Public	Private
				Max. Day	Max. Hour		Max. Day	Max. Hour				
		\$	1,000 gal.	1,000 gpd.	1,000 gpd.	1,000 gal.	1,000 gpd.	1,000 gpd.	Equiv. Meters	Bills	Hydrants	Hydrants
Units of Service												
1	Inside City		3,278,204	17,319	16,925	3,278,204	17,319	16,925	45,102	504,489	4,035	472
2	Outside City		688,371	3,456	3,213	486,052	2,680	2,575	6,975	90,090	668	12
3	Total System		3,966,575	20,775	20,138	3,764,256	19,999	19,501	52,077	594,579	4,703	483
Costs of Service												
Net Operating Costs												
4	Total - \$	17,791,700	5,445,956	6,008,355	0	1,318,151	1,623,240	929,674	1,053,892	1,254,912	120,458	37,064
5	Unit Cost - \$/unit		1.37	289.20	0.00	0.35	81.16	47.67	20.24	2.11	25.61	76.68
Depreciation Expense												
6	Total - \$	2,820,070	485,120	533,632	0	538,570	355,669	135,598	547,847		223,635	
7	Unit Cost - \$/unit		0.12	25.69	0.00	0.14	17.78	6.95	10.52		47.55	
Net Plant Investment												
8	Total - \$	103,987,502	17,454,685	19,200,154	0	21,217,829	13,337,679	5,728,380	19,169,381		7,879,393	
9	Unit Cost - \$/unit		4.40	924.18	0.00	5.64	666.90	293.75	368.09		1,675.40	
Return on Investment												
10	Inside City, Unit Return - \$/unit		0.02	4.29	0.00	0.03	3.10	1.36	1.71		7.78	
11	Outside City, Unit Return - \$/Unit		0.31	64.69	0.00	0.39	46.68	20.56	25.77		117.28	
Total Return												
12	Inside City - \$	412,445	67,007	74,347	0	85,831	53,650	23,094	77,115		31,401	
13	Outside City - \$	1,063,585	212,040	223,605	0	191,780	125,131	52,959	179,730		78,342	
14	Total Return - \$	1,476,030	279,046	297,952	0	277,610	178,781	76,053	256,845		109,743	
Total Unit Cost of Service												
15	Inside City Unit Cost - \$/unit		1.52	319.18	0.00	0.52	102.05	55.99	32.47	2.11	80.95	76.68
16	Outside City Unit Cost - \$/unit		1.80	379.58	0.00	0.89	145.63	75.19	56.52	2.11	190.44	76.68
17	Inside City - Cost of Service - \$	17,806,421	4,968,786	5,527,935	0	1,702,806	1,767,336	947,674	1,464,315	1,064,768	326,620	36,179
18	Outside City- Cost of Service - \$	4,281,379	1,241,336	1,312,003	0	431,525	390,353	193,649	394,269	190,144	127,215	885
19	Total Cost of Service - \$	22,087,800	6,210,122	6,839,938	0	2,134,331	2,157,689	1,141,324	1,858,584	1,254,912	453,835	37,064

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Table W - 17 - Water 2023 Cost of Service by Customer Class

	(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Allocated Cost of Service	Allocation Public Fire	Adjusted Cost of Service	Existing Revenues	Indicated Revenue Increase
	\$	\$	\$	\$	\$	
Inside City						
1	Residential	9,170,800	1,473,200	10,644,000	11,194,200	-4.9%
2	Non-Residential	3,473,000	557,900	4,030,800	3,476,000	16.0%
3	Industrial	1,348,900	216,700	1,565,600	1,196,700	30.8%
4	Irrigation	1,106,700	177,800	1,284,500	1,456,300	-11.8%
Fire Protection						
5	Public	2,425,500	-2,425,500			
6	Private	281,500		281,500	967,600	-70.9%
7	Subtotal	17,806,400	100	17,806,400	18,290,800	-2.6%
Outside City						
8	Residential	2,524,400	469,500	2,994,000	2,674,900	11.9%
9	Non-Residential	368,000	68,400	436,500	333,000	31.1%
10	Industrial					0.0%
11	Irrigation	150,200	27,900	178,200	177,900	0.2%
Fire Protection						
12	Public	565,900	-565,900			
13	Private	8,500		8,500	27,100	-68.6%
14	Subtotal	3,617,000	-100	3,617,200	3,212,900	12.6%
Wholesale						
15	Elkins	245,800		245,800	216,200	13.7%
16	Mount Olive	204,500		204,500	179,800	13.7%
17	West Fork	213,900		213,900	188,100	13.7%
18	RDA/WWA	0		0	0	0.0%
19	Subtotal Wholesale	664,200	0	664,200	584,100	13.7%
20	Total Retail	21,423,400	0	21,423,600	21,503,700	-0.4%
21	Total Wholesale	664,200	0	664,200	584,100	13.7%
22	Total	22,087,600	0	22,087,800	22,087,800	0.0%

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Table W - 18 - Water Proposed 2023 Rates

Existing Water Rates Effective January 1, 2022

Monthly Base Charge					
Meter Size	Inside City	Outside City	Wholesale	Inside City Private Fire	Outside City Private Fire
Inches	\$/month	\$/month	\$/month	\$/month	\$/month
5/8	6.59	7.54	8.31		
3/4	6.59	7.54	8.31		
1	9.14	10.52	11.49	9.75	11.68
1 1/2	15.93	18.31	20.00	10.17	12.10
2	23.20	26.66	29.07	20.33	23.37
3	54.05	62.18	64.38	30.48	35.06
4	89.50	102.93	112.25	60.97	70.11
6	178.99	205.82	212.76	169.34	197.74
8	268.41	308.67	332.91	355.65	409.00
10				609.68	701.11

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Wholesale
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

0 - 2,000 Gallons	3.51	4.04	
2,000 - 15,000 Gallons	4.65	5.35	
Over 15,000 Gallons	6.59	7.54	

Non-Residential

First 300,000 Gallons	3.79	4.38	
Over 300,000 Gallons	3.39	3.90	

Major Industrial

All Usage	2.96	3.40	
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Irrigation

First 300,000 Gallons	5.04	5.80	
Over 300,000 Gallons	4.53	5.22	

Wholesale

Reduced Peak Demand			2.87
Peak Demand			3.20

Proposed Water Rates Effective January 1, 2023

Monthly Base Charge					
Meter Size	Inside City	Outside City	Wholesale	Inside City Private Fire	Outside City Private Fire
Inches	\$/month	\$/month	\$/month	\$/month	\$/month
5/8	6.59	7.54	8.31		
3/4	6.59	7.54	8.31		
1	9.14	12.26	12.26	9.75	11.68
1 1/2	15.93	24.22	24.22	10.17	12.10
2	23.20	33.52	33.52	20.33	23.37
3	54.05	69.84	69.84	30.48	35.06
4	89.50	102.93	112.25	60.97	70.11
6	178.99	205.82	212.76	169.34	197.74
8	268.41	308.67	332.91	355.65	409.00
10				609.68	701.11

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Wholesale
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

0 - 2,000 Gallons	3.30	4.47	
2,000 - 15,000 Gallons	4.27	5.91	
Over 15,000 Gallons	6.20	8.38	

Non-Residential

First 300,000 Gallons	3.93	5.05	
Over 300,000 Gallons	3.93	5.05	

Major Industrial

All Usage	3.14	3.49	
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Irrigation

First 300,000 Gallons	4.29	5.43	
Over 300,000 Gallons	4.29	5.43	

Wholesale

Reduced Peak Demand			3.16
Peak Demand			3.16

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Table W - 19 - Water 2023 Cost of Service Under Proposed Rates

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Line No.	Description	Adjusted Cost of Service	Revenue Under Existing Rates	Indicated Revenue Increase	Revenues Under Proposed Rates	Proposed Revenue as % Cost of Service	Indicated Revenue Increase	Indicated Revenue Increase
		\$	\$		\$			\$
Inside City								
1	Residential	10,644,000	11,194,200	-4.9%	10,652,800	100%	-5%	-541,400
2	Non-Residential	4,030,800	3,476,000	16.0%	3,687,200	91%	6%	211,200
3	Industrial	1,565,600	1,196,700	30.8%	1,272,200	81%	6%	75,500
4	Irrigation	1,284,500	1,456,300	-11.8%	1,294,800	101%	-11%	-161,500
5	Subtotal	17,524,900	17,323,200	1.2%	16,907,000	96%	-2%	-416,200
Outside City								
6	Residential	2,994,000	2,674,900	11.9%	2,903,900	97%	9%	229,000
7	Non-Residential	436,500	333,000	31.1%	387,400	89%	16%	54,400
8	Irrigation	178,200	177,900	0.2%	172,900	97%	-3%	-5,000
9	Subtotal	3,608,700	3,185,800	13.3%	3,464,200	96%	9%	278,400
Private Fire								
10	Inside City	281,500	967,600	-70.9%	967,600	344%	0%	0
11	Outside City	8,500	27,100	-68.6%	27,100	319%	0%	0
12	Subtotal	290,000	994,700	-70.8%	994,700	343%	0%	0
Wholesale								
13	Elkins	245,800	216,200	13.7%	238,400	97%	10%	22,200
14	Mount Olive	204,500	179,800	13.7%	198,300	97%	10%	18,500
15	West Fork	213,900	188,100	13.7%	207,500	97%	10%	19,400
16	RDA/WWA	0	0		0	0%	0%	
17	Subtotal	664,200	584,100	13.7%	644,200	97%	10%	60,100
18	Total	22,087,800	22,087,800	0.0%	22,010,100	100%	0%	-77,700

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Table W - 20 - Water 2023 Bill Impact

Line No.	Meter Size	Monthly Usage 1,000 gal.	Inside City				Outside City			
			Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease	Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease
	Inches		\$	\$	\$		\$	\$	\$	
Residential										
1	3/4	0.5	9.91	8.24	-1.67	-16.9%	11.36	9.78	-1.59	-14.0%
2	3/4	2	13.42	13.19	-0.23	-1.7%	15.40	16.48	1.08	7.0%
3	3/4	4	22.72	21.73	-0.99	-4.4%	26.10	28.30	2.20	8.4%
4	3/4	8	41.32	38.81	-2.51	-6.1%	47.50	51.94	4.44	9.3%
5	3/4	10	50.62	47.35	-3.27	-6.5%	58.20	63.76	5.56	9.6%
6	3/4	15	73.87	68.70	-5.17	-7.0%	84.95	93.31	8.36	9.8%
Non-Residential										
7	3/4	10	44.30	45.89	1.59	3.6%	51.12	58.04	6.92	13.5%
8	3/4	20	82.20	85.19	2.99	3.6%	94.92	108.54	13.62	14.3%
9	1	50	198.37	205.64	7.27	3.7%	229.21	264.76	35.55	15.5%
10	1	100	387.87	402.14	14.27	3.7%	448.21	517.26	69.05	15.4%
11	1 1/2	50	204.97	212.43	7.46	3.6%	236.78	276.72	39.94	16.9%
12	1 1/2	100	394.47	408.93	14.46	3.7%	455.78	529.22	73.44	16.1%
13	2	100	401.52	416.20	14.68	3.7%	463.88	538.52	74.64	16.1%
14	2	500	1,837.52	1,988.20	150.68	8.2%	2,119.88	2,558.52	438.64	20.7%
Industrial										
15	2	100	318.52	337.20	18.68	5.9%	362.52	382.52	20.00	5.5%
16	2	1,000	2,982.52	3,163.20	180.68	6.1%	3,422.52	3,523.52	101.00	3.0%
17	4	500	1,566.89	1,659.50	92.61	5.9%	1,786.89	1,847.93	61.04	3.4%
18	4	1,500	4,526.89	4,799.50	272.61	6.0%	5,186.89	5,337.93	151.04	2.9%
19	6	2,500	7,573.78	8,028.99	455.21	6.0%	8,673.78	8,930.82	257.04	3.0%
20	6	5,000	14,973.78	15,878.99	905.21	6.0%	17,173.78	17,655.82	482.04	2.8%
21	6	10,000	29,773.78	31,578.99	1,805.21	6.1%	34,173.78	35,105.82	932.04	2.7%

11.0 Appendix 2: Wastewater Tables

Table S - 1 - Wastewater Projected Accounts

Line No.	Customer Class	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
Inside City								
1	Residential	34,600	35,200	35,800	36,400	37,000	37,700	3,100
2	Non-Residential	2,900	2,900	2,900	2,900	2,900	2,900	0
3	Industrial	21	21	21	21	21	21	0
4	Subtotal	37,521	38,121	38,721	39,321	39,921	40,621	3,100
Outside City								
5	Residential	2,400	2,400	2,500	2,500	2,500	2,500	100
6	Non-Residential	184	184	184	184	184	184	0
7	Industrial	0	0	0	0	0	0	0
8	Subtotal	2,584	2,584	2,684	2,684	2,684	2,684	100
Wholesale								
9	Elkins	2	2	2	2	2	2	0
10	West Fork	1	1	1	1	1	1	0
11	Subtotal	2	2	2	2	2	2	0
11	Total	40,107	40,707	41,407	42,007	42,607	43,307	3,200
12	% Change	1.52%	1.50%	1.72%	1.45%	1.43%	1.64%	7.98%

Table S - 2 - Wastewater Projected Billed Volume (1,000 Gallons)

Line No.	Customer Class	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	
Inside City								
1	Residential	1,861,300	1,741,200	1,771,800	1,802,800	1,834,400	1,866,500	5,200
2	Non-Residential	626,900	698,700	698,600	698,600	698,600	698,600	71,700
3	Industrial	318,500	396,700	396,700	396,700	396,700	396,700	78,200
4	Subtotal	2,806,700	2,836,600	2,867,100	2,898,100	2,929,700	2,961,800	155,100
Outside City								
5	Residential	94,500	97,400	98,700	100,100	101,400	102,800	8,300
6	Non-Residential	15,300	15,000	15,000	15,000	15,000	15,000	-300
7	Industrial	0	0	0	0	0	0	0
8	Subtotal	109,800	112,400	113,700	115,100	116,400	117,800	8,000
Wholesale								
8	Elkins	81,000	81,000	81,000	81,000	81,000	81,000	0
9	West Fork	45,600	45,600	45,600	45,600	45,600	45,600	0
10	Subtotal	126,600	126,600	126,600	126,600	126,600	126,600	0
10	Total	3,043,100	3,075,600	3,107,400	3,139,800	3,172,700	3,206,200	163,100
11	% Change	2.30%	1.07%	1.03%	1.04%	1.05%	1.06%	5.36%

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Table S - 3 - Wastewater Existing Charges

Existing Wastewater Rates Effective January 1, 2022

Monthly Base Charge			
Meter Size	Inside City	Outside City	Farmington
Inches	\$/month	\$/month	\$/month
5/8	18.28	18.28	16.74
3/4	18.28	18.28	16.74
1	23.74	33.92	31.28
1 1/2	38.77	60.37	55.50
2	55.43	79.73	73.45
3	128.73	184.24	169.29
4	212.13	303.44	278.93
6	420.39	601.46	553.70
8	628.73	899.76	826.81

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Farmington
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

First 2,000 Gallons	4.35		
> 2,000 Gallons	5.80		
All Usage		8.18	7.52

Non-Residential

All Usage	4.40	8.18	7.52
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Major Industrial

All Usage	4.71	8.18	7.52
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Wholesale

85% of metered water usage		5.19	
Above 85% of metered water		2.71	

Surcharge

BOD - \$/lb for strength in excess of 300 ppm		0.4352	
TSS - \$/lb for strength in excess of 300 ppm		0.3056	

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Table S - 4 - Wastewater Projected Revenues at Existing Rates

Line No.	Customer Class	Projected						Change
		2021	2022 (a)	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
Inside City								
1	Residential	16,696,700	16,719,800	17,013,000	17,310,700	17,613,700	17,921,900	1,225,200
2	Non-Residential	3,505,200	3,926,200	3,926,100	3,926,100	3,926,100	3,926,100	420,900
3	Industrial	1,477,500	1,890,100	1,890,100	1,890,100	1,890,100	1,890,100	412,600
4	Subtotal	21,679,400	22,536,100	22,829,200	23,126,900	23,429,900	23,738,100	2,058,700
Outside City								
5	Residential	1,177,400	1,242,000	1,258,300	1,274,800	1,291,700	1,308,800	131,400
6	Non-Residential	158,100	160,400	160,400	160,400	160,400	160,400	2,300
7	Industrial	0	0	0	0	0	0	0
8	Subtotal	1,335,500	1,402,400	1,418,700	1,435,200	1,452,100	1,469,200	133,700
Wholesale								
9	Elkins	407,300	419,500	419,500	419,500	419,500	419,500	12,200
10	West Fork	229,400	236,200	236,200	236,200	236,200	236,200	6,800
11	Subtotal	636,700	655,700	655,700	655,700	655,700	655,700	19,000
12	Surcharge	810,300	834,600	834,600	834,600	834,600	834,600	24,300
13	Total	24,461,900	25,428,800	25,738,200	26,052,400	26,372,300	26,697,600	2,235,700
14	% Change	4.90%	3.95%	1.22%	1.22%	1.23%	1.23%	9.14%

(a) Reflects 3.0% revenue increase effective January 1, 2022.

Table S - 5 - Wastewater Projected Other Revenues

Line No.	Description	Projected						Change
		2021	2022	2023	2024	2025	2026	5-Year
		\$	\$	\$	\$	\$	\$	
1	Sewer Impact Fee Rev	743,900	743,900	743,900	743,900	743,900	743,900	0
2	Sewer Sales Not on Cc	11,800	11,800	11,800	11,800	11,800	11,800	0
3	Sewer Connection Fee	47,900	47,900	47,900	47,900	47,900	47,900	0
4	WWTP Hay Sales	134,800	134,800	134,800	134,800	134,800	134,800	0
5	WWTP Biosolids/Fertil	54,900	54,900	54,900	54,900	54,900	54,900	0
6	WWTP Water Treatme	180,800	180,800	180,800	180,800	180,800	180,800	0
7	Penalties	123,000	246,100	246,100	246,100	246,100	246,100	123,100
8	Total	1,297,100	1,420,200	1,420,200	1,420,200	1,420,200	1,420,200	123,100
9	% Change	-1.52%	9.49%	0.00%	0.00%	0.00%	0.00%	9.49%

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Table S - 6 - Wastewater Capital Improvement Program

Line No.	Description	Projected (a)					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Sanitary Sewer Rehabilitation	2,956,100	3,044,800	3,136,100	3,230,200	3,327,100	0
2	Plant Pumps and Equipment - W.W.T.P.	515,000	530,500	546,400	562,800	579,600	0
3	W.W.T.P. Building Improvements	1,699,500	1,750,500	163,900	168,800	173,900	0
4	Upgrade/Replace Lift Stations - W.W.T.P.	309,000	318,300	327,800	337,700	347,800	0
5	Lake Sequoyah Sediment Removal/Dredging	515,000	530,500	546,400	562,800	579,600	0
6	Wastewater Treatment/Water Quality Improvements	103,000	106,100	109,300	112,600	115,900	0
7	Wastewater Impact Fee Improvements	309,000	318,300	327,800	337,700	347,800	0
8	Utilities Financial Services Improvements	0	11,100	3,300	1,700	8,700	0
9	Water/Sewer Relocations - Bond Projects	174,600	265,200	273,200	281,400	289,800	0
10	Water/Sewer Impact Fee Cost Sharing	0	79,600	82,000	84,400	86,900	0
11	Utilities Technology Improvements	0	228,100	234,900	130,000	10,400	0
12	Water/Sewer Building-Office Improvements	0	26,500	27,300	28,100	29,000	0
13	Water/Sewer Equipment Expansions	0	26,500	27,300	28,100	29,000	0
14	Water & Sewer Rate/Operational Studies	0	10,600	10,900	11,300	11,600	0
15	Phosphorus Standards Management	0	26,500	27,300	28,100	29,000	0
16	Water & Sewer Technology Equipment Replacements	0	0	0	0	0	0
17	Water & Sewer Improvements Defined By Study	0	0	0	0	0	0
18	Biosolids Dryer Replacement	0	0	3,278,200	9,004,100	9,274,200	9,552,400
19	Filter Cell Upgrade/Replacement at Noland WWTP	0	0	0	0	0	1,432,900
20	Upgrade Automation at both WWTPs	0	0	0	0	0	1,671,700
21	CIPP of 36" Sewer Line from Armstrong Ave to Nolan	0	0	0	0	0	1,194,100
22	Bypass Sewer Fulbright & North Gregg	1,442,000	0	0	0	0	0
23	Hamestring Lift Station Bottle Neck Resolution	0	848,700	0	0	0	0
24	Total Capital Improvement Program	8,023,200	8,121,800	9,122,100	14,909,800	15,240,300	13,851,100

(a) Capital costs reflect 3% annual inflation starting in 2021.

Table S - 7 - Wastewater Projected O&M Expenses

Line No.	Description	Projected					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
1	Personal Costs	3,074,800	3,205,800	3,342,400	3,484,900	3,633,500	3,788,600
2	Materials and Supplies	724,700	746,400	768,800	791,800	815,600	840,100
3	Services and Charges	6,080,800	6,263,300	6,451,200	6,644,700	6,844,000	7,049,400
4	WWTP Contract	3,995,600	4,115,500	4,238,900	4,366,100	4,497,100	4,632,000
5	Motorpool	1,032,500	1,063,400	1,095,300	1,128,200	1,162,100	1,196,900
6	Cost Allocation	680,700	701,200	722,200	743,900	766,200	789,200
7	Maintenance	84,800	87,400	90,000	92,700	95,500	98,300
8	Total	15,673,900	16,183,000	16,708,800	17,252,300	17,814,000	18,394,500
9	% Change	0.81%	3.25%	3.25%	3.25%	3.26%	3.26%

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Table S - 8 - Wastewater Cash Financed Capital

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Funds Available at Beginning of Year	504,100	501,900	506,700	504,400	506,700	501,100
2	Cash Financing of Capital Projects	6,270,000	6,880,000	8,710,000	14,490,000	14,800,000	13,850,000
3	Transfer from Impact Fee Fund	1,751,000	1,246,600	409,800	422,100	434,700	0
4	Subtotal	8,525,100	8,628,500	9,626,500	15,416,500	15,741,400	14,351,100
Application of Funds							
5	Major Capital Improvements	8,023,200	8,121,800	9,122,100	14,909,800	15,240,300	13,851,100
6	Subtotal	8,023,200	8,121,800	9,122,100	14,909,800	15,240,300	13,851,100
7	End of Year Balance	501,900	506,700	504,400	506,700	501,100	500,000
8	Capital Reserve EOY Balance - Cumulative	19,995,000	21,737,000	22,105,000	17,205,000	12,555,000	9,445,000

Table S - 9 - Wastewater Operating Cash Flow

Description	Year Ending December 31,					
	2021	2022	2023	2024	2025	2026
	\$	\$	\$	\$	\$	\$
Revenues						
Revenues Under Existing Rates	24,461,900	25,428,800	25,738,200	26,052,500	26,372,200	26,697,600
Revenue Increases						
0 % Increase Effective January 1, 2022		0	0	0	0	0
0 % Increase Effective January 1, 2023		0	0	0	0	0
3 % Increase Effective January 1, 2024		0	0	716,400	791,200	800,900
3 % Increase Effective January 1, 2025		0	0	0	747,000	825,000
3 % Increase Effective January 1, 2026		0	0	0	0	778,900
Total Revenue from Rates	24,461,900	25,428,800	25,738,200	26,768,900	27,910,400	29,102,400
Other Revenues (a)	594,700	720,500	719,400	721,600	724,200	727,000
Total Revenues	25,056,600	26,149,300	26,457,600	27,490,500	28,634,600	29,829,400
Expenses						
Operating Expenses	15,673,900	16,183,000	16,708,800	17,252,300	17,814,000	18,394,500
Bad Debt	122,300	127,100	128,700	133,800	139,600	145,500
PILOT	1,039,600	1,080,700	1,093,900	1,137,700	1,186,200	1,236,900
Debt Service	0	0	0	0	0	0
Total Expenses	16,835,800	17,390,800	17,931,400	18,523,800	19,139,800	19,776,900
Transfers						
Transfer to Shop Fund	33,000	0	0	0	0	0
Transfer to Operating Reserve	125,500	129,700	134,000	138,500	143,100	147,900
Cash Financing of Capital	6,270,000	6,880,000	8,710,000	14,490,000	14,800,000	13,850,000
Transfer to/from Capital Reserve	1,793,000	1,742,000	-312,000	-5,670,000	-5,450,000	-3,940,000
Total Transfers	8,221,500	8,751,700	8,532,000	8,958,500	9,493,100	10,057,900
Fund Balance						
Beginning Balance	106,700	106,000	112,800	107,000	115,200	116,900
Annual Operating Balance	-700	6,800	-5,800	8,200	1,700	-5,400
Ending Fund Balance	106,000	112,800	107,000	115,200	116,900	111,500
Performance Metrics						
Debt Service Coverage	NA	NA	NA	NA	NA	NA
O&M Reserve Balance (Days)	90.00	90.00	90.00	90.00	90.00	90.00

Includes interest income on operating fund balance.

Minimum requirement is 90 days of following year's Operating Expenses.

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Table S - 10 - Wastewater Projected Fund Balances

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Operating Funds							
1	O&M Reserve Balance (a)	3,990,300	4,120,000	4,254,000	4,392,500	4,535,600	4,683,500
2	Operating Fund Balance (b)	106,000	112,800	107,000	115,200	116,900	111,500
3	Total (e)	4,096,300	4,232,800	4,361,000	4,507,700	4,652,500	4,795,000
Capital Funds							
4	Capital Fund Balance (c)	501,900	506,700	504,400	506,700	501,100	500,000
5	Capital Reserve Fund Balance (d)	19,995,000	21,737,000	21,425,000	15,755,000	10,305,000	6,365,000
6	Total (e)	20,496,900	22,243,700	21,929,400	16,261,700	10,806,100	6,865,000
7	Impact Fee Fund Balance (e)	4,437,800	3,935,100	4,269,200	4,591,000	4,900,200	5,644,100

(a) Calculated as 90 days of following year's Operating Expenses.

(b) Target minimum balance is \$100,000 to account for any adjustments that may be needed to the O&M balance at the end of the year.

(c) Target minimum balance is \$500,000.

(d) Does not include expenses associated with facilities master plan to be completed in FY 2022

(e) All balances are cumulative.

Table S - 11 - Wastewater 2023 Cost of Service

Line No.	Description	Operating Expense	Capital Cost	Total Cost
		\$	\$	\$

Statement of Net Revenue Requirements (Cash Basis)

Revenue Requirements				
1	O&M Expenses	16,708,800		16,708,800
2	Bad Debt	128,700		128,700
3	PILOT	1,093,900		1,093,900
4	Debt Service		0	0
Other Expenditures & Transfers:				
	Transfer to Shop Fund (Capital Outlay)		0	0
5	Transfer to Operating Reserve	134,000		134,000
6	Cash Funding of Capital Projects		8,710,000	8,710,000
7	Transfer to Capital Reserve		(312,000)	(312,000)
8	Subtotal	18,065,400	8,398,000	26,463,400
Less Revenue Requirements Met from Other Sources				
9	Other Revenues and Adjustments	676,300		676,300
10	Interest Earned	43,100		43,100
11	Net Balance Available		5,800	5,800
12	Full Year Rate Adjustment			
13	Subtotal	719,400	5,800	725,200
14	Net Revenue Requirements to be Recovered by Rates	17,346,000	8,392,200	25,738,200

Restatement of Net Cost of Service (Utility Basis)

15	O&M Expenses	17,346,000		17,346,000
16	Depreciation		8,259,600	8,259,600
17	Return		132,600	132,600
18	Net Cost of Service	17,346,000	8,392,200	25,738,200

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Table S - 12 - Wastewater 2023 Allocation of Net Plant Investment

Line No.	Description	Total	Volume				Farmington Direct	Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only			BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Plant Investment:														
1	Sewer Collection	106,713,735	43,521,511		63,192,224									
2	Sewer Connections	319,887												319,887
3	Water Meters	2,741,021											2,741,021	
4	Owl Creek Lift Station and Force Main	14,103												14,103
5	Lift Stations	5,257,834	5,257,834											
Sewer Treatment Plant- Noland														
6	Sewage Pumping	229,919		229,919										
7	Mechanical Bar Screens	172,282							51,685		120,597			
8	Grit Removal													
9	Primary Sedimentation													
10	Disinfection	1,684,829		1,684,829										
11	Aeration Equipment	1,120,704							560,352		560,352			
12	Sludge Handling	400,690							220,380		180,311			
13	Other Plant and Misc Equipment	961,187		510,038					221,733		229,416			
14	General Treatment	14,870,670		7,890,861					3,430,472		3,549,337			
Sewer Treatment Plant- West														
15	Sewage Pumping	921,333		845,784			75,549							
16	Mechanical Bar Screens	169,727					13,918		46,743		109,066			
17	Grit Removal	1,380,570					113,207				1,267,363			
18	Primary Sedimentation	6,927,776					568,078		1,907,909		4,451,789			
19	Disinfection	667,246		612,532			54,714							
20	Aeration Equipment	1,490,202					122,197		684,003		684,003			
21	Sludge Handling	34,604,278					2,837,551		17,471,700		14,295,027			
22	Other Plant and Misc Equipment	3,425,729		108,225			280,910		1,492,438		1,544,156			
23	General Treatment	7,795,332		246,269			639,217		3,396,080		3,513,766			
24	Sewer Land and Land Rights	6,358,594	1,917,514	132,595	2,484,085		148,797		823,260		851,789			554
25	General Plant	1,768,194	449,533	111,771	582,356		43,363		271,709		281,124		25,260	3,078
26	Total Net Plant Investment	199,995,842	51,146,392	12,372,823	66,258,665	0	4,897,501	0	30,578,464	0	31,638,096	0	2,766,281	337,622

Table S - 13 - Wastewater 2023 Allocation of Depreciation

Line No.	Description	Total	Volume				Farmington Direct	Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only			BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Depreciation Expense:														
1	Sewer Collection	2,890,542	1,178,862		1,711,680									
2	Sewer Connections	22,463												22,463
3	Water Meters	141,180										141,180		
4	Owl Creek Lift Station and Force Main	6,509												6,509
5	Lift Stations	113,991	113,991											
Sewer Treatment Plant- Noland														
6	Sewage Pumping	42,418		42,418										
7	Mechanical Bar Screens	33,421							10,026		23,395			
8	Grit Removal													
9	Primary Sedimentation													
10	Disinfection	282,757		282,757										
11	Aeration Equipment	124,523	(1)						62,262		62,262			
12	Sludge Handling	83,361	(1)						45,849		37,513			
13	Other Plant and Misc Equipment	68,718		36,464					15,852		16,402			
14	General Treatment	935,042		496,164					215,702		223,176			
Sewer Treatment Plant- West														
15	Sewage Pumping	117,218		107,606			9,612							
16	Mechanical Bar Screens	55,071					4,516		15,167		35,388			
17	Grit Removal	135,374					11,101				124,273			
18	Primary Sedimentation	397,767					32,617		109,545		255,605			
19	Disinfection	41,250		37,868			3,382							
20	Aeration Equipment	140,345	1				11,508		64,418		64,418			
21	Sludge Handling	2,080,224					170,578		1,050,305		859,341			
22	Other Plant and Misc Equipment	320,819		10,135			26,307		139,767		144,610			
23	General Treatment	54,927	1	1,735			4,504		23,929		24,758			
24	Sewer Land and Land Rights	4,692	1,415	98	1,833		110		607		629			
25	General Plant	166,944	42,443	10,553	54,983		4,094		25,653		26,542		2,385	291
26	Total Net Depreciation Expense	8,259,556	1,336,711	1,025,798	1,768,496	0	278,329	0	1,779,082	0	1,898,312	0	143,565	29,263

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Table S - 14 - Wastewater 2023 Allocation of O&M Expenses

Line No.	Description	Total	Volume					Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only		Farmington Direct	BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Sewer Mains Maintenance	2,527,372	1,030,749		1,496,623									
2	Wastewater Treatment Plant	1,930,453		367,405			42,158		747,493		773,396			
3	Wastewater Treatment Plant-Noland	5,578,707		1,183,574					2,160,139		2,234,994			
4	Wastewater Treatment Plant-West	2,025,047		263,578			166,054		784,121		811,293			
5	Lift Stations	990,432	990,432											
6	Meter Operations (a)	1,716,051										1,716,051		
7	Water & Sewer Connections	205,698												205,698
8	Operations and Administration	1,443,897	194,900	174,975	144,317		20,078		355,990		368,326	165,476		19,835
9	All Other O&M Cost	1,647,745	222,415	199,678	164,692		22,912		406,249		420,326	188,838		22,635
10	Subtotal	18,065,400	2,438,495	2,189,210	1,805,632	0	251,202	0	4,453,993	0	4,608,336	2,070,365	0	248,168
	Less: Other Income Sources													
11	Sewer Connection Fees	47,900												47,900
12	Other Income Sources	671,500	49,206	87,179	71,904		10,003		177,367		183,513	82,446		9,883
13	Subtotal	719,400	49,206	87,179	71,904	0	10,003	0	177,367	0	183,513	82,446	0	57,783
14	Net O&M Expenses	17,346,000	2,389,289	2,102,031	1,733,728	0	241,199	0	4,276,626	0	4,424,823	1,987,918	0	190,386

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Table S - 15 - Wastewater 2023 Units of Service

Line	(1) Customer Classes	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Contributed	Infiltration	Total Treated	Strength		Customer	
		Volume	& Inflow	Volume	BOD	TSS	Bills	Meter
		1,000 gal.	1,000 gal.	1,000 gal. (2) + (3)	Pounds	Pounds	Bills	Equiv. Meters
Inside City								
1	Residential	1,771,796	1,590,308	3,362,104	5,725,103	4,874,540	429,266	34,346
2	Non-Residential	698,638	250,840	949,478	2,179,024	1,765,193	34,296	5,157
3	Industrial	396,716	88,853	485,569	1,226,169	980,006	252	249
4	Subtotal	2,867,150	1,930,001	4,797,151	9,130,296	7,619,739	463,814	39,752
Outside City								
Farmington								
5	Residential	77,284	77,958	155,242	251,513	216,205	21,806	1,603
6	Non-Residential	12,743	7,448	20,191	40,344	33,395	1,656	157
7	Industrial							
8	Subtotal	90,027	85,406	175,432	291,857	249,600	23,462	
Greenland								
9	Residential	10,633	17,382	28,016	35,993	32,523	5,388	435
10	Non-Residential	2,212	1,830	4,041	7,114	6,020	480	22
11	Industrial							
12	Subtotal	12,845	19,212	32,057	43,107	38,543	5,868	
Washington County/ Growth Area								
13	Residential	4,304	1,893	6,197	13,496	11,019	336	74
14	Non-Residential		67	67	14	28	24	
15	Industrial							
16	Subtotal	4,304	1,960	6,264	13,510	11,047	360	
Johnson								
17	Residential	6,479	6,692	13,171	21,119	18,191	1,884	151
18	Non-Residential	28	140	168	114	125	48	18
19	Industrial							
20	Subtotal	6,507	6,832	13,339	21,233	18,316	1,932	
21	Total Retail	2,974,326	2,036,578	5,010,904	9,478,770	7,918,929	493,504	39,752
Wholesale								
22	Elkins	81,017	18,069	99,086	250,391	200,104	24	23
23	West Fork	45,625	10,171	55,796	141,008	112,687	12	23
24	Subtotal	126,642	28,240	154,882	391,399	312,791	36	45
25	Subtotal (Inside City)	2,867,150	1,930,001	4,797,151	9,130,296	7,619,739	463,814	39,752
26	Subtotal (Outside City)	113,683	113,409	227,092	369,707	317,506	31,622	-
27	Subtotal (Wholesale)	126,642	28,240	154,882	391,399	312,791	36	45
28	Surcharge Customers				1,282,742	910,900		
29	Total System	3,107,475	2,071,650	5,179,125	11,174,144	9,160,936	495,472	42,258

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Table S - 16 - Wastewater 2023 Unit Cost of Service

Line No.	Description	Total	Volume				Farmington Direct	Wastewater Strength				Customer Billing	Customer Connections	Fayetteville Direct
			Common to All		Retail Only			BOD		TSS				
			All	w/o Farmington	Volume	w/o Farmington		All	w/o Farmington	All	w/o Farmington			
	Units of Service	\$	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.	Pounds	Pounds	Pounds	Pounds	Bills	Equiv. Meters	Bills
1	Inside City		4,797,151	4,797,151	4,797,151	4,797,151		9,130,296	9,130,296	7,619,739	7,619,739	463,814	39,752	463,814
2	Outside City-w/o Farmington		206,542	206,542	51,660	51,660		469,249	469,249	380,697	380,697	8,196	746	
3	Surcharge		175,432		175,432		175,432	291,857		249,600		23,462	1,761	
4	Total System		5,179,125	5,003,693	5,024,243	4,848,811	175,432	9,891,402	9,599,545	8,250,036	8,000,436	495,472	42,258	463,814
	Costs of Service													
	Net Operating Expense													
5	Total - \$	17,346,000	2,389,289	2,102,031	1,733,728		241,199		4,276,626		4,424,823	1,987,918		190,386
6	Unit Cost - \$/unit		0.46	0.42	0.35		1.37		0.39		0.50	4.01		0.41
	Depreciation Expense:													
7	Total - \$	8,259,555	1,336,711	1,025,798	1,768,496		278,329		1,779,082		1,898,312	\$	143,565	29,263
8	Unit Cost - \$/unit		0.26	0.21	0.35		1.59		0.16		0.21	\$	3.3974	0.06
	Net Plant Investment:													
9	Total - \$	199,995,842	51,146,392	12,372,823	66,258,665		4,897,501		30,578,464		31,638,096		2,766,281	337,622
10	Unit Cost - \$/unit		9.88	2.47	13.19		27.92		2.81		3.55		65.46	0.73
	Return on Investment													
11	Inside City, Unit Return - \$/unit		(0.04)	(0.01)	(0.06)				(0.01)		(0.02)		(0.28)	(0.00)
12	Outside City - Except Farmington - Unit Return - \$/Unit		0.69	0.17	0.92				0.20		0.25		4.58	
13	Outside City - Farmington - Unit Return - \$/Unit		0.54		0.73		\$1.5354						3.60	
	Total Return													
14	Inside City - \$	(782,136)	(200,302)	(50,154)	(267,484)				(123,713)		(128,054)		(11,002)	(1,427)
15	Outside City - Except Farmington - \$	416,547	142,779	35,751	47,689				92,299		94,612		3,417	
16	Outside City - Farmington - \$	498,234	95,286		127,246		269,363						6,339	
17	Total Return - \$	132,645	37,764	(14,403)	(92,549)		269,363		(31,414)		(33,442)		(1,247)	(1,427)
	Total Unit Cost of Service													
18	Inside City - \$/unit		0.68	0.61	0.64				0.54		0.69	4.01	3.12	0.47
19	Outside City (Exc Farmington)- \$/uni		1.41	0.80	1.62				0.75		0.96	4.01	7.98	
20	Outside City - Farmington - \$/unit		1.26		1.42		\$ 4.4968					4.01	7.00	
	Total Cost of Service													
21	Inside City - Retail - \$	21,743,660	3,250,896	2,948,565	3,076,442				4,972,298		5,292,288	1,860,902	124,048	218,221
22	Inside City-Surcharge - \$	1,331,238							698,572		632,665			
23	Outside City - Except Farmington - \$	1,296,928	291,370	164,861	83,700				353,424		364,739	32,884	5,950	
24	Outside City - Farmington - \$	1,366,374	221,497		249,534		788,890					94,133	12,320	
25	Total Cost of Service - \$	25,738,200	3,763,763	3,113,426	3,409,676	0	788,890	0	6,024,294	0	6,289,693	1,987,918	142,318	218,221

Table S - 17 - Wastewater 2023 Cost of Service by Customer Class

Line	Description	(1)	(2)	(3)	(4)
			Allocated Cost of Service	Existing Revenues	Indicated Revenue Increase
			\$	\$	
	Inside City				
1	Residential		15,035,955	17,013,006	-11.6%
2	Non-Residential		4,418,463	3,926,109	12.5%
3	Industrial		2,289,243	1,890,075	21.1%
4	Subtotal		21,743,660	22,829,190	-4.8%
	Outside City				
5	Residential		1,543,180	1,258,314	22.6%
6	Non-Residential		183,028	160,409	14.1%
7	Industrial				100.0%
8	Subtotal		1,726,208	1,418,723	21.7%
9	Total Retail		23,469,868	24,247,913	-3.2%
10	Wholesale		937,095	655,689	42.9%
11	Surcharge		1,331,238	834,607	59.5%
12	Total		25,738,201	25,738,209	0.0%

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Table S - 18 - Wastewater Proposed 2023 Charges

Existing Wastewater Rates Effective January 1, 2022

Monthly Base Charge			
Meter Size	Inside City	Outside City	Farmington
Inches	\$/month	\$/month	\$/month
5/8	18.28	18.28	16.74
3/4	18.28	18.28	16.74
1	23.74	33.92	31.28
1 1/2	38.77	60.37	55.50
2	55.43	79.73	73.45
3	128.73	184.24	169.29
4	212.13	303.44	278.93
6	420.39	601.46	553.70
8	628.73	899.76	826.81

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Farmington
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

First 2,000 Gallons	4.35		
> 2,000 Gallons	5.80		
All Usage		8.18	7.52

Non-Residential

All Usage	4.40	8.18	7.52
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Major Industrial

All Usage	4.71	8.18	7.52
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Wholesale

85% of metered water usage	5.19		
Above 85% of metered water	2.71		

Surcharge

BOD - \$/lb for strength in excess of 300 ppm	0.4352		
TSS - \$/lb for strength in excess of 300 ppm	0.3056		

Proposed Wastewater Rates Effective January 1, 2023

Monthly Base Charge			
Meter Size	Inside City	Outside City	Farmington
Inches	\$/month	\$/month	\$/month
5/8	18.28	18.28	25.10
3/4	18.28	18.28	25.10
1	23.74	33.92	52.62
1 1/2	38.77	66.73	109.78
2	55.43	93.11	154.24
3	128.73	196.10	327.83
4	212.13	303.44	482.37
6	420.39	601.46	897.30
8	628.73	899.76	998.92

Volume Charge			
Monthly Water Usage	Inside City	Outside City	Farmington
1,000 gal.	1,000 gal.	1,000 gal.	1,000 gal.

Residential

First 2,000 Gallons	3.39		
> 2,000 Gallons	4.52		
All Usage		8.55	8.27

Non-Residential

All Usage	5.10	8.55	8.27
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Major Industrial

All Usage	5.71	8.55	8.27
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Wholesale

85% of metered water usage	7.20		
Above 85% of metered water	7.20		

Surcharge

BOD - \$/lb for strength in excess of 300 ppm	0.5426		
TSS - \$/lb for strength in excess of 300 ppm	0.6921		

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Table S - 19 - Wastewater 2023 Cost of Service Under Proposed Rates

(1) Line No.	(2) Description	(3) Adjusted Cost of Service \$	(4) Revenue Under Existing Rates \$	(5) Indicated Revenue Increase	(6) Revenues Under Proposed Rates \$	(7) Proposed Revenue as % Cost of Service	(8) Indicated Revenue Increase	(9) Indicated Revenue Increase \$
Inside City								
1	Residential	15,036,000	17,013,000	-11.6%	15,049,500	100%	-12%	-1,963,500
2	Non-Residential	4,418,500	3,926,100	12.5%	4,424,800	100%	13%	498,700
3	Industrial	2,289,200	1,890,100	21.1%	2,291,500	100%	21%	401,400
4	Subtotal	21,743,700	22,829,200	-4.8%	21,765,800	100%	-5%	-1,063,400
Outside City								
5	Residential	1,543,200	1,258,300	22.6%	1,510,400	98%	20%	252,100
6	Non-Residential	183,000	160,400	14.1%	193,500	106%	21%	33,100
7	Industrial					0%	0%	
8	Subtotal	1,726,200	1,418,700	21.7%	1,703,900	99%	20%	285,200
Wholesale								
9	Elkins	599,500	419,500	42.9%	583,300	97%	39%	163,800
10	West Fork	337,600	236,200	42.9%	328,500	97%	39%	92,300
11	Subtotal	937,100	655,700	42.9%	911,800	97%	39%	256,100
12	Surcharge	1,331,200	834,600	59.5%	1,326,400	100%	59%	491,800
13	Total	25,738,200	25,738,200	0.0%	25,707,900	100%	0%	-30,300

Table S - 20 - Wastewater 2023 Bill Impact

Line No.	Meter Size	Monthly Usage	Inside City				Outside City			
			Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease	Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease
	Inches	1,000 gal.	\$	\$	\$		\$	\$	\$	
Residential										
1	3/4	0.5	22.10	19.98	-2.13	-9.6%	26.46	22.56	-3.91	-14.8%
2	3/4	2	26.45	25.06	-1.39	-5.3%	34.64	35.38	0.74	2.1%
3	3/4	4	38.05	31.84	-6.21	-16.3%	51.00	52.48	1.48	2.9%
4	3/4	8	61.25	45.40	-15.85	-25.9%	83.72	86.68	2.96	3.5%
5	3/4	10	72.85	52.18	-20.67	-28.4%	100.08	103.78	3.70	3.7%
6	3/4	15	101.85	69.13	-32.72	-32.1%	140.98	146.53	5.55	3.9%
Non-Residential										
7	3/4	10	61.75	69.28	7.53	12.2%	100.08	103.78	3.70	3.7%
8	3/4	20	105.75	120.28	14.53	13.7%	181.88	189.28	7.40	4.1%
9	1	50	243.05	278.74	35.69	14.7%	442.92	461.42	18.50	4.2%
10	1	100	463.05	533.74	70.69	15.3%	851.92	888.92	37.00	4.3%
11	1 1/2	50	257.64	293.77	36.13	14.0%	469.37	494.23	24.86	5.3%
12	1 1/2	100	477.64	548.77	71.13	14.9%	878.37	921.73	43.36	4.9%
13	2	100	493.82	565.43	71.61	14.5%	897.73	948.11	50.38	5.6%
14	2	500	2,253.82	2,605.43	351.61	15.6%	4,169.73	4,368.11	198.38	4.8%
Industrial										
15	2	100	493.52	626.43	132.91	26.9%	897.73	948.11	50.38	5.6%
16	2	1,000	4,732.52	5,765.43	1,032.91	21.8%	8,259.73	8,643.11	383.38	4.6%
17	4	500	2,441.89	3,067.13	625.24	25.6%	4,393.44	4,578.44	185.00	4.2%
18	4	1,500	7,151.89	8,777.13	1,625.24	22.7%	12,573.44	13,128.44	555.00	4.4%
19	6	2,500	11,948.78	14,695.39	2,746.61	23.0%	21,051.46	21,976.46	925.00	4.4%
20	6	5,000	23,723.78	28,970.39	5,246.61	22.1%	41,501.46	43,351.46	1,850.00	4.5%
21	6	10,000	47,273.78	57,520.39	10,246.61	21.7%	82,401.46	86,101.46	3,700.00	4.5%

12.0 Appendix 3: Combined Tables

Table C - 1 - Combined Projected Fund Balances

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
	Operating Funds						
1	O&M Reserve Balance (a)	8,051,900	8,314,600	8,586,100	8,866,600	9,156,600	9,456,300
2	Operating Fund Balance (b)	209,600	213,100	210,900	215,500	228,600	212,100
3	Subtotal Operating Funds Balance (e)	8,261,500	8,527,700	8,797,000	9,082,100	9,385,200	9,668,400
	Capital Funds						
4	Capital Fund Balance (c)	1,008,700	1,008,400	1,006,100	1,010,300	1,009,800	1,003,200
5	Capital Reserve Fund Balance (d)	32,910,000	30,173,000	27,293,500	20,118,500	13,458,500	7,996,500
6	Subtotal Capital Funds Balance (e)	33,918,700	31,181,400	28,299,600	21,128,800	14,468,300	8,999,700
7	Impact Fee Fund Balance (e)	4,460,597	4,516,397	4,378,897	5,592,597	6,791,197	8,511,397

- (a) Calculated as 90 days of following year's Operating Expenses.
 (b) Target minimum combined balance is \$200,000 to account for any adjustments that may be needed to the O&M balance at the end of the year.
 (c) Target minimum combined balance is \$1,000,000.
 (d) Does not include expenses associated with facilities master plan to be completed in FY 2022
 (e) All balances are cumulative.

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Table C - 2 - Combined Operating Cash Flow

Line No.	Description	Year Ending December 31,					
		2021	2022	2023	2024	2025	2026
		\$	\$	\$	\$	\$	\$
Revenues							
1	Revenues Under Existing Rates	45,648,500	47,229,500	47,826,000	48,433,700	49,053,000	49,684,500
Revenue Increases							
2	0.0 % Increase Effective January 1, 2022		0	0	0	0	0
3	0.0 % Increase Effective January 1, 2023		0	0	0	0	0
4	3.0 % Increase Effective January 1, 2024		0	0	1,331,900	1,471,600	1,490,500
5	3.0 % Increase Effective January 1, 2025		0	0	0	1,389,400	1,535,300
6	3.0 % Increase Effective January 1, 2026		0	0	0	0	1,449,500
7	Total Revenue from Rates	45,648,500	47,229,500	47,826,000	49,765,600	51,914,000	54,159,800
8	Other Revenues (a)	1,127,800	1,362,000	1,363,600	1,371,400	1,380,000	1,389,300
9	Subtotal Revenues	46,776,300	48,591,500	49,189,600	51,137,000	53,294,000	55,549,100
Expenses							
10	Operating Expenses	31,624,500	32,655,200	33,720,300	34,821,200	35,959,000	37,135,100
11	Bad Debt	228,200	236,100	239,100	248,800	259,600	270,800
12	PILOT	1,940,000	2,007,200	2,032,600	2,115,100	2,206,400	2,301,800
13	SDWF-Reimbursement to ADPH	230,000	233,800	237,800	241,800	245,900	250,200
14	Debt Service	0	0	0	0	0	0
15	Total Expenses	34,022,700	35,132,300	36,229,800	37,426,900	38,670,900	39,957,900
Transfers							
16	Transfer to Shop Fund	66,000	0	0	0	0	0
17	Transfer to Operating Reserve	254,100	262,700	271,500	280,500	290,000	299,700
18	Cash Financing of Capital	11,730,000	15,930,000	15,570,000	20,600,000	20,980,000	20,770,000
19	Transfer to/from Capital Reserve	700,000	-2,737,000	-2,879,500	-7,175,000	-6,660,000	-5,462,000
20	Total Transfers	12,750,100	13,455,700	12,962,000	13,705,500	14,610,000	15,607,700
Fund Balance							
21	Beginning Balance	206,100	209,600	213,100	210,900	215,500	228,600
22	Annual Operating Balance	3,500	3,500	-2,200	4,600	13,100	-16,500
23	Ending Fund Balance	209,600	213,100	210,900	215,500	228,600	212,100
Performance Metrics							
24	Debt Service Coverage	NA	NA	NA	NA	NA	NA
25	O&M Reserve Balance (Days)(b)	✓ 90.00	✓ 90.00	✓ 90.00	✓ 90.00	✓ 90.00	✓ 90.00

(a) Includes interest income on operating fund balance.

(b) Minimum requirement is 90 days of following year's Operating Expenses.

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Table C - 3 - Combined 2023 Bill Impact

Line No.	Meter Size	Monthly Usage	Inside City				Outside City			
			Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease	Existing Rates	Proposed Rates	Increase / Decrease	Increase / Decrease
	Inches	1,000 gal.	\$	\$	\$		\$	\$	\$	
Residential										
1	3/4	0.5	32.01	28.22	-3.80	-11.9%	37.82	32.33	-5.49	-14.5%
2	3/4	2	39.87	38.25	-1.62	-4.1%	50.04	51.86	1.82	3.6%
3	3/4	4	60.77	53.57	-7.20	-11.8%	77.10	80.78	3.68	4.8%
4	3/4	8	102.57	84.21	-18.36	-17.9%	131.22	138.62	7.40	5.6%
5	3/4	10	123.47	99.53	-23.94	-19.4%	158.28	167.54	9.26	5.9%
6	3/4	15	175.72	137.83	-37.89	-21.6%	225.93	239.84	13.91	6.2%
Non-Residential										
7	3/4	10	106.05	115.17	9.12	8.6%	151.20	161.82	10.62	7.0%
8	3/4	20	187.95	205.47	17.52	9.3%	276.80	297.82	21.02	7.6%
9	1	50	441.42	484.38	42.96	9.7%	672.13	726.18	54.05	8.0%
10	1.5	100	872.11	957.70	85.59	9.8%	1,334.15	1,450.95	116.80	8.8%
11	2	500	4,091.34	4,593.63	502.29	12.3%	6,289.61	6,926.63	637.02	10.1%
Industrial										
12	2	100	812.04	963.63	151.59	18.7%	1,260.25	1,330.63	70.38	5.6%
13	2	1,000	7,715.04	8,928.63	1,213.59	15.7%	11,682.25	12,166.63	484.38	4.1%
14	4	1,500	11,678.78	13,576.63	1,897.85	16.3%	17,760.33	18,466.37	706.04	4.0%
15	6	5,000	38,697.56	44,849.38	6,151.82	15.9%	58,675.24	61,007.28	2,332.04	4.0%
16	6	10,000	77,047.56	89,099.38	12,051.82	15.6%	116,575.24	121,207.28	4,632.04	4.0%



CITY OF FAYETTEVILLE, ARKANSAS

Notice of Public Hearing on Proposed Water and Sewer Rate Changes

City Council Agenda Session: Tuesday, June 14, 2022 at 4:30 PM

City Council Meeting: Tuesday, June 21, 2022 at 5:30 PM

City of Fayetteville Administration Building, City Hall

113 W. Mountain – Room 219 or via Zoom link at www.fayetteville-ar.gov

The City of Fayetteville AR, on the dates and times mentioned above, will hold a public hearing as part of the City Council Agenda Session and City Council Meeting with Fayetteville City Council prior to the adoption of the 2023 water and sewer rate increases. The public can attend in person or remotely via the link on the City's website, www.fayetteville-ar.gov.

If adopted, the proposed new rates would take effect on or after January 01, 2023, with 3% increases annually thereafter. All property owners/tenants and other interested parties are invited to attend the public hearing and be heard on the matter.

A water and sewer cost of service study was conducted by Black & Veatch pursuant to Fayetteville City Council Resolution 212-20 to perform a cost analysis to determine if costs allocations are fair and equitable among customer classes, to review the existing rate structure and design proposed rates that provide adequate revenues. The rate study was conducted following the industry standard methodology from the American Water Works Association (M1 Principles of Water Rates, Fees, and Charges).

The proposed water and sewer rate changes below are necessary for the City of Fayetteville to continue to provide safe and reliable water and sewer services to its citizens because extensive new capital needs are required at this point in time and operating costs have increased above the revenue increases generated by the current annual 3% proportional adjustment.

PROPOSED WATER RATE CHANGES – ON OR AFTER 1/1/2023

FIXED BASE CHARGE \$/MONTH		WATER INSIDE CITY			WATER OUTSIDE CITY		
Meter Size		EXISTING	PROPOSED	CHANGE	EXISTING	PROPOSED	CHANGE
5/8"		6.59	6.59	0.0%	7.54	7.54	0.0%
3/4"		6.59	6.59	0.0%	7.54	7.54	0.0%
1"		9.14	9.14	0.0%	10.52	12.26	16.5%
1.5"		15.93	15.93	0.0%	18.31	24.22	32.3%
2"		23.20	23.20	0.0%	26.66	33.52	25.7%
3"		54.05	54.05	0.0%	62.18	69.84	12.3%
4"		89.50	89.50	0.0%	102.93	102.93	0.0%
6"		178.99	178.99	0.0%	205.82	205.82	0.0%
8"		268.41	268.41	0.0%	308.67	308.67	0.0%
			AVG	0.0%		AVG	9.7%
QUANTITY CHARGE \$/1,000 GALLONS							
Residential							
First 2,000 gallons		3.51	3.30	-6.0%	4.04	4.47	10.6%
Next 13,000 gallons		4.64	4.37	-5.8%	5.34	5.91	10.7%
All over 15,000 gallons		6.59	6.20	-5.9%	7.54	8.38	11.1%
			AVG	-5.9%		AVG	10.8%
Non-Residential							
First 300,000 gallons		3.79	3.93	3.7%	4.38	5.05	15.3%
All over 300,000 gallons		3.38	3.93	16.3%	3.90	5.05	29.5%
			AVG	10.0%		AVG	22.4%
Major Industrial							
All Usage		2.96	3.14	6.1%	3.20	3.49	9.1%
Irrigation							
First 300,000 gallons		5.04	4.29	-14.9%	5.80	5.43	-6.4%
All over 300,000 gallons		4.53	4.29	-5.3%	5.22	5.43	4.0%
			AVG	-10.1%		AVG	-1.2%
Wholesale							
Reduced Peak Demand					2.87	3.16	10.1%
Peak Demand					3.20	3.16	-1.3%
						AVG	4.4%

***Beginning January 1, 2024, all monthly water rates shall be increased by 3% per year**

PROPOSED SEWER RATE CHANGES – ON OR AFTER 1/1/2023

FIXED BASE CHARGE \$/MONTH Meter Size	SEWER INSIDE CITY			SEWER OUTSIDE CITY			SEWER FARMINGTON		
	EXISTING	PROPOSED	CHANGE	EXISTING	PROPOSED	CHANGE	EXISTING	PROPOSED	CHANGE
5/8"	18.28	18.28	0.0%	18.28	18.28	0.0%	16.74	25.10	49.9%
3/4"	18.28	18.28	0.0%	18.28	18.28	0.0%	16.74	25.10	49.9%
1"	23.74	23.74	0.0%	33.92	33.92	0.0%	31.28	52.62	68.2%
1.5"	38.77	38.77	0.0%	60.37	66.73	10.5%	55.50	109.78	97.8%
2"	55.43	55.43	0.0%	79.73	93.11	16.8%	73.45	154.24	110.0%
3"	128.73	128.73	0.0%	184.24	196.10	6.4%	169.29	327.83	93.6%
4"	212.13	212.13	0.0%	303.44	303.44	0.0%	278.93	482.37	72.9%
6"	420.39	420.39	0.0%	601.46	601.46	0.0%	553.70	897.30	62.1%
8"	628.73	628.73	0.0%	899.76	899.76	0.0%	826.81	998.92	20.8%
		AVG	0.0%		AVG	3.8%		AVG	69.5%
QUANTITY CHARGE \$/1,000 GALLONS									
Residential									
First 2,000 Gallons	4.35	3.39	-22.1%	8.18	8.55	4.5%	7.52	8.27	10.0%
All over 2,000 Gallons	5.80	4.52	-22.1%	8.18	8.55	4.5%	7.52	8.27	10.0%
		AVG	-22.1%		AVG	4.5%		AVG	10.0%
Non-Residential									
All Usage	4.40	5.10	15.9%	8.18	8.55	4.5%	7.52	8.27	10.0%
Major Industrial									
All Usage	4.71	5.71	21.2%	8.18	8.55	4.5%	7.52	8.27	10.0%
Wholesale									
Reduced Peak Demand				5.19	7.20	38.7%			
Peak Demand				2.71	7.20	165.7%			
					AVG	102.2%			

***Beginning January 1, 2024, all monthly sewer rates shall be increased by 3% per year**

For more information or questions about the proposed water and sewer rate changes, contact the City of Fayetteville, Utilities Financial Services Division at (479) 575-8224 or visit the City's website for at www.fayetteville-ar.gov.

City of Fayetteville, Arkansas

By: Tim Nyander

Water & Sewer Utilities Director

Date: 06/08/2022



OFFICE OF THE
CITY ATTORNEY

DEPARTMENTAL CORRESPONDENCE



Kit Williams
City Attorney

Blake Pennington
Assistant City Attorney

Jodi Batker
Paralegal

TO: **Mayor Jordan**
City Council
Kara Paxton, City Clerk/Treasurer

CC: **Susan Norton**, Chief of Staff
Paul Becker, Chief Financial Officer
Tim Nyander, Utilities Director

FROM: **Kit Williams**, City Attorney

DATE: **July 15, 2022**

RE: **Statutory Procedure Required For Adopting New Sewer Rates**

There is a precise and unusual procedural schedule that is required by A.C.A. §14-235-223 **Rates and charges for services – Lien** for sewer rate changes. Prior to raising or changing sewer rates, the City must carefully follow every statutorily required step pursuant to A.C.A. §14-235-223 as shown below:

“(d)(1)(A) No rates or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served by them and others interested shall have opportunity to be heard concerning the proposed rates or charges.

(B) After introduction of the ordinance fixing the rates or charges, and before the ordinance is finally enacted, notice of the hearing, setting forth the proposed schedule of the rates or charges, shall be given by one (1) publication in a newspaper published ... at least ten (10) days before the date fixed in the notice for the hearing, which may be adjourned from time to time.

(2) After the hearing the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect.”

Statutorily Required Schedule

- (1) Introduce (Read) the ordinance proposing to change the sewer rates at a City Council meeting;
- (2) Publish "notice of the hearing setting forth the proposed schedule of the rates and charges ... by one publication in a newspaper..."
- (3) This notice must be published "at least ten (10) days before the date fixed in the notice for the hearing..."
- (4) After this public hearing, the ordinance may be passed.

The sewer rate ordinance will be read for the first time (introduced) at the June 21st City Council Meeting. **After such introduction** (reading), the City needs to set the date of the public hearing no earlier than ten (10) days from date such notice can be published (which might be Sunday, June 26, or if that cannot be accomplished, then Sunday July 3rd). Ten days after either publication date would allow the public hearing to be held at the July 19th City Council Meeting and the ordinance acted upon at that meeting after the Public Hearing.

As you see, the currently scheduled Public Hearing for next Tuesday does not fulfill the statutory requirement for such Public Hearing because the ordinance must be introduced (read) **BEFORE** the public hearing is even scheduled. Then the notice of such public hearing date must be published in the paper. Such notice must also set "forth the proposed schedule of the rates and charges" as well as the date of the public hearing.

Since the City has scheduled a public hearing for the next City Council Meeting, we may still wish to conduct one, but it will not suffice for our statutory requirement. The very first requirement is the reading of the ordinance which statutorily begins the full process which we must accomplish before the ordinance can be passed.

The Agenda for the June 21st City Council Meeting needs to have the sewer rate change ordinance as an item of New Business where it will be placed on its first reading. Since all such items of New Business allow public comment, persons wishing to speak to the proposed rate changes can publicly comment then so we do not need a separate public hearing on the June 21st Agenda. During the discussion of the sewer rate ordinance, the Council needs to agree that the Public Hearing will be scheduled for the July 19th City Council Meeting.

more than such sum turned over to it in maintaining the system, the city having been operating and maintaining this system out of general revenues with no expenses to the district, and the desire for audit of the accounts was made after the retirement of the bonds issued for the maintenance of the sewer. *Lawrence v. Jones*, 228 Ark. 1136, 313 S.W.2d 228 (1958).

Scope.

This section contemplates that revenue bonds authorized to construct sewers will

be paid from the revenues derived from that service and nothing in this subchapter authorizes any part of the revenues derived from the system to be devoted and appropriated to pay the cost of construction or operation of waterworks system. *Mathers v. Moss*, 202 Ark. 554, 151 S.W.2d 660 (1941).

14-235-223. Rates and charges for services — Lien.

(a)(1) The council of the municipality shall have power, and it shall be its duty, by ordinance to establish and maintain just and equitable rates or charges for the use of and the service rendered by the works, to be paid by each user of the sewerage system of the municipality.

(2) The council may change and readjust the rates or charges from time to time to such extent as will not render insecure the rights of the holders of revenue bonds or violate any sinking fund agreement, or other lawful agreement, with such bondholders.

(b) The rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements, and maintenance of the works and for the payment of the sums required in this subchapter to be paid into the sinking fund.

(c) Revenues collected pursuant to this section shall be deemed the revenues of the works.

(d)(1)(A) No rates or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served by them and others interested shall have opportunity to be heard concerning the proposed rates or charges.

(B) After introduction of the ordinance fixing the rates or charges, and before the ordinance is finally enacted, notice of the hearing, setting forth the proposed schedule of the rates or charges, shall be given by one (1) publication in a newspaper published in the municipality if there is such a newspaper, but otherwise in a newspaper having general circulation in the municipality, at least ten (10) days before the date fixed in the notice for the hearing, which may be adjourned from time to time.

(2) After the hearing the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect.

(e) A copy of the schedule of the rates and charges established shall be kept on file in the office of the sewer committee having charge of the operation of the works, and also in the office of the municipal clerk or recorder, and shall be open to inspection by all parties interested.

(f)(1) The rates or charges so established for any class of users or property served shall be extended to cover any additional premises

Paxton, Kara

From: Paxton, Kara
Sent: Tuesday, June 14, 2022 5:07 PM
To: Bolinger, Bonnie; Pennington, Blake; Brown, Chris; Bunch, Sarah; CityClerk; Curth, Jonathan; Harvey, Sonia; Hertzberg, Holly; Batker, Jodi; Jones, D'Andre; Kelley, Courtney; Kinion, Mark; Johnson, Kimberly; Rogers, Kristin; Williams, Kit; Jordan, Lioneld; Mathis, Jeana; Paxton, Kara; Mulford, Patti; Rea, Christine; Scroggin, Sloan; Norton, Susan; Thurber, Lisa; Turk, Teresa; Wiederkehr, Mike
Subject: FW: Pre-Agenda Meeting

Good afternoon,

The Public Hearing item C.1 Public Hearing Discussion on Recommendations for Water and Sewer Rates Effective January 1, 2023 on the 06/14/2022 Tentative Agenda was placed on the agenda per the request I received via email on Wednesday, June 8, 2022 2:23 PM.

Based on the City Attorney requesting that this item now be moved the below email will be placed as additional documents in the agenda packet.

Thank you,

#

Kara Paxton, MSISM, CMC, CMO

City Clerk Treasurer

City of Fayetteville, Arkansas

kapaxton@fayetteville-ar.gov

T 479.575.8323#



From: Norton, Susan <snorton@fayetteville-ar.gov>

Sent: Thursday, June 9, 2022 3:12 PM

To: Paxton, Kara <kapaxton@fayetteville-ar.gov>

Subject: RE: Pre-Agenda Meeting

Thank you!

From: Paxton, Kara <kapaxton@fayetteville-ar.gov>

Sent: Thursday, June 9, 2022 3:02 PM

To: Norton, Susan <snorton@fayetteville-ar.gov>

Subject: RE: Pre-Agenda Meeting

I processed the change and uploaded the document. The agenda can be viewed at the below link.

https://accessfayetteville.granicus.com/GeneratedAgendaViewer.php?view_id=14&event_id=2591

Thank you,

#

Kara Paxton, MSISM, CMC, CMO

City Clerk Treasurer

City of Fayetteville, Arkansas

kapaxton@fayetteville-ar.gov

T 479.575.8323#



From: Norton, Susan <snorton@fayetteville-ar.gov>

Sent: Wednesday, June 8, 2022 4:07 PM

To: Paxton, Kara <kapaxton@fayetteville-ar.gov>; Williams, Kit <kwilliams@fayetteville-ar.gov>; Thurber, Lisa <lthurber@fayetteville-ar.gov>; Curth, Jonathan <jcurth@fayetteville-ar.gov>; Brown, Chris <cbrown@fayetteville-ar.gov>; Becker, Paul <pbecker@fayetteville-ar.gov>

Cc: Rogers, Kristin <kr Rogers@fayetteville-ar.gov>; Bolinger, Bonnie <bbolinger@fayetteville-ar.gov>

Subject: RE: Pre-Agenda Meeting

Kara - Please add the following descriptor to that Public Hearing title and include the attached as a link in the packet. Please let me know if you have any questions.

Public Hearing: Discussion on Recommendations for Water and Sewer Rates Effective January 1, 2023

Thank you.

Susan

From: Paxton, Kara <kapaxton@fayetteville-ar.gov>

Sent: Wednesday, June 8, 2022 3:37 PM

To: Williams, Kit <kwilliams@fayetteville-ar.gov>; Thurber, Lisa <lthurber@fayetteville-ar.gov>; Norton, Susan <snorton@fayetteville-ar.gov>; Curth, Jonathan <jcurth@fayetteville-ar.gov>; Brown, Chris <cbrown@fayetteville-ar.gov>; Becker, Paul <pbecker@fayetteville-ar.gov>

Cc: Rogers, Kristin <kr Rogers@fayetteville-ar.gov>; Bolinger, Bonnie <bbolinger@fayetteville-ar.gov>

Subject: RE: Pre-Agenda Meeting

Kit,

Thank you for your response. I have added the Public Hearing section and moved the item you mentioned. I have attached a copy of the agenda to this email for your records.

This agenda will be published on the website tomorrow afternoon.

Thank you,

#

Kara Paxton, MSISM, CMC, CMO

City Clerk Treasurer

City of Fayetteville, Arkansas

kapaxton@fayetteville-ar.gov

T 479.575.8323#



From: Williams, Kit <kwilliams@fayetteville-ar.gov>

Sent: Wednesday, June 8, 2022 2:23 PM

To: Paxton, Kara <kapaxton@fayetteville-ar.gov>; Thurber, Lisa <lthurber@fayetteville-ar.gov>; Norton, Susan <snorton@fayetteville-ar.gov>; Curth, Jonathan <jcurth@fayetteville-ar.gov>; Brown, Chris <cbrown@fayetteville-ar.gov>; Becker, Paul <pbecker@fayetteville-ar.gov>

Subject: RE: Pre-Agenda Meeting

Kara,

Looks very good to me. We need to have a separate place for a public hearing on the new water/sewer rates (before item for the ordinance.).

Kit

From: Paxton, Kara

Sent: Wednesday, June 08, 2022 12:31 PM

To: Thurber, Lisa <lthurber@fayetteville-ar.gov>; Norton, Susan <snorton@fayetteville-ar.gov>; Curth, Jonathan <jcurth@fayetteville-ar.gov>; Brown, Chris <cbrown@fayetteville-ar.gov>; Becker, Paul <pbecker@fayetteville-ar.gov>; Williams, Kit <kwilliams@fayetteville-ar.gov>

Cc: Bolinger, Bonnie <bbolinger@fayetteville-ar.gov>; Rogers, Kristin <kr Rogers@fayetteville-ar.gov>

Subject: Pre-Agenda Meeting

Good afternoon,

I have attached the draft version of the Tentative Agenda. Once you have had a chance to review this document please email me and let me know what your agenda item preferred order is for the Consent Agenda and New Business.

Thank you,

#

Kara Paxton, MSISM, CMC, CMO

City Clerk Treasurer

City of Fayetteville, Arkansas

kapaxton@fayetteville-ar.gov

T 479.575.8323#





OFFICE OF THE
CITY ATTORNEY

DEPARTMENTAL CORRESPONDENCE



Kit Williams
City Attorney

Blake Pennington
Assistant City Attorney

Jodi Batker
Paralegal

TO: Mayor Jordan
City Council
Kara Paxton, City Clerk/Treasurer

CC: Paul Becker, Chief Financial Officer
Tim Nyander, Utilities Director
Corey Granderson, Utilities Engineer

FROM: Kit Williams, City Attorney

A handwritten signature in blue ink, appearing to be "Kit Williams", with a long horizontal line extending to the right.

DATE: July 13, 2022

RE: Contracting with other political subdivisions

The City of Fayetteville has constructed a very efficient and effective wastewater system for our residents, businesses, and factories which we have graciously allowed residents and businesses outside our city limits to access for decades. The City is authorized to contract with other cities or their residents (Elkins, Greenland, Farmington, Johnson, and West Fork) by A.C.A. §14-235-212 **Contracting with other political subdivisions.**

These contracts are statutorily authorized, "but only to the extent of the capacity of the works without impairing the usefulness of them to the owners (Fayetteville), **upon such terms and conditions as may be fixed by the sewer committee ...**" *Id.* at (a)(1)(B). (emphasis added)

In a sewer rate challenge case, the Arkansas Supreme Court held:

"Rate making being a legislative act, unless the city council has acted arbitrarily and unreasonably in fixing these rates, there is a prima facie presumption in favor of their correctness, and the burden is on complainant to show otherwise." *Lawrence v. Jones*, 228 Ark. 1136, 313 S.W. 2d. 228, 231 (1958).

In a recent case, the City of Fayetteville was sued because it substantially increased its rates to a nonresident wholesale water customer.

“Water may be supplied to nonresident consumers at such rates as the legislative body of the municipality may deem just and reasonable, and the rates need not be the same as the rates charged residents of the municipality.” *Mount Olive Water Association v. City of Fayetteville*, 313 Ark, 606, 856 S.W. 2d 864, 866 (1993).

The water association challenged a 9.8% rate of return for computing revenue requirements. *Id.* The Arkansas Supreme Court rejected the water association’s argument that the 9.8% rate of return establishing the water rates was not just or reasonable. The Court ruled:

“We have stated no hard and fast rule regarding what constitutes a reasonable rate or the variables properly employed by which a municipality may charge in these situations. Reasonableness of rates must therefore be dictated by the facts of each situation and the definition of ‘reasonable’ established by the common meaning of the term.

Webster's Third New International Dictionary (Unabridged) (1968) gives several definitions of ‘reasonable’ including ‘not conflicting with reason: not absurd: not ridiculous . . . b. being or remaining within the bounds of reason.’” *Mount Olive Water Association v. City of Fayetteville*, *Supra* at 867.

The Arkansas Supreme Court cited “the *Report on Revenue Requirements, Cost of Service, and Rates for Water and Sewer Services for Fayetteville, Arkansas* prepared by Black and Veatch/Engineers - Architects of Kansas City,” *Id.* as “evidence presented by the City (which) showed the rates were based upon ‘reason’ and were ‘reasonable’ in accordance with the dictionary definitions quoted.” *Id.*

Although the current Black and Veatch report may need to be slightly modified, once the City Council is satisfied that Black and Veatch has properly considered all relevant factors including realistic and relevant concerns of the City of Farmington and others, rates based upon the *Report* should satisfy the reasonableness standard here just as they did in the *Mount Olive Water*

Association case. The Court in that case found that the charge per 1000 gallon rate there which more than tripled in four years was reasonable and legal.

“The burden of proving the city’s rate schedule to be arbitrary and unreasonable rested upon the plaintiffs, for the ordinance is entitled to the presumption of validity that legislative enactments ordinarily receive.” *Lawrence v. Jones*, Supra at 231.

CONCLUSION

The City of Fayetteville has always strived to fairly apportion the costs of building, maintaining, and operating its water and sewer systems among all of its customers. The law clearly gives the City Council the right to protect the interests of our citizens and businesses by crediting their recent 200 Million Dollar investment into the wastewater system project which was needed to service not only our intown customers, but our many out of town customers in Farmington, Greenland and Johnson as well as our wholesale customers of Elkins and West Fork.

A reasonable rate of return from our out-of-town customers to compensate our citizens’ 200 Million Dollar investment is not only legal, but fair and reasonable.



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council

THRU:

FROM: Kit Williams, City Attorney

DATE:

SUBJECT:

RECOMMENDATION:

Council Member Sarah Moore requests City Council approval of a resolution approving the ARPA application of and authorizing Mayor Jordan to sign a subrecipient agreement with Serve NWA d/b/a New Beginnings in the amount of \$1,295,000.00 to provide low income residents with housing and other needed support.

BACKGROUND:

DISCUSSION:

BUDGET/STAFF IMPACT:

\$1,295,000 from the City's ARPA funds

ATTACHMENTS: Agenda Request Serve NWA - Sarah Moore, New Beginnings_Resolution-City Attorney Memo, 2023-505 BA ARPA Serve NWA_New Beginnings



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-505

A RESOLUTION TO APPROVE AND AUTHORIZE MAYOR JORDAN TO SIGN AN ARPA FUNDED SUBRECIPIENT AGREEMENT WITH SERVE NWA FOR SUPPORTIVE OR AFFORDABLE HOUSING IN THE AMOUNT OF \$1,295,000.00 AND TO APPROVE A BUDGET ADJUSTMENT

WHEREAS, Serve NWA, d/b/a New Beginnings, has long worked to shelter unhoused persons in Fayetteville and submitted an application requesting \$1,295,000.00 in American Rescue Plan Act (ARPA) funding to help Fayetteville's lower income residents obtain housing; and

WHEREAS, the City Council believes that New Beginnings should receive this ARPA funding to enable low income Fayetteville residents to become better sheltered and to find affordable housing accommodations and other services.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby determines that the ARPA application from New Beginnings meets all requirements of the American Rescue Plan Act (ARPA), approves the ARPA application by Serve NWA (d/b/a New Beginnings) in the amount of \$1,295,000.00 to provide low income residents with housing and other needed support, and authorizes Mayor Jordan to sign the Subrecipient Agreement with Serve NWA (d/b/a New Beginnings).

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment in the amount of \$1,295,000.00 to pay for the needed services offered by Serve NWA (d/b/a New Beginnings).

AGENDA REQUEST FORM

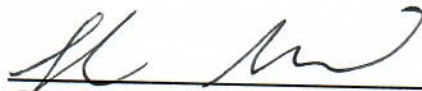
FOR: Council Meeting of March 7, 2023

FROM: Council Member Sarah Moore

ORDINANCE OR RESOLUTION TITLE AND SUBJECT:

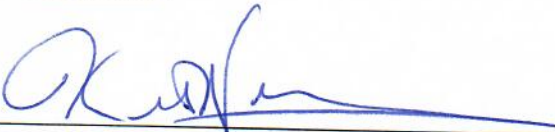
A RESOLUTION TO APPROVE AND AUTHORIZE MAYOR JORDAN TO SIGN AN ARPA FUNDED SUBRECIPIENT AGREEMENT WITH SERVE NWA FOR SUPPORTIVE OR AFFORDABLE HOUSING IN THE AMOUNT OF \$1,295,000.00 AND TO APPROVE A BUDGET ADJUSTMENT

APPROVED FOR AGENDA:



City Council Member
Sarah Moore

2/14/2023
Date



City Attorney Kit Williams
Approved as to form

2/27/2023
Date

From: Moore, Sarah
Sent: Tuesday, February 14, 2023 12:45 AM
To: Dotson, Steven; Becker, Paul
Cc: Williams, Kit
Subject: Re: Resolution for 02/28 agenda session: ARPA for Serve NWA housing application

Hi Steven and Paul

I wanted to touch base with you on the New Beginnings project to purchase units that will be kept as affordable units at some of the most entry level of our population that have experienced chronic homelessness.

There has been brought up earlier today the concern of meeting the ARPA guidelines. This is the first time that I understood this project had concerns that it was outside the ARPA parameters. I did understand staff did not recommend it, but in the criteria shared, I did see how it could be possible to not be recommended and still be a viable project.

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In reading the guidance on ARPA and the updated information on affordable housing, I do find that this project can qualify. In all of the projects and reading of ARPA, it seems that a project of this type is allowable. Do you see this any differently? I am attaching some highlights from portions that seem to lend themselves to this project. The biggest factors to consider seem to be making sure that there are income requirements in line with federal housing programs, housing standards, a set time period of affordability. Looking further, it seems like the minimum time frame of affordability is 20 years which the current applicant will be agreeable to.

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Governments continue to be able to use recovery funds they receive for the “development, repair, and operation of affordable housing and services or programs to increase long-term housing security.” For an affordable housing development to qualify for ARPA funding, the project must be responsive and proportional to the negative economic impacts of the pandemic. A development may meet this requirement if it increases the supply of long-term affordable housing for households negatively impacted by the pandemic.

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under an expanded list of federal housing programs and projects for the development, repair or operation of affordable rental housing, subject to certain income and affordability requirements. To the extent a project fits into one of the two presumptions further described below, Treasury **will presume that the project is eligible**.

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Second, Treasury will presume that an investment in the development, repair or operation of any affordable rental housing unit is an eligible use of ARPA funds if the unit provides affordability for 20 years or more, imposed through a land-use restriction (or similar) agreement, for households at or below 65% of area median income (AMI). Additionally, Treasury does not require that the income limits and 20-year affordability covenant apply to specific units. These limits can instead be used to specify a number of units in the development as long as the applicable covenants specify the bedroom size mix. *NBs would plan to meet this requirement and have full assurance with a contract put in place with City of Fayetteville*

Thank you

--

Sarah Moore
Fayetteville City Council, Ward 2
sarah.moore@fayetteville-ar.gov
479.263.6629

From: Moore, Sarah <sarah.moore@fayetteville-ar.gov>

Date: Monday, February 13, 2023 at 3:44 PM

To: Williams, Kit <kwilliams@fayetteville-ar.gov>

Cc: Dotson, Steven <sdotson@fayetteville-ar.gov>

Subject: Re: Resolution for 02/28 agenda session: ARPA for Serve NWA housing application

I'm happy to have a further conversation to make sure it's legal and can meet the requirements of ARPA. I do believe it can.

I do feel the contractual long term affordable definition will have to be worked out.

But ARPA does state housing is something that can be done and has been approached with RFP processes in other communities. This is a proven nonprofit that will also offer support for this vulnerable part of our community.

I understand that the staff weighed in a certain way and did hear it explained but I respectfully disagree with their assessment on the opportunity.

Happy to set up time to talk though to make sure we are fully flushed out on it.

Sarah Moore

On Feb 13, 2023, at 3:39 PM, Williams, Kit <kwilliams@fayetteville-ar.gov> wrote:

Sarah,

Attached is a draft Resolution as you requested. Although after speaking with Steven Dotson and learning more about this application, I probably need to change the resolution a little. I hope that you are aware that the City Staff rejected this proposal as presented. Steven told me that he discussed this with the Council during your workshop. It may be determined that this proposal may not even be able to pass all ARPA rules. What about the other \$777,000.00 to buy the land? Who is going to determine which 6 to 8 families out of the tens of thousands that already live or would like to live in Fayetteville will benefit from free housing?

Do you think this is the most effective and efficient use of funds to help the most persons suffering from being unhoused?

Kit

From: Moore, Sarah <sarah.moore@fayetteville-ar.gov>

Sent: Monday, February 13, 2023 8:39 AM

To: Williams, Kit <kwilliams@fayetteville-ar.gov>

Subject: Resolution for 02/28 agenda session: ARPA for Serve NWA housing application

Good Morning Kit,

Please see below for language that I have put together to place a resolution for the ARPA nonprofit application that was submitted by Serve NWA DBA New Beginnings.

I would like to have this available in time for inclusion on the agenda for the agenda session to happen on 02/28/23. Please let me know if there's anything further that I can provide in order to be able to put this forward for this timing.

Thanks, Sarah



OFFICE OF THE
CITY ATTORNEY

DEPARTMENTAL CORRESPONDENCE



Kit Williams
City Attorney

Blake Pennington
Assistant City Attorney

Jodi Batker
Paralegal

TO: Mayor
City Council

CC: Susan Norton, Chief of Staff
Paul Becker, Chief Financial Officer
Steven Dotson, Internal Auditor

FROM: Kit Williams, City Attorney

DATE: February 27, 2023

RE: Resolution to Approve a \$1,295,000 Subrecipient Agreement with New Beginnings for Supportive or Affordable Housing

Although Council Member Sarah Moore had approved my final draft of her desired Resolution, I failed to get it onto the Tentative Agenda last week. Therefore, Sarah will need to walk it onto tomorrow's Agenda Session.

Since it cannot get on the agenda until the Agenda Session now, Sarah asked that I provide everyone a copy for your review prior to tomorrow's Agenda Session. I have also attached a portion of Council Member Moore's email outlining why she believes it is a valuable and legal use of ARPA's funds. She will certainly further explain the need for this Resolution and can answer your questions at the Agenda Session.

RESOLUTION NO. _____

A RESOLUTION TO APPROVE AND AUTHORIZE MAYOR JORDAN TO SIGN AN ARPA FUNDED SUBRECIPIENT AGREEMENT WITH SERVE NWA FOR SUPPORTIVE OR AFFORDABLE HOUSING IN THE AMOUNT OF \$1,295,000.00 AND TO APPROVE A BUDGET ADJUSTMENT

WHEREAS, Serve NWA, d/b/a New Beginnings, has long worked to shelter unhoused persons in Fayetteville and submitted an application requesting \$1,295,000.00 in American Rescue Plan Act (ARPA) funding to help Fayetteville's lower income residents obtain housing; and

WHEREAS, the City Council believes that New Beginnings should receive this ARPA funding to enable low income Fayetteville residents to become better sheltered and to find affordable housing accommodations and other services.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby determines that the ARPA application from New Beginnings meets all requirements of the American Rescue Plan Act (ARPA), approves the ARPA application by Serve NWA (d/b/a New Beginnings) in the amount of \$1,295,000.00 to provide low income residents with housing and other needed supports, and authorizes Mayor Jordan to sign the Subrecipient Agreement with Serve NWA (d/b/a New Beginnings).

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment in the amount of \$1,295,000.00 to pay for the needed services offered by Serve NWA (d/b/a New Beginnings).

PASSED and APPROVED this 7th day of March, 2023.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
KARA PAXTON, City Clerk Treasurer

From: Moore, Sarah
Sent: Tuesday, February 14, 2023 12:45 AM
To: Dotson, Steven; Becker, Paul
Cc: Williams, Kit
Subject: Re: Resolution for 02/28 agenda session: ARPA for Serve NWA housing application

Hi Steven and Paul

I wanted to touch base with you on the New Beginnings project to purchase units that will be kept as affordable units at some of the most entry level of our population that have experienced chronic homelessness.

There has been brought up earlier today the concern of meeting the ARPA guidelines. This is the first time that I understood this project had concerns that it was outside the ARPA parameters. I did understand staff did not recommend it, but in the criteria shared, I did see how it could be possible to not be recommended and still be a viable project.

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Thank you

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Sarah Moore
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sarah.moore@fayetteville-ar.gov
479.263.6629

From: Moore, Sarah <sarah.moore@fayetteville-ar.gov>

Date: Monday, February 13, 2023 at 3:44 PM

Budget Year	Division	Adjustment Number
2023	CITY COUNCIL (016)	
	Requestor: Sarah Moore	

Council member Sarah Moore requests City Council approval of the ARPA application of and authorizing Mayor Jordan to sign a subrecipient agreement with Serve NWA d/b/a New Beginnings in the amount of \$1,295,000.00 to provide low income residents with housing and other needed support.

	COUNCIL DATE:	4/18/2023
	ITEM ID#:	2023-505
	Holly Black	
	3/29/2023 12:30 PM	
	Budget Division	Date
	D - (City Council)	
	TYPE:	
	JOURNAL #:	
	GLDATE:	
	CHKD/POSTED:	/
RESOLUTION/ORDINANCE		

[illegible]



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council

THRU: Susan Norton, Chief of Staff
Jonathan Curth, Development Services Director
Jessica Masters, Development Review Manager

FROM: Donna Wonsower, Planner

DATE:

SUBJECT: **RZN-2023-0004: Rezoning (2910 N. OLD WIRE RD. / VAN SCYOC, 255): Submitted by JORGENSEN AND ASSOCIATES for property located at 2910 N Old Wire Rd in WARD 3 . The property is zoned RSF-4, RESIDENTIAL SINGLE-FAMILY, FOUR UNITS PER ACRE and R-A, RESIDENTIAL AGRICULTURE, contains approximately 14.70 acres. The request is to rezone the property to R-A, RESIDENTIAL AGRICULTURE on 5.75 acres and NC, NEIGHBORHOOD CONSERVATION on 9.54 acres.**

RECOMMENDATION:

City Planning staff and the Planning Commission recommend approval of a request to rezone the subject property as described and shown in the attached Exhibits 'A' and 'B'.

BACKGROUND:

The subject property is located in east Fayetteville, roughly 700 feet west of the intersection of N Crossover Rd. and N Old Wire Rd. The property's zoning is currently split between RSF-4, Residential Single-Family, Four (4) Units per Acre on the western half and R-A, Residential Agriculture on the eastern half. Except for a one single family house, the three parcels (cumulatively 14.7 acres) are undeveloped. The entire property is covered with extensive tree canopy. The eastern half is part of the streamside protection zone / floodplain & floodway of Niokaska Creek and is largely designated as part of the Enduring Green Network.

Request: The request is to shift the alignment of the existing R-A, Residential Agriculture zoning district to follow the boundary of the 100-year flood line, and to rezone the remainder of the property to NC, Neighborhood Conservation.

Public Comment: Five (5) members of the public offered comments in opposition of the item via email. Among their concerns were the potential increase in traffic, environmental concerns, negative impact on home values and neighborhood character, and lacking existing infrastructure including schools. One (1) member of the public emailed in support of the project. Additional members of the public spoke in person at the meeting, a summary of which is included below.

Land Use Compatibility: Staff finds the request to be compatible with the surrounding context. Residential uses and densities located near the subject property vary substantially. Neighboring properties are of a variety of sizes but generally follow a cul-de-sac development pattern. The existing and proposed zoning districts have

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov

similar allowable uses, but the NC includes urban form setbacks rather than traditional setbacks. When compared to RSF-4, rezoning to NC will decrease the lot area minimum for single and two-family uses from 8,000 and 12,000 square feet respectively to 4,000 sf. In addition, NC would have a build-to zone of 25 feet rather than a front setback of 15 feet, and a rear setback of 5 feet rather than 15 feet. NC requires a 40-foot lot width minimum while RSF-4 requires a 70-foot lot width minimum for single-family dwellings and an 80-foot lot width minimum for two-family dwellings. Conversely, both NC and RSF-4 include up to a three-story height limit.

Since the subject property contains roughly 8.14 acres of RSF-4, a maximum of thirty-two (32) units are permitted under current entitlements, where the proposed rezoning to 9.54 acres of NC would increase the density cap to ninety-five (95) units. That said, any future development would be subject to, and limited by, minimum parking requirements, tree preservation, drainage, and access management standards.

Land Use Plan Analysis: Staff finds the proposal is consistent with the goals in City Plan 2040 and the future land use designation for this location. Rezoning from RSF-4 to NC serves to contribute towards City Plan 2040 Goal #1– Appropriate Infill; #4– Growing a Livable Transportation Network, #5– We Will Assemble an Enduring Green Network, and #6– Create Opportunities for Attainable Housing. The site scores moderately on the Infill Scoring Matrix due to water/sewer access, public parks and trails, and the proximity of fire station #5. The RSF-4 and NC have similar allowed uses. However, because of the flexible zoning regulations associated with the NC district, rezoning may allow for redevelopment or added density while maintaining more tree canopy and natural areas than would be possible under the more Euclidean RSF-4 zoning district.

CITY PLAN 2040 INFILL MATRIX: City Plan 2040's Infill Matrix indicates 5 attributes for this site that may contribute to appropriate infill. The following elements of the matrix contribute to the score:

- Adequate Fire Response (Station #5, 2979 N Old Wire Rd.)
- Near Sewer Main (8" sewer main, N Old Wire Rd.)
- Near Water Main (6" water main, N Old Wire Rd.)
- Near City Park (Gulley Park)
- Near Paved Trail (Niokaska Creek Trail)

DISCUSSION:

At the February 27, 2023 Planning Commission meeting, a vote of 5-2-1 forwarded the request to City Council with a recommendation of approval. Commissioner Brink made the motion and Commissioner McGetrick seconded. Commissioner Holcomb recused himself for this item. Commissioners in favor of the rezoning found the intent of Neighborhood Conservation to be compatible with RSF-4, allowing for more flexible, walkable development. They also noted that although the property is not directly located in an urban growth center on the 2040 plan's growth concept map (designated on a scale of 1-3 depending on intensity), it is between a tier 2 and a tier 3 center on a high-activity corridor. Per the plan, the tier centers identify key growth nodes and major areas that should be conserved for natural resources and open space (City Plan 2040, pg. 12). The commissioners voting in favor of the rezoning also cited the logical re-alignment of the R-A zoning with the floodplain. Commissioners Garlock and Madden voted no citing a low infill score, limited possibility for connectivity to surrounding properties, and the property not falling within the bounds of the tier 2 center, and misalignment with the future land use map and master street plan regional link.

Seven (7) members of the public spoke during the meeting. Discussion from the public focused primarily on compatibility with the existing neighborhood, drainage and flooding, density, increased traffic, environmental impact, insufficient schools, and the public hearing process.

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov

BUDGET/STAFF IMPACT:

NA

ATTACHMENTS: SRF, Exhibit A, Exhibit B, Planning Commission Staff Report , RZN-2023-0004 CC Accident Data Memo w-attachments

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-502

RZN-2023-0004: Rezoning (2910 N. OLD WIRE RD. / VAN SCYOC, 255): Submitted by JORGENSEN AND ASSOCIATES for property located at 2910 N Old Wire Rd in WARD 3 . The property is zoned RSF-4, RESIDENTIAL SINGLE-FAMILY, FOUR UNITS PER ACRE and R-A, RESIDENTIAL AGRICULTURE, contains approximately 14.70 acres. The request is to rezone the property to R-A, RESIDENTIAL AGRICULTURE on 5.75 acres and NC, NEIGHBORHOOD CONSERVATION on 9.54 acres.

AN ORDINANCE TO REZONE THAT PROPERTY DESCRIBED IN REZONING PETITION RZN 23-004 LOCATED AT 2910 NORTH OLD WIRE ROAD IN WARD 3 FOR APPROXIMATELY 14.70 ACRES FROM RSF-4, RESIDENTIAL SINGLE-FAMILY, 4 UNITS PER ACRE AND R-A, RESIDENTIAL AGRICULTURE TO R-A, RESIDENTIAL AGRICULTURE AND NC, NEIGHBORHOOD CONSERVATION

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby changes the zone classification of the property shown on the map (Exhibit A) and the legal description (Exhibit B) both attached to the Planning Department's Agenda Memo from RSF-4, Residential Single-Family, 4 Units Per Acre and R-A, Residential Agriculture to R-A, Residential Agriculture and NC, Neighborhood Conservation.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby amends the official zoning map of the City of Fayetteville to reflect the zoning change provided in Section 1.

City of Fayetteville Staff Review Form

2023-502

Item ID

3/21/2023

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Jonathan Curth

2/27/2023

DEVELOPMENT REVIEW (630)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

RZN-2023-0004: Rezoning (2910 N. OLD WIRE RD. / VAN SCYOC, 255): Submitted by JORGENSEN AND ASSOCIATES for property located at 2910 N Old Wire Rd in WARD 3 . The property is zoned RSF-4, RESIDENTIAL SINGLE-FAMILY, FOUR UNITS PER ACRE and R-A, RESIDENTIAL AGRICULTURE, contains approximately 14.70 acres. The request is to rezone the property to R-A, RESIDENTIAL AGRICULTURE on 5.75 acres and NC, NEIGHBORHOOD CONSERVATION on 9.54 acres.

Budget Impact:

Account Number

Fund

Project Number

Project Title

Budgeted Item? No

Total Amended Budget

\$ -

Expenses (Actual+Encum)

\$ -

Available Budget

\$ -

Does item have a direct cost? No

Item Cost

\$ -

Is a Budget Adjustment attached? No

Budget Adjustment

\$ -

Remaining Budget

\$ -

V20221130

Purchase Order Number:

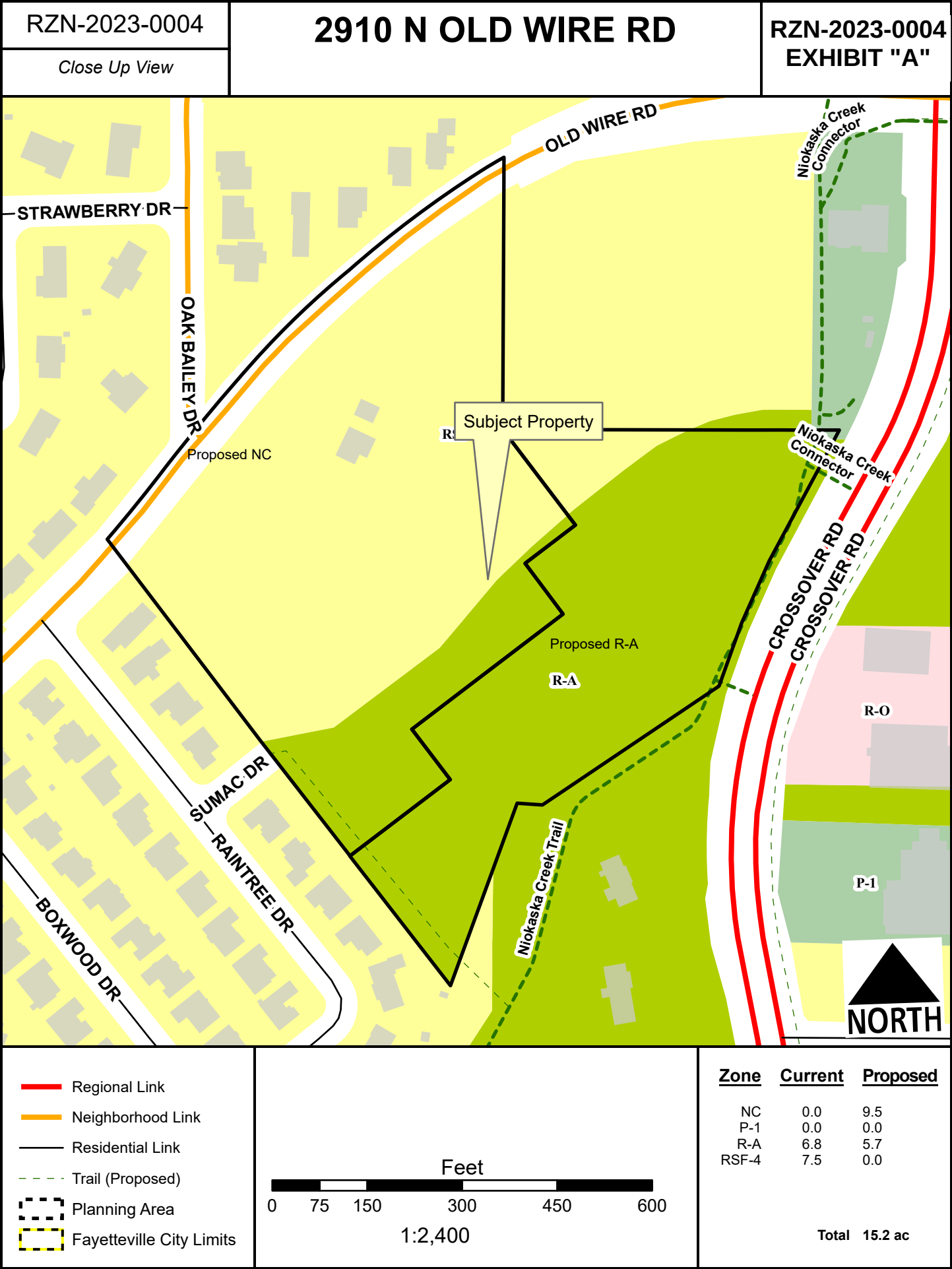
Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:



PROPOSED NC:

A PART OF THE FRACTIONAL SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 17 NORTH, RANGE 29 WEST, A PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER AND A PART OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER, BOTH BEING IN SECTION 36, TOWNSHIP 17 NORTH, RANGE 30 WEST, WASHINGTON COUNTY, ARKANSAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE SAID FRACTIONAL SOUTHWEST QUARTER OF THE NORTHWEST QUARTER, AND RUNNING S02°14'17"W 97.12 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT ALSO BEING LOCATED ON THE SOUTHERN RIGHT OF WAY OF NORTH OLD WIRE ROAD, AND RUNNING THENCE S02°15'49"W 429.56 FEET; THENCE S87°52'31"E 123.32 FEET; THENCE S08°33'31"W 53.99 FEET; THENCE S05°31'45"W 57.41 FEET; THENCE S24°32'37"W 24.30 FEET; THENCE S24°54'10"W 53.06 FEET; THENCE S32°19'52"W 81.60 FEET; THENCE S22°31'13"W 31.24 FEET; THENCE S30°56'30"W 55.84 FEET; THENCE S67°02'26"W 19.68 FEET; THENCE S46°06'51"W 27.99 FEET; THENCE S33°54'04"W 31.67 FEET; THENCE S24°14'51"W 66.12 FEET; THENCE S50°36'17"W 30.08 FEET; THENCE S22°18'47"W 24.79 FEET; THENCE S08°12'04"W 45.76 FEET; THENCE S26°45'39"W 32.36 FEET; THENCE S51°35'25"W 9.85 FEET; THENCE S51°35'41"W 8.83 FEET; THENCE S24°30'55"W 20.93 FEET; THENCE S03°58'37"W 40.38 FEET; THENCE S19°01'59"W 20.25 FEET; THENCE S14°09'59"W 60.86 FEET; THENCE S09°28'53"W 18.99 FEET; THENCE S35°51'49"W 15.43 FEET; THENCE S50°39'06"W 4.53 FEET; THENCE N35°50'03"W 327.54 FEET; THENCE N35°16'57"W 400.46 FEET TO THE SOUTHERN RIGHT OF WAY OF NORTH OLD WIRE ROAD, AND RUNNING ALONG SAID RIGHT OF WAY THE FOLLOWING 5 COURSES: ALONG A CURVE TURNING TO THE LEFT, HAVING A RADIUS OF 2397.52 FEET, AND WHOSE LONG CHORD BEARS N40°57'49"E 147.18 FEET; ALONG A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 3286.14 FEET, AND WHOSE LONG CHORD BEARS N41°51'51"E 218.96 FEET; ALONG A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 1347.97 FEET, AND WHOSE LONG CHORD BEARS N48°18'14"E 205.46 FEET; ALONG A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 1689.10 FEET, AND WHOSE LONG CHORD BEARS N55°03'18"E 261.36 FEET; ALONG A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 573.12 FEET, AND WHOSE LONG CHORD BEARS N61°16'48"E 42.19 FEET TO THE POINT OF BEGINNING, CONTAINING IN ALL 9.785 ACRES, MORE OR LESS.

PROPOSED R-A:

A PART OF THE FRACTIONAL SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 17 NORTH, RANGE 29 WEST, A PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER AND A PART OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER, BOTH BEING IN SECTION 36, TOWNSHIP 17 NORTH, RANGE 30 WEST, WASHINGTON COUNTY, ARKANSAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE SAID FRACTIONAL SOUTHWEST QUARTER OF THE NORTHWEST QUARTER, AND RUNNING S02°14'17"W 97.12 FEET; S02°15'49"W 429.56 FEET; and S87°52'31"E 123.32 FEET TO THE TRUE POINT OF BEGINNING, and running THENCE S87°52'31"E 408.20 FEET TO THE WESTERN RIGHT OF WAY OF NORTH CROSSOVER ROAD, AND RUNNING ALONG SAID RIGHT OF WAY THE FOLLOWING 3 COURSES: S30°12'22"W 234.20 FEET; S25°57'22"W 107.26 FEET; S21°46'26"W 105.67 FEET; THENCE LEAVING SAID RIGHT OF WAY S58°02'23"W 336.11 FEET; THENCE N84°10'57"W 40.00 FEET; THENCE S22°05'53"W 306.47 FEET; THENCE N35°50'03"W 160.87 FEET; THENCE N50°39'06"E 4.53 FEET; THENCE N35°51'49"E 15.43 FEET; THENCE N09°28'53"E 18.99 FEET; THENCE N14°09'59"E 60.86 FEET; THENCE N19°01'59"E 20.25 FEET; THENCE N03°58'37"E 40.38 FEET; THENCE N24°30'55"E 20.93 FEET; THENCE N51°35'41"E 8.83 FEET; THENCE N51°35'25"E 9.85 FEET; THENCE N26°45'39"E 32.36 FEET; THENCE N08°12'04"E 45.76 FEET; THENCE N22°18'47"E 24.79 FEET; THENCE N50°36'17"E 30.08 FEET; THENCE N24°14'51"E 66.12 FEET; THENCE N33°54'04"E 31.67 FEET; THENCE N46°06'51"E 27.99 FEET; THENCE N67°02'26"E 19.68 FEET; THENCE N30°56'30"E 55.84 FEET; THENCE N22°31'13"E 31.24 FEET; THENCE N32°19'52"E 81.60 FEET; THENCE N24°54'10"E 53.06 FEET; THENCE N24°32'37"E 24.30 FEET; THENCE N05°31'45"E 57.41 FEET; THENCE N08°33'31"E 53.99 FEET TO THE POINT OF BEGINNING, CONTAINING IN ALL 5.497 ACRES, MORE OR LESS. SUBJECT TO EASEMENTS AND RIGHTS OF WAY OF RECORD.



TO: Fayetteville Planning Commission

THRU: Jessie Masters, Development Review Manager

FROM: Donna Wonsower, Planner

MEETING DATE: February 27, 2023 **(Updated with results from Planning Commission)**

SUBJECT: **RZN-2023-0004: Rezoning (2910 N. OLD WIRE RD. / VAN SCYOC, 255):**
Submitted by JORGENSEN AND ASSOCIATES for property located at 2910 N Old Wire Rd. The property is zoned RSF-4, RESIDENTIAL SINGLE-FAMILY, FOUR UNITS PER ACRE and R-A, RESIDENTIAL AGRICULTURAL, contains approximately 14.70 acres. The request is to rezone the property to R-A, RESIDENTIAL AGRICULTURAL on 5.75 acres and NC, NEIGHBORHOOD CONSERVATION on 9.54 acres.

RECOMMENDATION:

Staff recommends forwarding **RZN-2023-0004** to City Council with a recommendation of approval.

RECOMMENDED MOTION:

"I move to forward **RZN-2023-0004** to City Council with a recommendation of approval."

BACKGROUND:

The subject property is in east Fayetteville, roughly 700 feet west of the intersection of N. Crossover Rd. and N. Old Wire Rd. The property's zoning is currently split roughly half between RSF-4, Residential Single-Family, Four (4) Units per Acre on the western half and R-A, Residential Agricultural over the eastern half. Except for a single-single family house, the three parcels (cumulatively 14.7 acres) are undeveloped. The entire property is covered extensively with tree canopy and the eastern half is part of the streamside protection zone / floodplain & floodway of Niokaska Creek. Most of the land currently zoned R-A is designated as part of the Enduring Green Network.

Surrounding land uses and zoning is depicted in *Table 1*.

Table 1
Surrounding Land Use and Zoning

Direction	Land Use	Zoning
North	Single-Family Residential	RSF-4, Residential Single-Family, 4 Units per Acre
South	Streamside / Single-Family Residential	RSF-4, Residential Single-Family, 4 Units per Acre / R-A, Residential Agricultural
East	Single-Family Residential	RSF-4, Residential Single-Family, 4 Units per Acre
West	Single-Family Residential	RSF-4, Residential Single-Family, 4 Units per Acre

Request: The request is to shift the alignment of the existing R-A, Residential Agricultural zoning district to follow the boundary of the 100-year flood line, and to rezone the remainder of the property to NC, Neighborhood Conservation.

Public Comment: Two members of the public offered comment in opposition of the item. Among their concerns was the potential increase in traffic, environmental concerns, negative impact to home values and neighborhood character, and lacking existing infrastructure including schools.

INFRASTRUCTURE AND ENVIRONMENTAL REVIEW

Streets: The subject area has frontage along N. Old Wire Rd., a partially improved Neighborhood Link street with asphalt paving, and open ditches. The subject area also has frontage along N. Sumac Dr., a fully improved residential link street with asphalt paving, sidewalk, gutter and curb. Any street improvements required in these areas would be determined at the time of development proposal. Any additional improvements or requirements for drainage will be determined at time of development.

Water: Public water is available to the subject area. Existing 8-inch water main is present on the south side of N. Old Wire Rd. Existing 6-inch water main is present on the north side of N. Sumac Dr.

Sewer: Sanitary Sewer is available to the Subject area. Existing 6-inch sewer main is present on the North side of N. Old Wire Rd.

Fire: Station 5, located at 2979 N. Crossover Rd., protects this site. The property is located approximately 0.5 miles from the fire station with an anticipated drive time of approximately 1 minute using existing streets. The anticipated response time would be approximately 3.2 minutes. Fire Department response time is calculated based on the drive time plus 1 minute for dispatch and 1.2 minutes for turn-out time. Within the City Limits, the Fayetteville Fire Department has a response time goal of 6 minutes for an engine and 8 minutes for a ladder truck.

Police: The Police Department expressed no concerns with this request.

Drainage: No portion of the property lies within the Hillside-Hilltop Overlay District.

A portion of the property is designated as having hydric soils, a known indicator of wetlands. However, for an area to be classified as wetlands, it may also need other characteristics such as hydrophytes (plants that grow in water), and shallow water during parts of the year. Hydric Soils can be found across many areas of Fayetteville, including valleys, floodplains, and open prairies. It's important to identify these natural resources during development, so when these soils are identified on a property, further environmental studies will be required at the time of development. Before permits will be issued for the property a statement/report from an environmental professional must be provided summarizing the existence of wetlands on the property. If this statement/report indicates that wetlands may be present on site, a USACE Determination of Jurisdictional Wetlands will be required at the time of development submittal.

A portion of the property lies within a FEMA floodplain. A floodplain development

review will be required at the time of permit or plan submittal. This will restrict the type of development and impact in flood zones; and may require additional documentation such as flood studies or elevation certificates depending on the type of development. If a development impacts a floodplain, those impacts may require review and approval from FEMA.

A portion of the property lies within a streamside protection zone. Streamside Protection Zones generally consists of a protected area on each side of a stream or creek. This “protected area” is meant to preserve woody vegetation and natural areas along stream corridors to improve/protect stream health. At a minimum, it will be 50ft wide as measured from the top of bank but depending on the shape and extents of the floodway, it could be substantially more. Certain construction activities such as trails and some utilities are allowed in these zones, but in general, improvements such as parking lots or buildings are prohibited.

Tree Preservation:

The proposed zoning district of NC, Neighborhood Conservation requires **20% minimum canopy preservation**. The zoning district of RA, Residential Agricultural, intended to be re-aligned but not removed, requires **25% minimum canopy preservation**. The current zoning district of RSF-4, Residential Single-Family, Four Units Per Acre requires **25% minimum canopy preservation**.

CITY PLAN 2040 FUTURE LAND USE PLAN: City Plan 2040 Future Land Use Plan designates the property within the proposed rezone as a **Residential Neighborhood** and **Natural Area**.

Residential Neighborhood Areas are primarily residential in nature and support a wide variety of housing types of appropriate scale and context: single-family, duplexes, rowhouses, multifamily and accessory dwelling units. Residential Neighborhood encourages highly connected, compact blocks with gridded street patterns and reduced building setbacks. It also encourages traditional neighborhood development that incorporates low-intensity non-residential uses intended to serve the surrounding neighborhoods, such as retail and offices, on corners and along connecting corridors. This designation recognizes existing conventional subdivision developments which may have large blocks with conventional setbacks and development patterns that respond to features of the natural environment. Building setbacks may vary depending on the context of the existing neighborhood.

Natural Areas consist of lands approximating or reverting to a wilderness conditions, including those with limited development potential due to topography, hydrology, vegetation or value as an environmental resource. These resources can include stream and wildlife corridors, as well as natural hubs and cores, many of which are identified in the generalized enduring green network. A Natural Area designation would encourage a development pattern that requires conservation and preservation, prevents degradation of these areas, and would utilize the principles of low impact development stormwater infrastructure for all developments. Natural Areas are prime candidates for conservation subdivision design and/or clustered development patterns.

CITY PLAN 2040 INFILL MATRIX: City Plan 2040’s Infill Matrix indicates a score of **6** for this site, with a weighted score of **6** at the highest. The following elements of the matrix contribute to the score:

- Adequate Fire Response (Station #5, 2979 N Old Wire Rd.)
- Near Sewer Main (8” sewer main, N Old Wire Rd.)
- Near Water Main (6” water main, N Old Wire Rd.)

- Near City Park (Gulley Park)
- Near Paved Trail (Niokaska Creek Trail)

FINDINGS OF THE STAFF

1. A determination of the degree to which the proposed zoning is consistent with land use planning objectives, principles, and policies and with land use and zoning plans.

Finding: ***Land Use Compatibility:*** Staff finds the request to be compatible with the surrounding context. Residential uses and densities located near the subject property vary substantially. Neighboring properties are of a variety of sizes but generally follow a cul-de-sac development pattern. The existing and proposed zoning districts have similar allowable uses, the NC includes urban form setbacks rather than traditional setbacks. When compared to RSF-4, rezoning to NC will decrease the buildable area of the lot for single and two-family uses from 8,000 and 12,000 square feet respectively to 4,000 square feet. In addition, NC would have a build-to zone of 25 feet rather than a front setback of 15 feet, and a rear setback of 12 feet rather than 15 feet. Since the subject property contains roughly 8.14 acres of RSF-4, a maximum of thirty-two (32) units are permitted under current entitlements, where the proposed rezoning to 9.54 acres of NC would increase the density cap to ninety-five (95) units. That said, any future development would be subject to, and limited by, minimum parking requirements, tree preservation, drainage, and access management standards. NC requires a 40-foot lot width minimum while RSF-4 requires a 70-foot lot width minimum for single-family dwellings and 80-ft lot width minimum for two-family dwellings. Conversely, both NC and RSF-4 include up to a three-story height limit.

Land Use Plan Analysis: Staff finds the proposal is consistent with the goals in City Plan 2040 and the future land use designation for this location. Rezoning from RSF-4 to NC serves to contribute towards City Plan 2040 Goals #1 – Appropriate Infill, Growing a Livable Transportation Network, #5 - We Will Assemble an Enduring Green Network, and #6 – Create Opportunities for Attainable Housing. The site scores moderately on the Infill Scoring Matrix due to water/sewer access, public parks and trails, and the proximity of fire station #5. The RSF-4 and NC have similar allowed uses; however because of the form-based zoning regulations associated with the NC district, rezoning may allow for redevelopment or added density while maintaining more tree canopy and natural areas than would be possible under the RSF-4 zoning district.

The Future Land Use Map designates the site as split between Residential Neighborhood Area, which supports “a wide variety of housing types of appropriate scale and context including single-family, duplexes, rowhouses, multifamily and accessory dwelling units,” and Natural Area, which “promotes conservation of open space and areas of significant riparian benefit.” Staff is supportive of realigning the R-A zoning district to the 100-year flood boundary, as the change would more accurately reflect the intent of the future land use plan to preserve the riparian area adjacent to Niokaska Creek. Further, adding density as designated by the “Residential Neighborhood” designation is likely best facilitated by the regulations in NC

zoning and is justified given the property's proximity to commercial and non-residential uses in north Fayetteville.

2. A determination of whether the proposed zoning is justified and/or needed at the time the rezoning is proposed.

Finding: Staff finds that a rezoning to NC is justified. Rezoning may be less restrictive in allowing the property to develop under proportional regulations. Because rezoning will better support infill redevelopment on the property, staff finds the proposed zoning to be consistent with the City's future land use goals and therefore needed at this time.

3. A determination as to whether the proposed zoning would create or appreciably increase traffic danger and congestion.

Finding: Rezoning to NC has an associated potential to increase traffic at this location. NC permits development at 10 units per acre where it is currently limited to 4 units per acre. Staff finds potential to increase the number of residential units above what is currently allowed by right; subject to constraints such as steep slopes, tree preservation requirements, and other design requirements. Staff finds the increase in density is unlikely to result in increased traffic danger or congestion. The subject property has access to N. Old Wire Rd., an improved Neighborhood Link. Future development would be required to meet the City's applicable access management and parking standards.

4. A determination as to whether the proposed zoning would alter the population density and thereby undesirably increase the load on public services including schools, water, and sewer facilities.

Finding: Rezoning the property to NC may increase the load on public services, but the impact is not expected to be detrimental. The size of the property and access to existing water and sewer infrastructure means future development will likely avoid the need for costly extensions to services. Fayetteville Public Schools did not comment on this request.

5. If there are reasons why the proposed zoning should not be approved in view of considerations under b (1) through (4) above, a determination as to whether the proposed zoning is justified and/or necessitated by peculiar circumstances such as:

- a. It would be impractical to use the land for any of the uses permitted under its existing zoning classifications;
- b. There are extenuating circumstances which justify the rezoning even though there are reasons under b (1) through (4) above why the proposed zoning is not desirable.

Finding: N/A

RECOMMENDATION: Planning staff recommends forwarding RZN-2023-0004 to City Council with a recommendation of approval.

PLANNING COMMISSION ACTION: Required <u>YES</u>			
Date: <u>February 27, 2023</u>	☐ Tabled	☒ Forwarded	☐ Denied
Motion: Brink	Forwarded with a recommendation of approval Seven (7) Public comment in person, Six (6) Digital comments		
Second: McGetrick			
Vote: 5-2-1 (Garlock & Madden voted No, Holcomb Recused)			

BUDGET/STAFF IMPACT:

None

Attachments:

- Unified Development Code:
 - §161.03 District R-A, Residential Agricultural
 - §161.07 District RSF-4, Residential Single-Family, Four Units per Acre
 - §161.29 District NC, Neighborhood Conservation
- Applicant Request Letter
- Public Comment
- One Mile Map
- Close-up Map
- Current Land Use Map
- Future Land Use Map

161.03 District R-A, Residential-Agricultural

(A) *Purposes.* The regulations of the agricultural district are designed to protect agricultural land until an orderly transition to urban development has been accomplished; prevent wasteful scattering of development in rural areas; obtain economy of public funds in the providing of public improvements and services of orderly growth; conserve the tax base; provide opportunity for affordable housing, increase scenic attractiveness; and conserve open space.

(B) *Uses.*

(1) *Permitted Uses.*

Unit 1	City-wide uses by right
Unit 3	Public protection and utility facilities
Unit 6	Agriculture
Unit 7	Animal husbandry
Unit 8	Single-family dwellings
Unit 9	Two-family dwellings
Unit 37	Manufactured homes
Unit 41	Accessory dwellings
Unit 43	Animal boarding and training
Unit 46	Short-term rentals

(2) *Conditional Uses.*

Unit 2	City-wide uses by conditional use permit
Unit 4	Cultural and recreational facilities
Unit 5	Government facilities
Unit 20	Commercial recreation, large sites
Unit 24	Home occupations
Unit 35	Outdoor Music Establishments
Unit 36	Wireless communications facilities
Unit 42	Clean technologies

(C) *Density.*

Units per acre	One-half (½)
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(D) *Bulk and Area Regulations.*

Lot width minimum	200 feet
Lot Area Minimum:	
Residential:	2 acres
Nonresidential:	2 acres
Lot area per dwelling unit	2 acres

(E) *Setback Requirements.*

Front	Side	Rear
35 feet	20 feet	35 feet

(F) *Height Requirements.* There shall be no maximum height limits in the R-A District, provided, however, if a building exceeds the height of one (1) story, the portion of the building over one (1)

story shall have an additional setback from any boundary line of an adjacent residential district. The amount of additional setback for the portion of the building over one (1) story shall be equal to the difference between the total height of that portion of the building and one (1) story.

(G) *Building area.* None.

(Code 1965, App. A., Art. 5(1); Ord. No. 1747, 6-29-70; Code 1991, §160.030; Ord. No. 4100, §2 (Ex. A), 6-16-98; Ord. No. 4178, 8-31-99; Ord. No. 5028, 6-19-07; Ord. No. 5128, 4-15-08; Ord. No. 5195, 11-6-08; Ord. No. 5238, 5-5-09; Ord. No. 5479, 2-7-12; Ord. No. 5945, §3, 1-17-17; Ord. No. 6015, §1(Exh. A), 11-21-17; Ord. No. 6427, §§1(Exh. C), 2, 4-20-21)

Ord. No. 6427, § 2, adopted April 20, 2021, "determines that this ordinance and all amendments to Code sections ordained or enacted by this ordinance shall automatically sunset, be repealed, terminated, and become void twenty (20) months after the passage and approval of this ordinance, unless prior to that date, the City Council amends this ordinance to repeal this sunset, repeal and termination section."

161.07 District RSF-4, Residential Single-Family - Four (4) Units Per Acre

(A) *Purpose.* The RSF-4 Residential District is designed to permit and encourage the development of low-density detached dwellings in suitable environments, as well as to protect existing development of these types.

(B) *Uses.*

(1) *Permitted Uses.*

Unit 1	City-wide uses by right
Unit 8	Single-family dwellings
Unit 41	Accessory dwellings
Unit 46	Short-term rentals

(2) *Conditional Uses.*

Unit 2	City-wide uses by conditional use permit
Unit 3	Public protection and utility facilities
Unit 4	Cultural and recreational facilities
Unit 5	Government facilities
Unit 9	Two-family dwellings
Unit 12a	Limited business
Unit 24	Home occupations
Unit 36	Wireless communications facilities
Unit 44	Cluster Housing Development

(C) *Density.*

	Single-family dwellings	Two (2) family dwellings
Units per acre	4 or less	7 or less

(D) *Bulk and Area Regulations.*

	Single-family dwellings	Two (2) family dwellings
Lot minimum width	70 feet	80 feet

Lot area minimum	8,000 square feet	12,000 square feet
Land area per dwelling unit	8,000 square feet	6,000 square feet
Hillside Overlay District Lot minimum width	60 feet	70 feet
Hillside Overlay District Lot area minimum	8,000 square feet	12,000 square feet
Land area per dwelling unit	8,000 square feet	6,000 square feet

(E) *Setback Requirements.*

Front	Side	Rear
15 feet	5 feet	15 feet

(F) *Building Height Regulations.*

Building Height Maximum	3 stories
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(G) *Building Area.* On any lot the area occupied by all buildings shall not exceed 40% of the total area of such lot. Accessory ground mounted solar energy systems shall not be considered buildings.

(Code 1991, §160.031; Ord. No. 4100, §2 (Ex. A), 6-16-98; Ord. No. 4178, 8-31-99; Ord. No. 4858, 4-18-06; Ord. No. 5028, 6-19-07; Ord. No. 5128, 4-15-08; Ord. No. 5224, 3-3-09; Ord. No. 5312, 4-20-10; Ord. No. 5462, 12-6-11; Ord. No. 5921, §1, 11-1-16; Ord. No. 5945, §8, 1-17-17; Ord. No. 6015, §1(Exh. A), 11-21-17; Ord. No. 6245, §2, 10-15-19; Ord. No. 6427, §§1(Exh. C), 2, 4-20-21)

Ord. No. 6427, § 2, adopted April 20, 2021, "determines that this ordinance and all amendments to Code sections ordained or enacted by this ordinance shall automatically sunset, be repealed, terminated, and become void twenty (20) months after the passage and approval of this ordinance, unless prior to that date, the City Council amends this ordinance to repeal this sunset, repeal and termination section."

161.29 Neighborhood Conservation

(A) *Purpose.* The Neighborhood Conservation zone has the least activity and a lower density than the other zones. Although Neighborhood Conservation is the most purely residential zone, it can have some mix of uses, such as civic buildings. Neighborhood Conservation serves to promote and protect neighborhood character. For the purposes of Chapter 96: Noise Control, the Neighborhood Conservation district is a residential zone.

(B) *Uses.*

(1) *Permitted Uses.*

Unit 1	City-wide uses by right
Unit 8	Single-family dwellings
Unit 41	Accessory dwellings
Unit 46	Short-term rentals

(2) *Conditional Uses.*

Unit 2	City-wide uses by conditional use permit
Unit 3	Public protection and utility facilities
Unit 4	Cultural and recreational facilities
Unit 9	Two (2) family dwellings
Unit 10	Three (3) and four (4) family dwellings
Unit 12a	Limited business*
Unit 24	Home occupations
Unit 25	Offices, studios, and related services
Unit 28	Center for collecting recyclable materials
Unit 36	Wireless communication facilities
Unit 44	Cluster Housing Development

(C) *Density.* Ten (10) Units Per Acre.

(D) *Bulk and Area Regulations.*

(1) *Lot Width Minimum.*

All dwelling types	40 feet
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(2) *Lot Area Minimum.* 4,000 square feet

(E) *Setback Regulations.*

Front	A build-to zone that is located between the front property line and a line 25 feet from the front property line.
Side	5 feet
Rear	5 feet
Rear, from center line of an alley	12 feet

(F) *Building Height Regulations.*

Building Height Maximum	3 stories
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(Ord. No. 5128, 4-15-08; Ord. No. 5312, 4-20-10; Ord. No. 5462, 12-6-11; Ord. No. 5592, 6-18-13; Ord. No. 5664, 2-18-14; Ord. No. 5800 , §1(Exh. A), 10-6-15>; Ord. No. 5921 , §1, 11-1-16; Ord. No. 5945 , §§5, 7—9, 1-17-17; Ord. No. 6015 , §1(Exh. A), 11-21-17; Ord. No. 6211 , §1, 8-6-19; Ord. No. 6427 , §§1(Exh. C), 2, 4-20-21)

Ord. No. 6427 , § 2, adopted April 20, 2021, "determines that this ordinance and all amendments to Code sections ordained or enacted by this ordinance shall automatically sunset, be repealed, terminated, and become void twenty (20) months after the passage and approval of this ordinance, unless prior to that date, the City Council amends this ordinance to repeal this sunset, repeal and termination section."

February 3, 2023

City of Fayetteville
Development Services
113 West Mountain Street
Fayetteville, AR 72701

Re: Rezoning at 2910 N Old Wire Road

Dear City Staff;

On Behalf of the Owner and their representatives, we are submitting a rezoning request for property located along 2910 N Old Wire, Fayetteville, AR 72703.

- A. The current owner of this site is as follows: Nola VanScyoc Revocable Trust (Parcel Numbers 765-16047-000, 765-13287-000. 765-16043-000.
- B. Currently this property is zoned RSF-4 and R-A.
- C. This property is surrounded by RSF-4 on the north and west, a portion of P-1 to the south and north, and section of R-O to the east.
- D. Existing adequate water and sewer are already at this site.
- E. We feel the requested rezoning is in line with the goals of the City Plan 2040 where the future land use calls for a portion of Residential Neighborhood and Natural.

Statement of Compatibility:

This request to rezone a portion of the RSF-4 to Neighborhood Conservation and adjust the R-A zoning line to match the 100-year floodplain is compatible with neighboring property and will not unreasonably adversely affect or conflict with surrounding land uses. Within reasonable proximity, rezoning of the property south of Butterfield Elementary to NC, sets a precedence for similar development patterns that serve to promote and protect neighborhood character. The zoning line has been adjusted to follow the 100-year flood plain and this zoning line makes more sense than the current zoning line and will ensure that the floodplain would be of minimal impact. Given the proximity to the Fire Station, Crossover (Regional Link), and the Niokaska Trail, we feel that this rezoning is supported in a multitude of ways and will not adversely impact vehicular patterns.

Wonsower, Donna

From: Julie C Keys <jckey611@gmail.com>
Sent: Saturday, February 25, 2023 9:39 PM
To: Wonsower, Donna
Subject: Old Wire Rezoning

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear City Planner Wonsower:

This concern addresses the rezoning of 2910 North Old Wire Road. I firmly believe that it is not in the best interest of its neighbors, commuters, or city of Fayetteville.

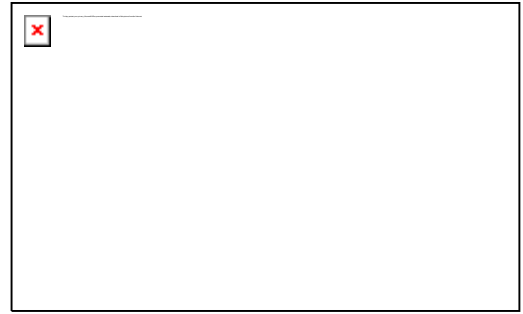
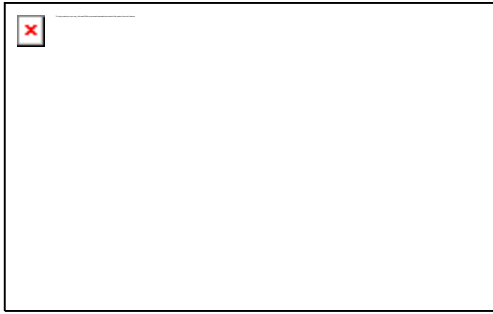
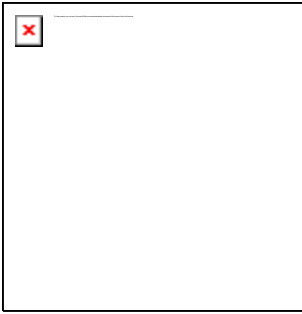
First, I wish to address this issue on a personal note. In 2006, my husband and I began our search for a home in Fayetteville to raise our one year old and immediately fell in love with the property on Raintree Drive in the Boxwood subdivision. At the time, I worried that our proximity to the fire station was too close, potentially a noise nuisance, but I talked myself into that being a plus to the property. It was the green space behind our house that sold us! For the last 17 years, listening to the sounds and enjoying the sights of the wooded area have brought such peace.

I also want to address this issue as a citizen of Fayetteville. The projected area on Old Wire Road currently has only two lanes, leading to numerous neighborhoods and to commercial areas. There is no sidewalk, and traffic is often backed up at the intersection of Old Wire Road and Crossover Road. Additional dwellings will impact an already congested area of town. Many times when I try to leave my street, I face lines of traffic or speeding cars. From a traffic perspective, adding more dwellings to the area will negatively impact the area.

Most importantly though, I want to address the potential environmental concerns. One of the reasons I chose this area was the city's commitment to conserve green space and protect its natural beauty. Just four houses down from my house, homeowners are required to have flood insurance. Considering the city's recent restoration to Niokaska Creek, an area of the Illinois River Watershed, I worry about upsetting the landscape further. I am not a landscape engineer, but I do know that destroying the current tree canopy can lead to erosion. In addition, urban development influences drainage and contaminates water. These concerns do not seem to be in line with the City of Fayetteville's vision.

Thank you for your service to our fine city, and I ask that additional consideration be given to the proposed area. Below you will find images of the proposed rezoning from my home, as well as data from the [Fayetteville City Plan 2040](#).

In appreciation,
 Julie Keys
 2792 North Raintree Drive
jckey611@gmail.com
 479-957-1780



8.3 Tree Canopy

A healthy urban tree canopy can address the three major weather events that are anticipated to affect Northwest Arkansas: unpredictable but more impactful rain events, drought, and heat waves. Even before broad acknowledgement of climate change, Fayetteville and its residents placed a high value on the City's tree canopy, particularly with the formation of the Tree and Landscape Advisory Committee in 1993 and the subsequent adoption of a Tree Preservation ordinance regulating tree removal associated with development.

8.4 Slopes and Hillside

Slope is a critical factor in determining a soil's suitability for supporting development. The development of severe slopes involving soils not capable of provided sufficient foundational support may result in extensive cutting and filling to stabilize them. When compounded by the removal of existing vegetation, the excavation and fill of soil can result in severe erosion, slumping and shearing. In Fayetteville, areas of severe slope are characterized by soils less suitable for development. Shallow depth to bedrock conditions are compound problems in these areas. There are several identified beds of cherty limestone, acid sandstone, siltstone and shale that have shown faulting and folding at steeper locations.

Of the 58,037 acres of land within the City and its Planning Area, approximately 16%, or 8,900 acres have slopes of 15 percent or greater. With some notable exceptions such as Mount Sequoyah, these slopes have previously remained largely undeveloped. More recent trends indicate that development on hillsides and hilltops is increasing. The passage of the Hillside/Hilltop Development Overlay District in 2006 provided additional development protections on slopes that are 15 percent and greater and the flatter, bench-like hilltops.

8.5 Watershed System

However, urban development can, and has, altered many of these natural drainage systems which can create drainage, storage and flooding hazards during heavy or extended duration storm events.

8.6 Flooding

In general Chapter 168, flood damage prevention, of the Unified Development Code (UDC) and 44 Code of Federal Regulations (44CFR) are utilized in conjunction with the latest Flood Insurance Rate Maps (FIRM) to determine which properties may be at risk and in need of additional regulation to limit flood losses. These regulations extend to the area defined as "Special Flood Hazard Areas" located on the Flood Insurance Rate Maps.

Flooding also brings challenges associated with water quality. Rising flood waters can be contaminated by, among other things, oil and grease, household chemicals, fuels, sanitary sewer overflows, and soils/ sediment. One major contributor of soil/ sediment and the associated nutrients such as phosphorus is stream bank erosion. As flood waters rise, the velocity of the water increases and can damage stream banks causing both pollution issues and property loss. All of these items can damage the natural ecosystem and potentially harm drinking water sources. Beaver Lake is the drinking water source for all of Northwest Arkansas and approximately 40% of Fayetteville currently drains into this watershed. The remainder drains into the Illinois River Watershed which also has its challenges with regard to pollutants.

Wonsower, Donna

From: Rob Keys <2123keys@gmail.com>
Sent: Sunday, February 26, 2023 6:22 PM
To: Umberger, Ryan; Wonsower, Donna; Hopkins, Mirinda; Planning Shared
Subject: development off Old Wire Road

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Ryan/Donna/Miranda/others- Thank you, first of all, for serving Fayetteville. Being an official in the public eye is not easy these days and I appreciate your willingness to do so.

I'm contacting you re: Mitch Weigel's proposal to develop land between the Boxwood subdivision and the fire station at Old Wire/265. I'm sure you've heard from some of my Boxwood neighbors, as this is an emotional issue for some, if not many.

Having lived directly adjacent to the property being considered for more than 16 years, however, I have long expected development behind my home. I understand the need for residential infill in Fayetteville. That doesn't mean I like it, but I understand.

What I'm asking is for extremely careful consideration of this proposal. Rezoning that allows 10 units per acre - or anything close to that - is simply irresponsible. I don't believe that aligns w Fayetteville's 'Vision 2050' and I think there are other legitimate concerns, including drainage, loss of trees/green space/natural habitat and traffic. Traffic is already an issue in this area - a major issue for those of us who live here.

Additionally, the sheer density of 10 units per acre - or anything close to that - is a drastic deviation from what currently exists in our neighborhood. It's simply not right and I am 100-percent convinced that if you or Mitch Weigel or any reasonable person lived where my family lives, you would feel the same way.

Thank you for your time and service. Please do what is right.

Rob Keys
 2792 N. Raintree Drive
 (479) 957-4635

From: [CityClerk](#)
To: [Planning Shared](#); [Sparkman, Sarah](#); [Johnson, Matthew](#); [Canada, Quintin](#); [Brink, Andrew](#); [Garlock, Jimm](#); [Holcomb, Joseph](#); [Madden, Mary](#); [McGetrick, Mary](#); [Winston, Porter](#); [Berna, Scott](#); [Bolinger, Bonnie](#); [Pennington, Blake](#); [Brown, Chris](#); [Bunch, Sarah](#); [CityClerk](#); [Curth, Jonathan](#); [Harvey, Sonia](#); [Hertzberg, Holly](#); [Batker, Jodi](#); [Jones, D'Andre](#); [Rogers, Kristin](#); [Williams, Kit](#); [Jordan, Lioneld](#); [Mathis, Jeana](#); [Moore, Sarah](#); [Paxton, Kara](#); [Mulford, Patti](#); [Ramirez, Jonathan](#); [Rea, Christine](#); [Norton, Susan](#); [Spohn, Courtney](#); [Thurber, Lisa](#); [Turk, Teresa](#); [Wiederkehr, Mike](#)
Cc: tiftim@gmail.com; [CityClerk](#)
Subject: FW: Old wire/boxwood project
Date: Wednesday, February 22, 2023 8:36:08 AM
Attachments: [image001.png](#)

Good morning everyone,

Please see the e-mail below from Ms. Tiffany Meeks as a follow up to the previously shared message.

Thank you and have a nice day,
Jonathan

Office of the City Clerk Treasurer

City of Fayetteville, Arkansas
113 West Mountain St, Suite 308
Fayetteville, AR 72701
T 479.575.8323

cityclerk@fayetteville-ar.gov

[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#) | [YouTube](#)

City of Fayetteville Logo-01



From: Tiffany Timmons <tiftim@gmail.com>
Sent: Wednesday, February 22, 2023 6:14 AM
To: CityClerk <cityclerk@fayetteville-ar.gov>
Subject: Re: Old wire/boxwood project

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Sarah,

Thank you for your response. It does seem very counterproductive that the city council and the school board don't have more of a connection. I am very frustrated with the school district, my 3 children will all attend McNair which is over crowded and building more homes in an already full district without any plans to build a new school seems ridiculous. I attended FPS and had a lovely experience. I'm not sure my kids will enjoy the same if they are forced to attend schools out of their district due to over crowding. Does the city have any input on schools or district lines? If not I think that should be looked at more closely. How can a city function properly without enough schools to support its growing population?

Im not a city planner or school district expert but I would think both need to be on the same page as our city moves forward, knowing there will only be more growth and more children that need to

attend schools. I would never be able to get to work on time if my kids were redistributed to a school on the west side. The school bus commissioner has said there's no possible way for them to bus kids from the east side to the west side with the shortage of drivers and the amount of kids needing bus services. This is a big concern for my family. When I see more houses going up it just makes me a bit angry knowing it's my kids education that's going to suffer not the city.

Thank you!

Tiffany (Timmons) Meeks

Sent from my iPhone

On Feb 21, 2023, at 8:24 AM, CityClerk <cityclerk@fayetteville-ar.gov> wrote:

Good morning everyone,
Please see the e-mail below from Ms. Tiffany Meeks.

Thank you and have a nice day,
Jonathan

Office of the City Clerk Treasurer

City of Fayetteville, Arkansas

113 West Mountain St, Suite 308

Fayetteville, AR 72701

T 479.575.8323

cityclerk@fayetteville-ar.gov

[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#) | [YouTube](#)



From: Bunch, Sarah <sarah.bunch@fayetteville-ar.gov>

Sent: Monday, February 20, 2023 11:19 AM

To: CityClerk <cityclerk@fayetteville-ar.gov>

Cc: Tiffany Timmons <tiftim@gmail.com>

Subject: Fwd: Old wire/boxwood project

Can the Clerk's office please share this email with planning staff, the members of the planning commission, and the city council? Thank you very much.

Sarah

Sent from my iPad

Begin forwarded message:

From: Tiffany Timmons <tiftim@gmail.com>
Date: February 13, 2023 at 2:09:07 PM CST
To: "Bunch, Sarah" <sarah.bunch@fayetteville-ar.gov>
Subject: Old wire/boxwood project

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi!

I am sending you this email to speak out in opposition to the proposed development near old wire and boxwood. I live off old wire and my kids attend FPS. We need more roads and schools in this area before any more residence come into the mix. We desperately need another middle school on the east side, as well as more side walks and a wider old wire to accommodate traffic.

The traffic in this area during commute times is too busy for more dwellings.

More schools and roads please, not more houses and people. Thank you.

Tiffany Meeks
479-530-1428

City of Fayetteville, Arkansas
113 West Mountain St, Suite 308
Fayetteville, AR 72701
T 479.575.8323

cityclerk@fayetteville-ar.gov

[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#) | [YouTube](#)



From: Rob Qualls <robbieq@gmail.com>
Sent: Monday, February 27, 2023 12:53 PM
To: CityClerk <cityclerk@fayetteville-ar.gov>
Subject: RZN-2023-0004 Support

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please forward to the Planning Commissioners, Ward 3 Councilmembers, and any planning staff that should get it.

Good Afternoon,

I am writing in support of RZN-2023-0004. Some of those opposed to this development are citing morning traffic on Old wire road as a reason to deny this request. I also live in the area and have had to wait a minute or two to turn left. In my opinion, most of that traffic is coming from outside of, or at the very edge of Fayetteville. Restricting housing IN Fayetteville, is not going to help that issue. The best thing we can do for traffic is to build more housing, closer to schools, businesses, or amenities. Please approve this rezone, so we can take some pressure off of the housing market, and perhaps keep more people from driving in from Goshen and Elkins because Fayetteville's housing inventory is low.

Thanks,.

Rob Qualls

2140 E Jonquil Rd, Fayetteville, AR 72703

Wonsower, Donna

From: Alexis Stevens <aestevens3@yahoo.com>
Sent: Monday, February 27, 2023 7:12 PM
To: Planning Shared; Hopkins, Mirinda; Wonsower, Donna; Umberger, Ryan; Bunch, Sarah; Berna, Scott
Cc: Nick Mote
Subject: Re: Rezoning of 2910 N Old Wire Road, Fayetteville, AR - Nick Mote and Alexis Stevens Statement in Opposition

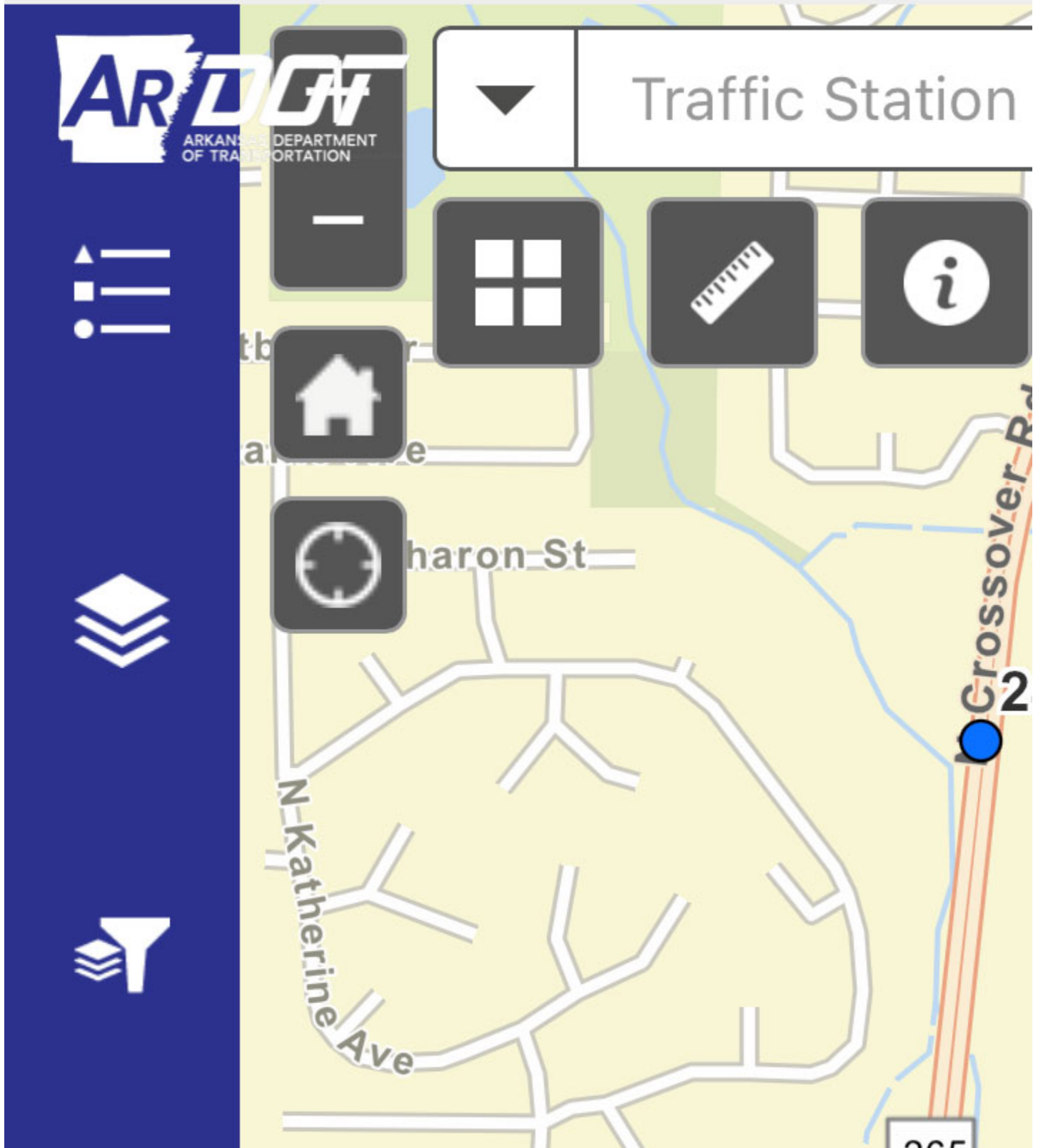
CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good evening—as a follow up to my below email and supplement to the attached Statement in Opposition, attached please find traffic data from the Arkansas Department of Transportation for N Old Wire Road which includes an average daily traffic estimate of 8,300 vehicles for the most recent year studied, 2021. Please note that many of the intersecting streets on the segment of N Old Wire Road between the Old Missouri Road and Crossover intersections adjoin N Old Wire Road at steep inclines and with numerous blind spots. This portion of N Old Wire Road additionally includes several curves further decreasing visibility.

Thank you,

Alexis Stevens and Nick Mote

6:59



6:59



1 of 1

Volume Count
8,300

Station ID:

Station:

Count Type:

Count Category:

Most Recent ADT:

Most Recent ADT Year:

ARDOT District:

County:

Sent from my iPhone

> On Feb 27, 2023, at 6:28 PM, Alexis Stevens <aestevens3@yahoo.com> wrote:

>

> Good evening—attached please find a Statement in Opposition of the proposed rezoning of the property located at 2910 N Old Wire Rd, Fayetteville, AR 72703, submitted on behalf of Nick Mote and Alexis Stevens, to be presented to the City Planning Commission during its February 27, 2023, meeting related to the same.

>

> Please let me know if you have any questions or require further information.

>

> Thank you,

>

> Alexis Stevens

> <In re Rezoning of the Property Located at 2910 N Old Wire Road, Fayetteville, AR - Written Statement in Opposition Submitted by Nick Mote and Alexis Stevens.pdf>

>

> Sent from my iPhone

From: [Mary Anne Kull](#)
To: [Wonsower, Donna](#)
Cc: [Umberger, Ryan](#); [Hopkins, Mirinda](#)
Subject: Re: Project Information (RZN-2023-0004)
Date: Sunday, February 26, 2023 2:09:25 PM
Attachments: [image002.png](#)
[image001.jpg](#)
[Concerns for RZN-2023-0004.pdf](#)

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

To Whom it May Concern,

I am attaching a letter about my concerns for the rezoning of 2910 N Old Wire Rd: RZN-2023-0004

Thank you so much for your consideration,
Mary Anne Kull

On Wed, Feb 8, 2023 at 11:00 AM Wonsower, Donna <dwonsower@fayetteville-ar.gov> wrote:

Mary,

This project is scheduled for the February 27 Planning Commission meeting. The packets being posted on the website tomorrow are for the meeting held on February 13, and the packets for the February 27 meeting will be posted in a few weeks. Our apologies for any confusion. Regarding the required mailing, we received a certificate stating that the letters were sent out yesterday (2/7) in advance of the fifteen day requirement so keep an eye on your mailbox.

Short of hiring a traffic engineer, factually showing how any development will affect future traffic is difficult; however there are multiple online resources that you could utilize to present facts regarding the current traffic around your neighborhood such as traffic counts from ARDoT, records of vehicle crashes and their severity from the police, any news articles that discuss significant delays specific to your neighborhood and its immediate surroundings, or primary sources like this. My recommendation would be to stay away from opinions like “traffic is terrible here,” and instead make statements such as “In the past three weeks, it has taken me an average of twenty minutes to leave my neighborhood every morning because of the amount of traffic on N Old Wire Rd,” and to bring data to back up any sources you cite in your research. You are also welcome to email staff with any documents ahead of the meeting and to call with questions.

Best Regards,

Donna Wonsower

Planner, Development Services

City of Fayetteville, Arkansas

Office: 479.575.8358

[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#) | [YouTube](#)



From: Mary Anne Kull [<mailto:>]
Sent: Wednesday, February 08, 2023 8:48 AM
To: Hopkins, Mirinda <mhopkins@fayetteville-ar.gov>
Subject: Project Information

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning!

Thank you so much for providing this information. What do I need to do to prove that this change will factually affect vehicular patterns adversely for patrons of my neighborhood?

I am so thankful for this information. We have not received the required mailing for this zoning request. Do you know if it has been sent out as the application requires?

Thank you!

Mary Anne

On Wednesday, February 8, 2023, Hopkins, Mirinda <mhopkins@fayetteville-ar.gov> wrote:

Mary Anne,

I have attached the submitted request letter. Planning reports will be posted to our website tomorrow afternoon. Let me know if you need anything else.

<https://fayettevillear.portal.civicclerk.com/>

Thank you

Mirinda Hopkins

Development Coordinator

Planning Division

City of Fayetteville

479-575-8267

[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#) | [YouTube](#)



From: Mary Anne Kull [mailto:makull1017@gmail.com]

Sent: Tuesday, February 07, 2023 11:01 PM

To: Planning Shared <planning@fayetteville-ar.gov>; Hopkins, Mirinda <mhopkins@fayetteville-ar.gov>

Subject: Project Information

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good Day,

I am inquiring about the project information for Plan Number: **RZN-2023-0004**

The posted written notification form indicates that project information is available for public view from the City of Fayetteville Planning Division, but I have not been able to locate it on the submitted application or the planning divisions portion of the website. I would appreciate your help with this information.

I am highly concerned about this area being rezoned as NC NEIGHBORHOOD CONSERVATION. Traffic on Old Wire is already highly congested. I am hardly able to make a left hand turn in the mornings to take my children to Butterfield Elementary School. I cannot imagine how that will be amplified with the potential of 10 residential units per acre being permitted in this area. The vocabulary "neighborhood conservation" is very misleading in this instance as currently this area is completely wooded. I am concerned that there is a deliberate deception by choosing this as the zoning to prevent neighbors from being concerned. This will allow signification change to my current neighborhood and will negatively affect the character and home values in the immediate area.

I believe that the current zoning of RSF-4 is appropriate to maintain true neighborhood conservation for this area.

I look forward to seeing more detailed plans.

Sincerely,
Mary Anne Kull

2840 N Raintree Drive
Fayetteville, AR 72703

February 26, 2023

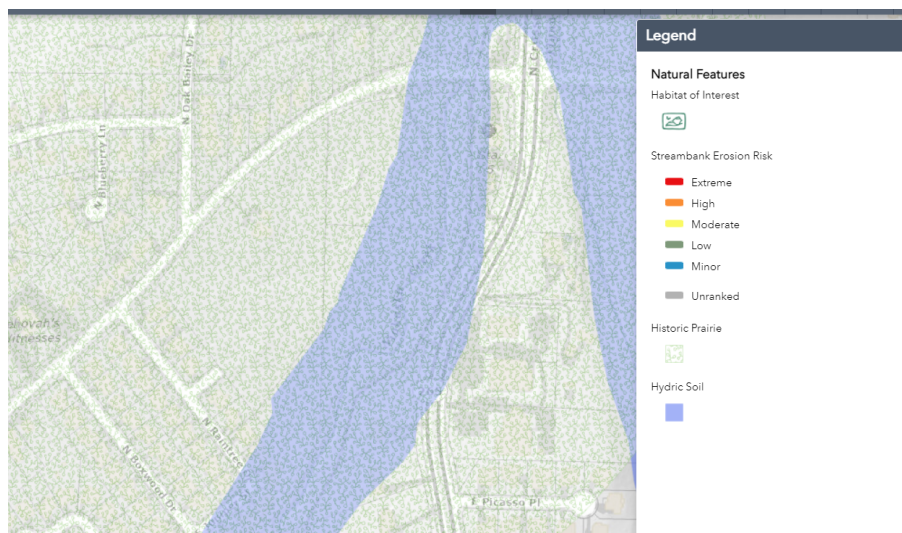
To Whom It May Concern:

I am writing to express my deep concern about the proposed rezoning of 2910 N Old Wire Rd from RSF-4 to NC. As a resident of this area, I believe that this rezoning will have a significant negative impact on our community and our environment.

One of my main concerns is the increase in traffic that this development will bring to our area. The roads around 2910 N Old Wire Rd are narrow and already congested. Adding more cars to this area will only exacerbate the problem. This will make it more difficult and dangerous for residents to travel to and from their homes, and could even lead to accidents and other safety concerns. I took the below picture from my street corner of Raintree Dr. and N Old Wire Rd. at 4:28PM Tuesday, February 21. Notice that cars are backed up all the way from Crossover to Raintree. What will the addition of more dense housing and businesses (as allowed under the NC zoning), with potentially hundreds of cars added do to the traffic? What about the Fire Station? With the addition of traffic in this area does it cause concern for life saving minutes being lost as the fire truck and emergency responders will be required to navigate through the additional commuters?



2910 N Old Wire contains hydric soil and due to the slope of the land, anything that is developed at this property will have runoff into the hydric soil areas pictured below. What will happen to the ecosystem surrounding the Niokaska Trail with the addition of hazardous runoff from the proposed significantly denser development?

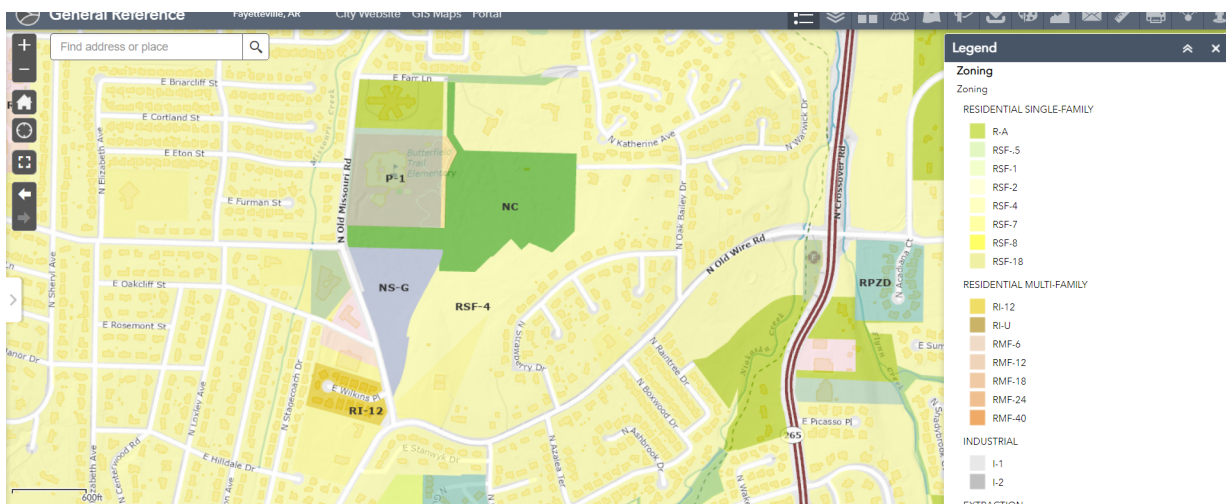


I believe that this rezoning does not align with the City of Fayetteville's "Vision 2050" plan. This plan emphasizes sustainable development and responsible use of natural resources, and I believe that this development will only contribute to the environmental degradation of our area.

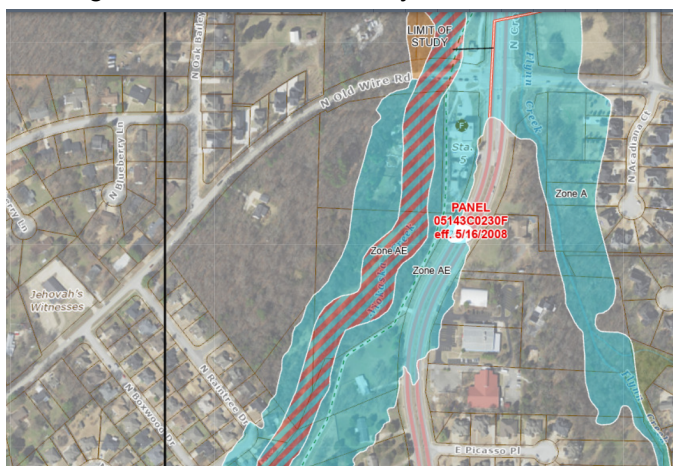
As a mom of 3 children, our oldest child attends Fayetteville public schools with our middle child to join her next year in kindergarten. I am currently following Fayetteville's dilemma with having enough room in McNair Middle school for the children in our neighborhood. Currently, the board does not have a solution. The proposal to bring in the addition of potentially many families and many more children is simply not supported by the current school zone structure.

Furthermore, I have some serious questions about the statement of compatibility submitted by Jorgensen & Associates. The statement of compatibility states, "This request to rezone a portion of the RSF-4 to Neighborhood Conservation and adjust the R-A zoning line to match the 100-year floodplain is compatible with neighboring property and will not unreasonably adversely affect or conflict with surrounding land uses." Has Jorgensen and Associates provided a study by a professional to support this claim? What will they do and be liable for in the instance that it does in fact "unreasonably adversely affect or conflict" with the surrounding land uses?

The statement of compatibility continues to state, "Within reasonable proximity, rezoning of the property south of Butterfield Elementary to NC, sets a precedence for similar development patterns that serve to promote and protect neighborhood character." This is untrue. The area next to Butterfield Elementary was just recently rezoned as NC. Outside of that one area, this entire area is zoned as RSF-4. This rezoning will drastically change the feel of driving up Old Wire from Crossover. Currently, it is a wooded residential area. The zoning of RSF-4 is what "sets a precedence for similar development patterns that serve to promote and protect neighborhood character." Please see this image to show the zoning for the surrounding areas as evidence:



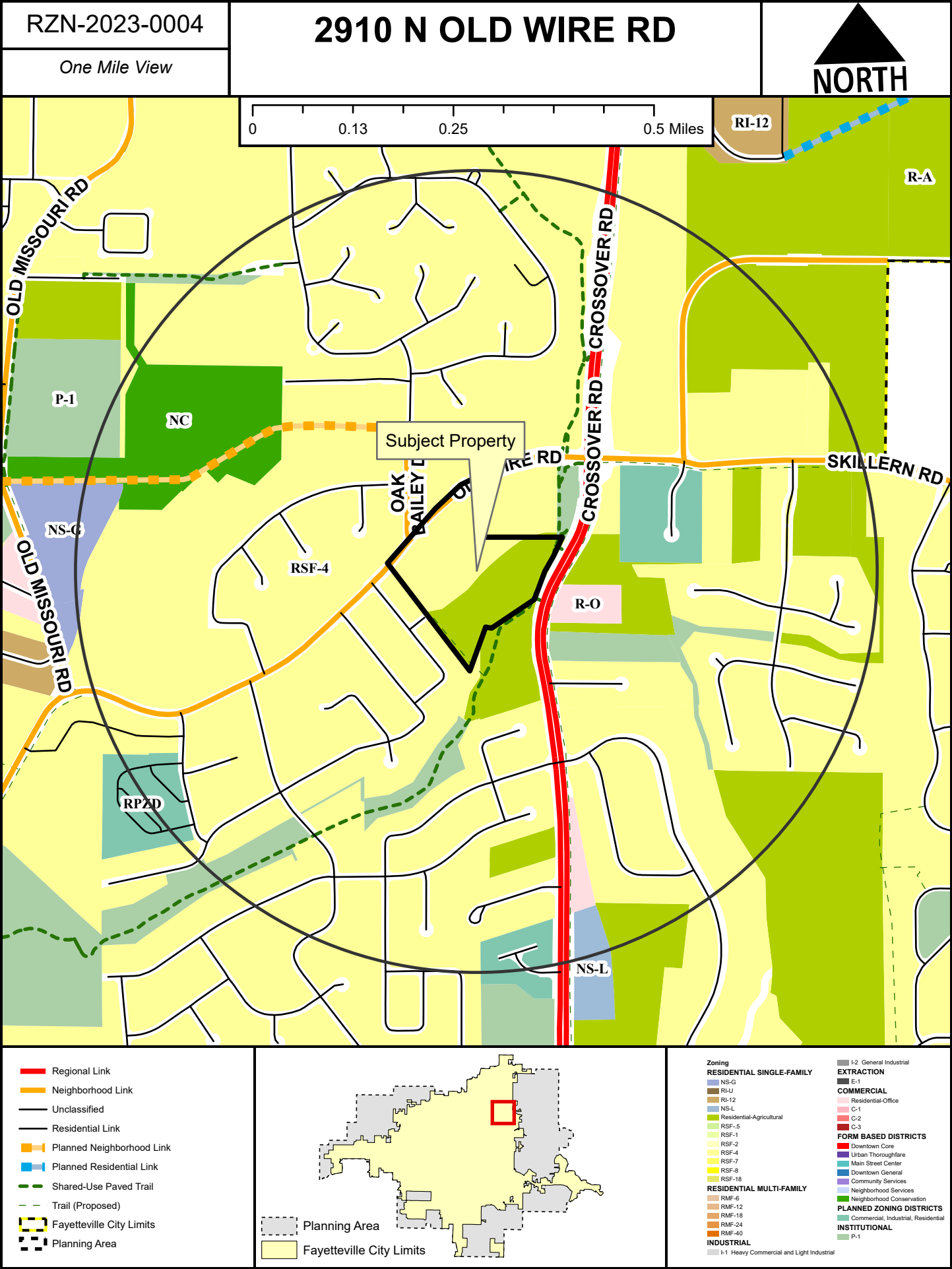
The compatibility statement continues to state, "The zoning line has been adjusted to follow the 100-year flood plain and this zoning line makes more sense than the current zoning line and will ensure that the floodplain would be of minimal impact." Where is the study that has been conducted by a professional to attest that this statement is true? After multiple conversations with environmentalists, I have been advised that due to the increase in impervious surfaces in a wooded area with soil that it will absolutely have a major impact on flooding in an area near already established flood zone hazards.

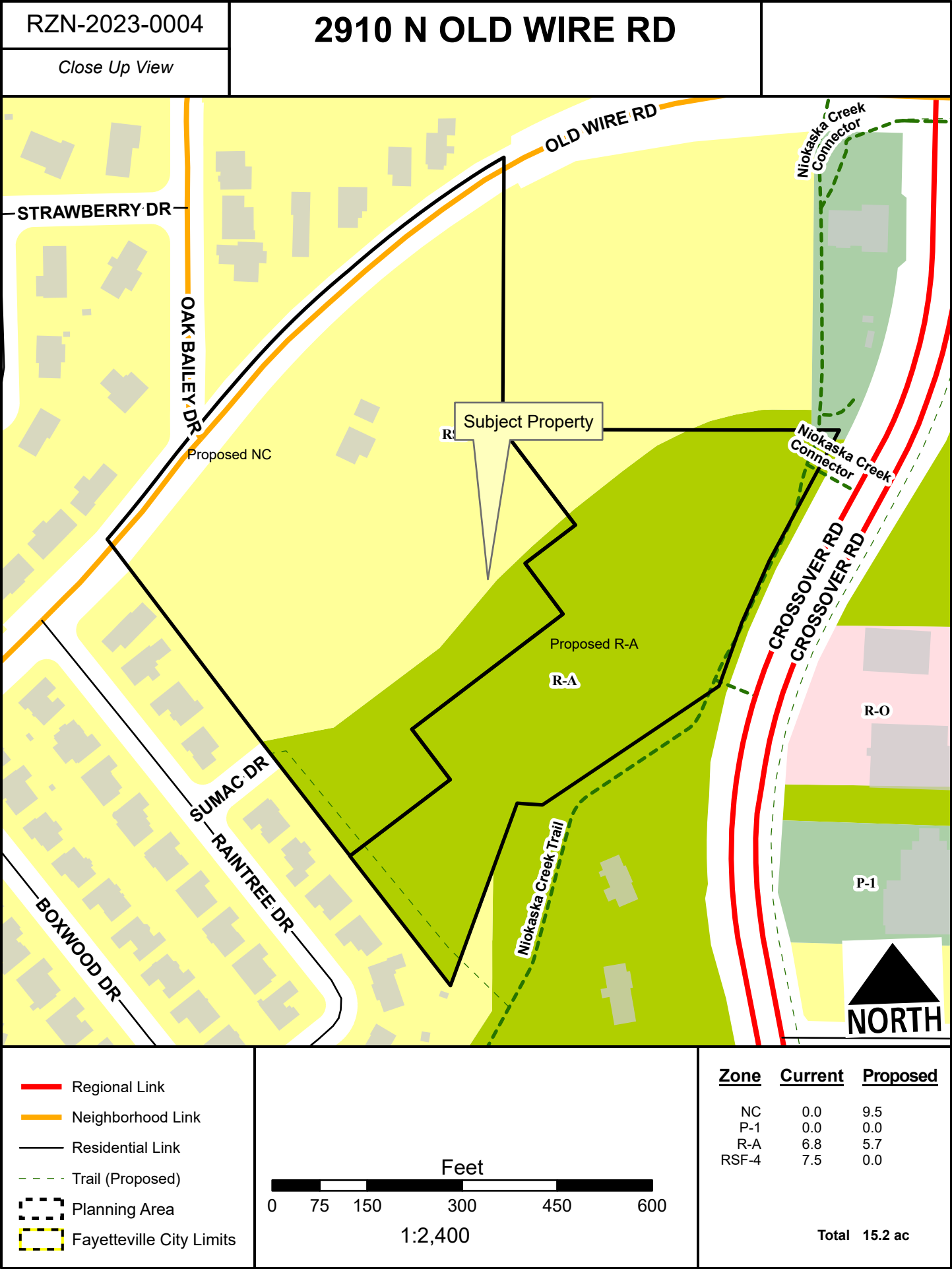


The compatibility statement also says, "Given the proximity to the Fire Station, Crossover (Regional Link), and the Niokaska Trail, we feel that this rezoning is supported in a multitude of ways and will not adversely impact vehicular patterns." Has Jorgensen and Associates contracted a traffic engineer to verify that this statement is true? Based on my personal experience living next to the property in question, there is already substantial traffic during commuter times on Old Wire.

In conclusion, I urge you to reconsider the proposed rezoning of 2910 N Old Wire Rd from RSF-4 to NC. I believe that this development will create additional traffic strain on the area, negatively impact the environment, does not align with the City of Fayetteville's "Vision 2050", and the area simply does not have the infrastructure established to support such a drastic change. Thank you for your time and consideration.

Sincerely,
 Mary Anne Kull
 2840 N Raintree Dr
makull1017@gmail.com
 501-773-1278

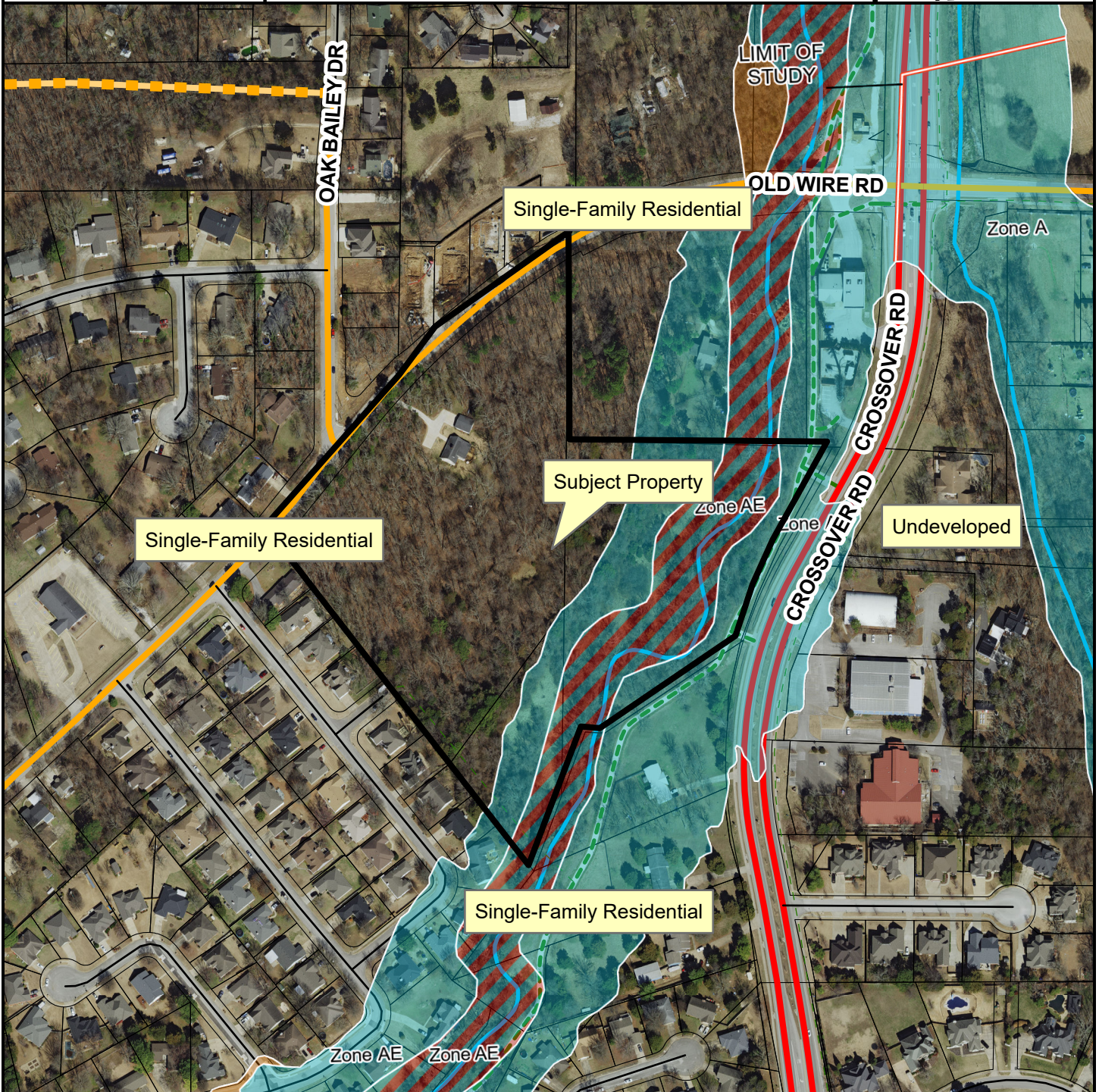




RZN-2023-0004

2910 N OLD WIRE RD

Current Land Use

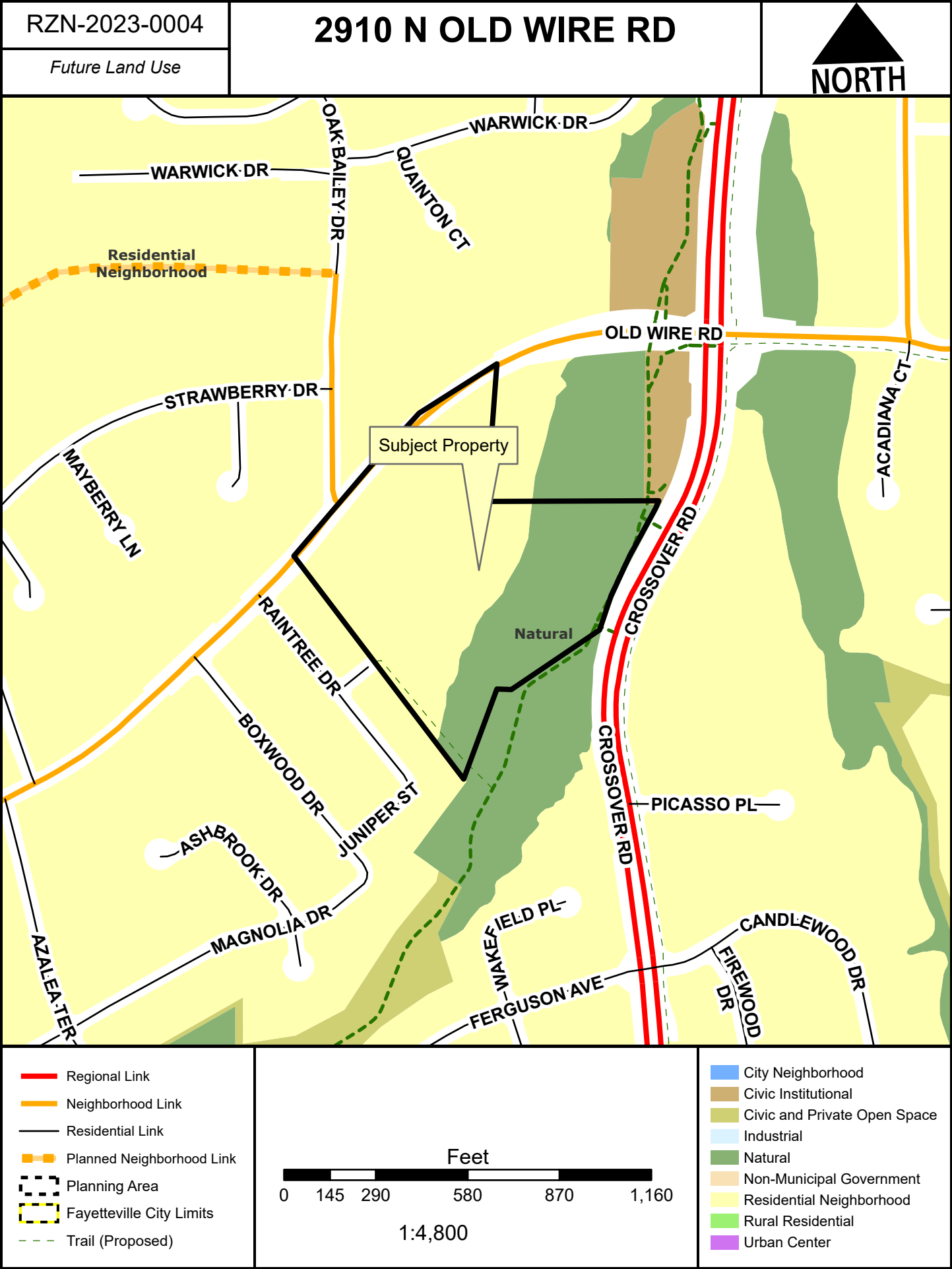


- Regional Link
- Neighborhood Link
- Residential Link
- Planned Neighborhood Link
- Trail (Proposed)
- Planning Area
- Fayetteville City Limits



FEMA Flood Hazard Data

- 100-Year Floodplain
- Floodway





CITY OF
FAYETTEVILLE
ARKANSAS

CITY COUNCIL MEMO

MEETING OF APRIL 4, 2023

TO: Mayor; Fayetteville City Council

THRU: Susan Norton, Chief of Staff

FROM: Jonathan Curth, Development Services Director

DATE: March 31, 2023

SUBJECT: **Traffic volume and crash data request associated with RZN-2023-0004 (2910 N. Old Wire Rd./Van Scyoc)**

At the March 21, 2023 City Council meeting, a request was made for traffic count and crash data near the proposed rezoning at 2910 N. Old Wire Road (RZN-2023-0004/Van Scyoc). Specifically, interest was expressed in information to support assessing whether a dangerous traffic condition exists, or if one may be created or compounded by development under the proposed rezoning. Accordingly, information was collected from the Fayetteville Police and Public Works Departments, and the Arkansas Department of Transportation (ArDOT).

Traffic Crashes

Between 2013 and 2023, 140 crashes were documented at the intersections of N. Old Wire Road/N. Old Missouri Road, N. Old Wire Road/N. Crossover Road, and the segment of N. Old Wire Road in-between (see attached for detail). In assigning incidents to specific intersections, the 140 total crashes can be distributed along N. Old Wire Road as follows:

- N. Crossover Road: 71
- N. Old Missouri Road: 24
- N. Azalea Terrace: 7
- **N. Oak Bailey Drive: 7** (intersection closest to subject property)
- N. Colette Avenue: 5
- N. Strawberry Drive: 2
- N. Boxwood Drive: 1
- Unassigned: 23
- TOTAL: 140

The most substantial modification to N. Old Wire Road in the 10-year review period is the installation of a traffic signal at the street's intersection with N. Old Missouri Road. Of the 24 crashes at that location since 2013, two occurred since the signal was installed and activated in December of 2020.

Traffic Volumes

Average Daily Traffic (ADT), also referred to as mean daily traffic, is the average number of vehicles that travel through a specific point during a specific time. ArDOT ADT data is available at three points along Old Wire Road near RZN-2023-0004 (see attached exhibit):

- North E. Township Street (8,100 ADT)
- Between N. Raintree Drive & N. Oak Bailey Drive (8,300 ADT)
- North of E. Skillern Road (1,900 ADT)

While a comparison is possible with the areas' other non-arterial streets, including Rolling Hills, Township, and Mission, it bears consideration that the routes have widely-varying characters and roles in the City's network. Mission, for example, is a state highway that connects US 412 from beyond Washington County to downtown Fayetteville. Conversely, Rolling Hills is less than a mile in length. In between the two, Township is a direct east-west connection between Crossover and College that serves both residential and commercial traffic. Despite these distinctions, Mission, Rolling Hills, and Township generally share the two-lane character of Old Wire, although ADT data indicates higher counts than Old Wire, ranging from 9,200 to 14,000 vehicles.

For additional information, ArDOT offers the Arkansas Crash Analytics Tool (ACAT). Although ACAT's data is limited to 2017-2021, it includes details such as the crash manner (single-vehicle, sideswipe, head-on, etc.), lighting conditions (daylight, dawn, dusk, etc.), and severity (no injury, possible injury, etc.). The dashboard is available through ArDOT's website or directly through the links below.

<https://www.ardot.gov/divisions/transportation-planning-policy/traffic-safety/>

<https://experience.arcgis.com/experience/1911f992cabc484a98f64e7c36c2b262/>

Attachments:

- Fayetteville Police Department Crash Data
- ArDOT ADT Counts

Fayetteville Police Department Crash Data 2013-2023

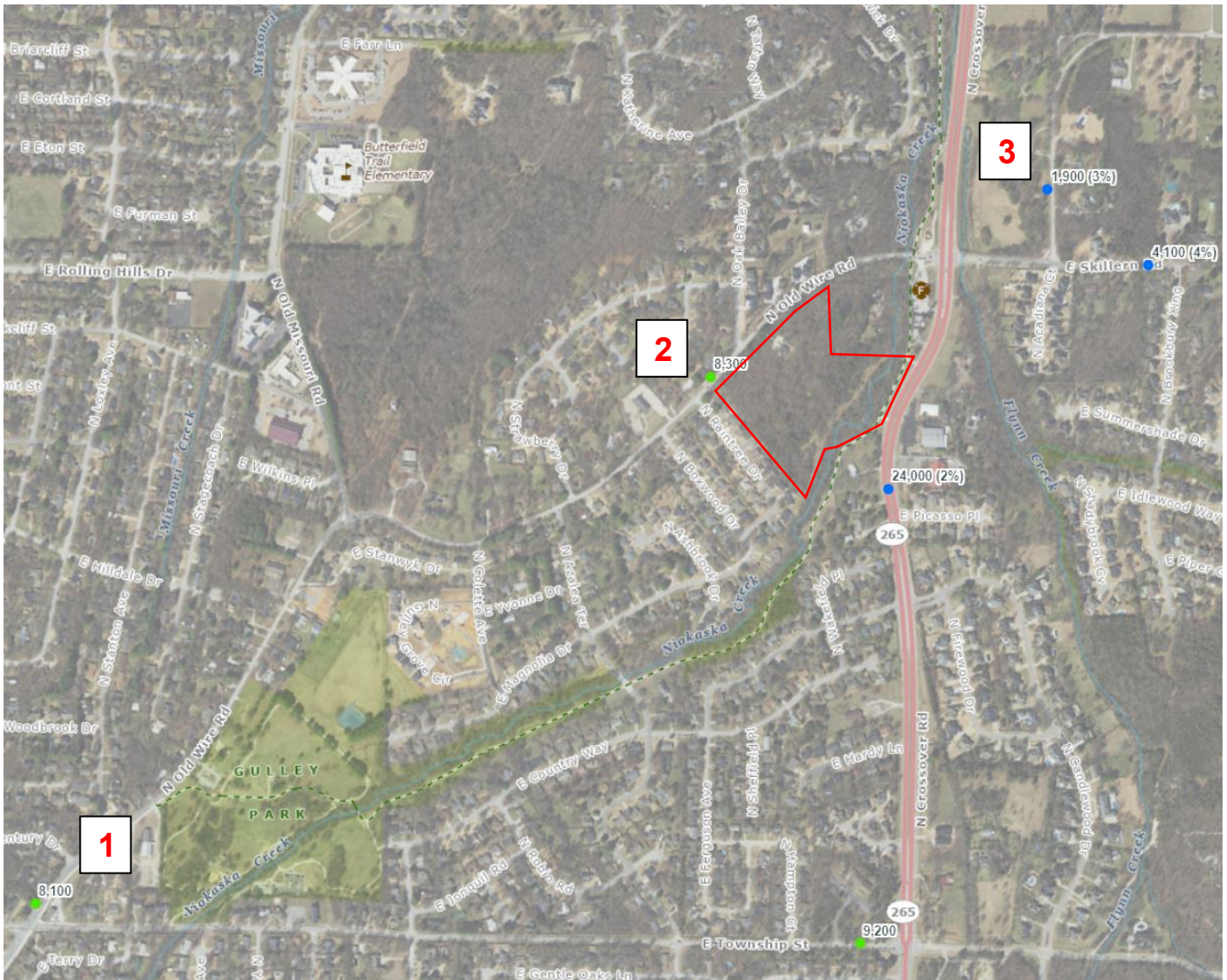
Accident Address	Accident City	Accident Date and Time	Accident Direction From Intersection	Accident Distance From Intersection	Accident Number	Accident Reference Point
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/04/2017 07:47:00			201700015	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/10/2020 10:18:00			2020-0002544	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/11/2020 13:05:00			2020-0002796	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/14/2020 10:02:00			2020-00003475	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/14/2022 17:10:00			2022-00003006	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/16/2017 17:25:00			201700105	N OLD WIRE RD
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/19/2018 07:58:00			2018-00009284	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/20/2016 07:07:00			201600182	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	01/26/2017 07:44:00			201700189	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	02/07/2020 15:26:00			2020-00010607	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	02/12/2021 17:58:00			2021-00010091	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	02/18/2017 15:19:00			2017-00015051	
N CROSSOVER RD / N OLD WIRE RD	Fayetteville	03/01/2023 06:03:00			2023-00013795	
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					N COLLETTE ST

Arkansas Department of Transportation Average Daily Traffic Counts Old Wire Road

1. North of E. Township Road (8,100 ADT)
2. Between N. Raintree Drive & N. Oak Bailey Dr. (8,300 ADT)
3. North of E. Skillern Road (1,900 ADT)

 Approximate Subject Property





MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council

THRU: Susan Norton, Chief of Staff
Jonathan Curth, Development Services Director
Jessica Masters, Development Review Manager

FROM: Gretchen Harrison, Planner

DATE: March 14, 2023

SUBJECT: **Appeal: CUP-2023-0008: Conditional Use Permit (348 N. FLETCHER AVE./SCOTT, 485): Submitted by MIKE SCOTT, for property located at 348 N. FLETCHER ST. in WARD 1. The property is zoned RSF-8, RESIDENTIAL SINGLE-FAMILY - 8 UNITS PER ACRE and contains approximately 0.08 acres. The request is to use the residence as a short-term rental.**

RECOMMENDATION:

City staff recommends approval and the Planning Commission recommends denial of a request for a conditional use permit for a short-term rental as described and shown below.

BACKGROUND:

The subject property is located near Mount Sequoyah, just northeast of the intersection of Dickson Street and Fletcher Avenue. The property is zoned RSF-8, Residential Single-Family, 8 Units per Acre, contains 0.08 acres, and is currently developed with a two-bedroom townhome. On April 20, 2021, City Council adopted an ordinance to regulate short-term rentals operating within its limits. On December 20, 2022, City Council amended the ordinance to enact new requirements for short-term rentals. This report reflects those new changes for consideration.

Request: The applicant requests conditional use permit approval to use the property as a Type 2 short-term rental, which are those not occupied by a permanent resident. Type 2 short-term rentals are subject to density limitations, including a 2% city-wide cap, and restrictions on the number of units that may be used as a short-term rental in multi-family dwelling complexes.

Findings: Staff finds that granting the requested conditional use is unlikely to negatively impact the public interest. Minimal disruptions are expected for neighbors due to applicable business licensing requirements, including a required building safety inspection, and applicable density caps limiting the maximum number of guests to six. Two off-street parking spaces are available in an existing detached carport. On-street parking is also available along the east side of Fletcher Avenue. Within a quarter mile of the property, city business license records indicate there are three active Type 2 short-term rental business licenses. There are no active or prior zoning code violations at the subject address.

DISCUSSION:

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov

At the February 27, 2023, Planning Commission meeting, a motion to deny this item passed with a vote of 7-1-0. Commissioner Garlock made the motion with a second from Commissioner Madden. Commissioner Sparkman voted against the denial. Commissioners expressed concerns about approving a Type 2 short-term rental in a new development that was originally marketed as affordable housing, suggesting that it may adversely impact the character of this development and the surrounding neighborhood. Eight members of the public spoke at the meeting in opposition to this request. Those who spoke expressed concerns about the underlying development, noting continued problems with increased water run off, storage of residential trash carts, and parking. They also raised questions about this development being originally touted as attainable workforce housing and felt that approval of a Type 2 short-term rental would adversely impact the residential character of the area.

BUDGET/STAFF IMPACT:

N/A

ATTACHMENTS: Appeal Letter with Council Member Sponsors, Exhibit A, Planning Commission Staff Report



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-546

Appeal: CUP-2023-0008: Conditional Use Permit (348 N. FLETCHER AVE./SCOTT, 485): Submitted by MIKE SCOTT, for property located at 348 N. FLETCHER ST. in WARD 1. The property is zoned RSF-8, RESIDENTIAL SINGLE-FAMILY - 8 UNITS PER ACRE and contains approximately 0.08 acres. The request is to use the residence as a short-term rental.

A RESOLUTION TO GRANT THE APPEAL OF COUNCIL MEMBERS SCOTT BERNA, SONIA HARVEY, AND D'ANDRE JONES AND APPROVE CONDITIONAL USE PERMIT CUP 2023-008 FOR A SHORT-TERM RENTAL AT 348 NORTH FLETCHER STREET

WHEREAS, on February 27, 2023, the Planning Commission denied the application for Conditional Use Permit CUP 2023-008, to allow a Short-Term Rental at 348 North Fletcher Street; and

WHEREAS, Council Members D'Andre Jones, Sonia Harvey, and Scott Berna have properly appealed the decision of the Planning Commission pursuant to §155.05(A)(3) of the Unified Development Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby grants the appeal of Council Members D'Andre Jones, Sonia Harvey and Scott Berna, finds that the proposed short term rental is compatible with adjacent properties and other property in the zoning district, and approves Conditional Use Permit CUP 2023-008 for a Short-Term Rental at 348 North Fletcher Street.

Section 2: Approval of the conditional use permit is subject to the following conditions:

1. A business license must be obtained within one year of conditional use permit approval.
2. The number of occupants is limited to a maximum of two people per bedroom, plus two, for the entire unit when the property is operated as a short-term rental.
3. Special events including, but not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars are prohibited from occurring in the short term rental.
4. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.
5. All trash receptacles shall be screened from view of the right-of-way.
6. All outdoor lighting shall meet requirements as outlined in UDC Chapter 176, Outdoor Lighting.
7. Any signage shall meet the requirements as outlined in UDC Chapter 174, Signs.

Paxton, Kara

From: Berna, Scott
Sent: Thursday, March 9, 2023 2:35 PM
To: Mike Scott; Hertzberg, Holly; Moore, Sarah; Jones, D'Andre; Harvey, Sonia; Turk, Teresa; Bunch, Sarah; Wiederkehr, Mike
Cc: Paxton, Kara
Subject: Re: Appeal Request CUP-2023-0008

I will add my name to the appeal to allow it to be heard.

Scott

From: Mike Scott <mike.scott484@gmail.com>
Sent: Thursday, March 9, 2023 8:14 AM
To: Hertzberg, Holly <holly.hertzberg@fayetteville-ar.gov>; Berna, Scott <scott.berna@fayetteville-ar.gov>; Moore, Sarah <sarah.moore@fayetteville-ar.gov>; Jones, D'Andre <dandre.jones@fayetteville-ar.gov>; Harvey, Sonia <sonia.harvey@fayetteville-ar.gov>; Turk, Teresa <teresa.turk@fayetteville-ar.gov>; Bunch, Sarah <sarah.bunch@fayetteville-ar.gov>; Wiederkehr, Mike <mike.wiederkehr@fayetteville-ar.gov>
Cc: Paxton, Kara <kapaxton@fayetteville-ar.gov>
Subject: FW: Appeal Request CUP-2023-0008

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Council Members,

Good morning, this is a second attempt asking for your support in appealing the attached CUP-2023-008. We are at your mercy to get this application appealed and to be able to use our property as intended when we purchased it. Today is the deadline for our appeal window so please reply to Kara to notify her of your intention to sponsor our request. If you need more information, do not hesitate to contact us. Your help is greatly appreciated.

Sincerely,

Christy and Mike Scott
501.258.3242

Sent from [Mail](#) for Windows

From: [Mike Scott](#)
Sent: Saturday, March 4, 2023 10:23 AM
To: sarah.bunch@fayetteville-ar.gov
Subject: Appeal Request CUP-2023-0008

Dear Council Members,

I am writing this email to request your consideration to sponsor an appeal to CUP-2023-0008.

I am a long-standing member of the community of the City of Fayetteville. I grew up on Lafayette Street near the corner of Fletcher Ave. My parents met at the U of A and are still in the area. My father was an MAI Real Estate Appraiser before retirement and my mother worked in real estate mortgages and as a Real Estate Broker. I attended Fayetteville High School. My wife, Christy, and I are U of A alums and currently reside in Little Rock. Christy works in northwest Arkansas supporting cancer patients in treatment. We have owned a property at 853 N. Jackson Street for many years. This home is an affordable long-term rental which we want to remain as affordable housing and are considering building another affordable house on the lot.

We purchased another property, a townhome, in Fayetteville for three reasons 1) we hope to retire to the area and 2) our son is attending the U of A as a freshman, and our daughter is applying for Graduate School of Business here, after she completes her undergrad at the University of Missouri. We wanted a place for us to be able to stay to visit our children and gather as a family when we are in the area. 3) Christy needs a place more like home to stay when she frequently works in the area. This is a higher priced home, and we want and need to be able to rent it out while we are not able to be there. Our intent is to rent it to friends and families that want to visit their children at the U of A and enjoy NWA.

I feel most of our reasons for the appeal are stated in the letter, so I won't duplicate them here. We are certain the neighbors that protested are upset with the construction of these townhomes and not understanding the positive intent of short-term rentals.

We are heavily invested in the success of our community of Fayetteville and feel our property owner rights are being impeded. We are at the mercy of your support in sponsoring this appeal. Thank you in advance.

Sincerely,

Christy and Mike Scott
348 N Fletcher Ave
Fayetteville, AR 72701
501.258.3242

Sent from [Mail](#) for Windows

CityClerk

From: Paxton, Kara
Sent: Thursday, March 9, 2023 10:33 AM
To: CityClerk
Subject: FW: Appeal Request CUP-2023-0008

Verification of Council Member Harvey's support of appeal.

Kara Paxton
MSISM, MMC, CAMC, CMO
City Clerk Treasurer
City of Fayetteville, Arkansas
kapaxton@fayetteville-ar.gov
T 479.575.8323#



From: Harvey, Sonia <sonia.harvey@fayetteville-ar.gov>
Sent: Thursday, March 9, 2023 10:09 AM
To: Mike Scott <mike.scott484@gmail.com>; Hertzberg, Holly <holly.hertzberg@fayetteville-ar.gov>; Berna, Scott <scott.berna@fayetteville-ar.gov>; Moore, Sarah <sarah.moore@fayetteville-ar.gov>; Jones, D'Andre <dandre.jones@fayetteville-ar.gov>; Turk, Teresa <teresa.turk@fayetteville-ar.gov>; Bunch, Sarah <sarah.bunch@fayetteville-ar.gov>; Wiederkehr, Mike <mike.wiederkehr@fayetteville-ar.gov>
Cc: Paxton, Kara <kapaxton@fayetteville-ar.gov>
Subject: Re: Appeal Request CUP-2023-0008

Dear Kara,

I would like to add my name to bring this appeal forward on behalf of Christy and Mike Scott.

Sincerely,

Sonia Harvey
Fayetteville City Council Member
Ward 1, Position 1
(479) 409-5064

Report a concern with SeeClickFix:
<https://www.fayetteville-ar.gov/4233/Report-a-Concern-with-SeeClickFix>
Speak up on City projects:
<https://speakup.fayetteville-ar.gov/>
Voice your feedback to the entire Council and Mayor by emailing:
agendaitemcomment@fayetteville-ar.gov

From: Mike Scott <mike.scott484@gmail.com>
Sent: Thursday, March 9, 2023 8:14 AM
To: Hertzberg, Holly <holly.hertzberg@fayetteville-ar.gov>; Berna, Scott <scott.berna@fayetteville-ar.gov>; Moore,

Sarah <sarah.moore@fayetteville-ar.gov>; Jones, D'Andre <dandre.jones@fayetteville-ar.gov>; Harvey, Sonia <sonia.harvey@fayetteville-ar.gov>; Turk, Teresa <teresa.turk@fayetteville-ar.gov>; Bunch, Sarah <sarah.bunch@fayetteville-ar.gov>; Wiederkehr, Mike <mike.wiederkehr@fayetteville-ar.gov>
Cc: Paxton, Kara <kapaxton@fayetteville-ar.gov>
Subject: FW: Appeal Request CUP-2023-0008

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Sincerely,

Christy and Mike Scott
501.258.3242

Sent from [Mail](#) for Windows

From: [Mike Scott](#)
Sent: Saturday, March 4, 2023 10:23 AM
To: sarah.bunch@fayetteville-ar.gov
Subject: Appeal Request CUP-2023-0008

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We are heavily invested in the success of our community of Fayetteville and feel our property owner rights are being impeded. We are at the mercy of your support in sponsoring this appeal. Thank you in advance.

Sincerely,

Christy and Mike Scott
348 N Fletcher Ave
Fayetteville, AR 72701
501.258.3242

Sent from [Mail](#) for Windows

Paxton, Kara

From: D'Andre Jones <dre91732000@gmail.com>
Sent: Thursday, March 9, 2023 11:21 AM
To: Harvey, Sonia
Cc: Mike Scott; Hertzberg, Holly; Berna, Scott; Moore, Sarah; Jones, D'Andre; Turk, Teresa; Bunch, Sarah; Wiederkehr, Mike; Paxton, Kara
Subject: Re: Appeal Request CUP-2023-0008

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hey Kara I am ok with sponsoring the appeal

Sent from my iPhone

On Mar 9, 2023, at 10:08 AM, Harvey, Sonia <sonia.harvey@fayetteville-ar.gov> wrote:

Dear Kara,

I would like to add my name to bring this appeal forward on behalf of Christy and Mike Scott.

Sincerely,

Sonia Harvey
Fayetteville City Council Member
Ward 1, Position 1
(479) 409-5064

Report a concern with SeeClickFix:

<https://www.fayetteville-ar.gov/4233/Report-a-Concern-with-SeeClickFix>

Speak up on City projects:

<https://speakup.fayetteville-ar.gov/>

Voice your feedback to the entire Council and Mayor by emailing:

agendaitemcomment@fayetteville-ar.gov

From: Mike Scott <mike.scott484@gmail.com>
Sent: Thursday, March 9, 2023 8:14 AM
To: Hertzberg, Holly <holly.hertzberg@fayetteville-ar.gov>; Berna, Scott <scott.berna@fayetteville-ar.gov>; Moore, Sarah <sarah.moore@fayetteville-ar.gov>; Jones, D'Andre <dandre.jones@fayetteville-ar.gov>; Harvey, Sonia <sonia.harvey@fayetteville-ar.gov>; Turk, Teresa <teresa.turk@fayetteville-ar.gov>; Bunch, Sarah <sarah.bunch@fayetteville-ar.gov>; Wiederkehr, Mike <mike.wiederkehr@fayetteville-ar.gov>
Cc: Paxton, Kara <kapaxton@fayetteville-ar.gov>
Subject: FW: Appeal Request CUP-2023-0008

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Council Members,

Good morning, this is a second attempt asking for your support in appealing the attached CUP-2023-008. We are at your mercy to get this application appealed and to be able to use our property as intended when we purchased it. Today is the deadline for our appeal window so please reply to Kara to notify her of your intention to sponsor our request. If you need more information, do not hesitate to contact us. Your help is greatly appreciated.

Sincerely,

Christy and Mike Scott
501.258.3242

Sent from [Mail](#) for Windows

From: [Mike Scott](#)
Sent: Saturday, March 4, 2023 10:23 AM
To: sarah.bunch@fayetteville-ar.gov
Subject: Appeal Request CUP-2023-0008

Dear Council Members,

I am writing this email to request your consideration to sponsor an appeal to CUP-2023-0008.

I am a long-standing member of the community of the City of Fayetteville. I grew up on Lafayette Street near the corner of Fletcher Ave. My parents met at the U of A and are still in the area. My father was an MAI Real Estate Appraiser before retirement and my mother worked in real estate mortgages and as a Real Estate Broker. I attended Fayetteville High School. My wife, Christy, and I are U of A alums and currently reside in Little Rock. Christy works in northwest Arkansas supporting cancer patients in treatment. We have owned a property at 853 N. Jackson Street for many years. This home is an affordable long-term rental which we want to remain as affordable housing and are considering building another affordable house on the lot.

We purchased another property, a townhome, in Fayetteville for three reasons 1) we hope to retire to the area and 2) our son is attending the U of A as a freshman, and our daughter is applying for Graduate School of Business here, after she completes her undergrad at the University of Missouri. We wanted a place for us to be able to stay to visit our children and gather as a family when we are in the area. 3) Christy needs a place more like home to stay when she frequently works in the area. This is a higher priced home, and we want and need to be able to rent it out while we are not able to be there. Our intent is to rent it to friends and families that want to visit their children at the U of A and enjoy NWA.

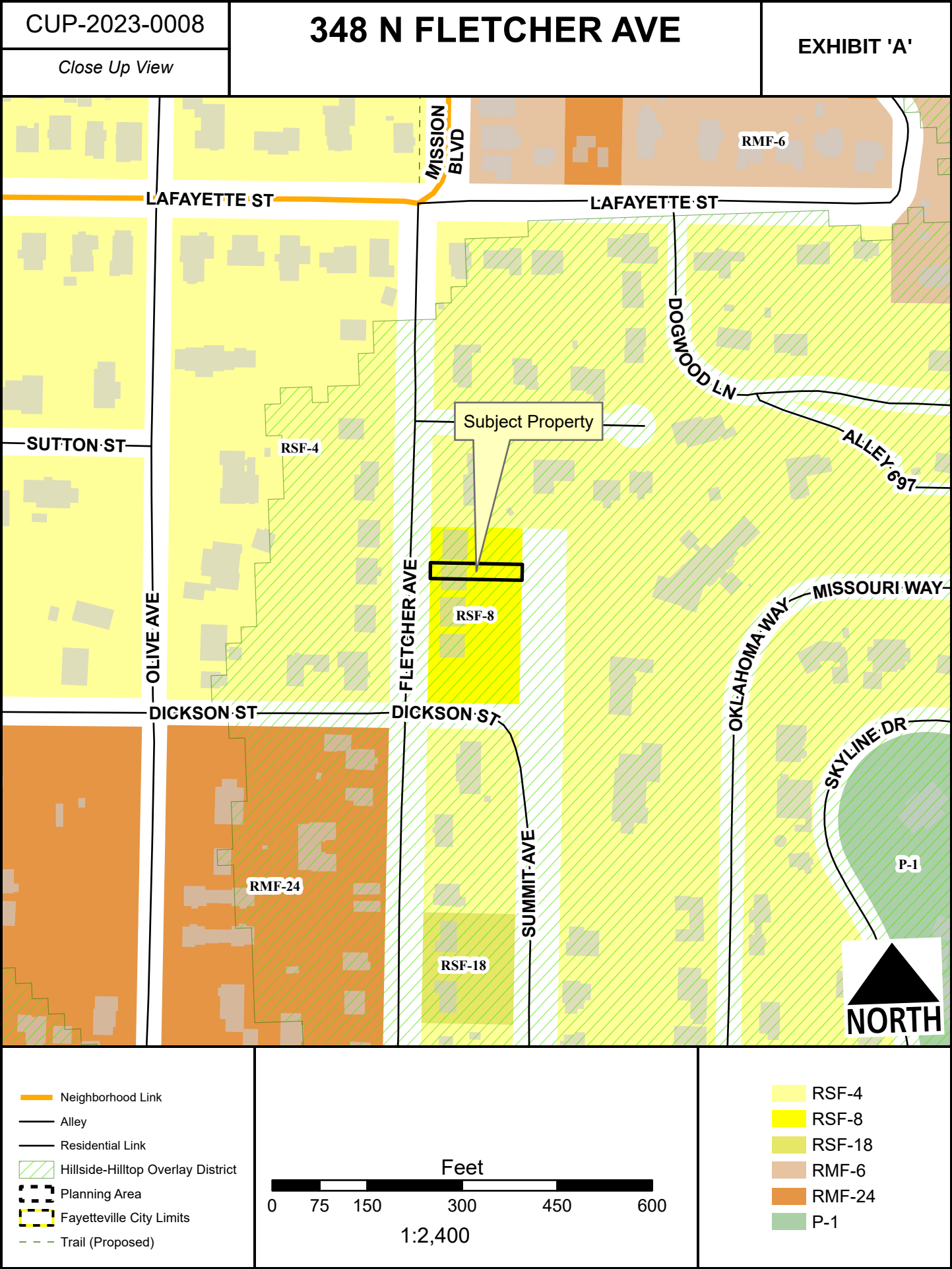
I feel most of our reasons for the appeal are stated in the letter, so I won't duplicate them here. We are certain the neighbors that protested are upset with the construction of these townhomes and not understanding the positive intent of short-term rentals.

We are heavily invested in the success of our community of Fayetteville and feel our property owner rights are being impeded. We are at the mercy of your support in sponsoring this appeal. Thank you in advance.

Sincerely,

Christy and Mike Scott
348 N Fletcher Ave
Fayetteville, AR 72701
501.258.3242

Sent from [Mail](#) for Windows





TO: Fayetteville Planning Commission

THRU: Jessie Masters, Development Review Manager

FROM: Gretchen Harrison, Planner

MEETING DATE: February 27, 2023 (Updated with results)

SUBJECT: **CUP-2023-0008: Conditional Use Permit (348 N. FLETCHER AVE./SCOTT, 485):** Submitted by MIKE SCOTT for property located at 348 N. FLETCHER AVE. The property is zoned RSF-8, RESIDENTIAL SINGLE-FAMILY – 8 UNITS PER ACRE and contains approximately 0.08 acres. The request is to use the residence as a short-term rental.

RECOMMENDATION:

Staff recommends approval of **CUP-2023-0008** with conditions as outlined by staff.

RECOMMENDED MOTION:

*"I move to approve **CUP-2023-0008**, determining:*

- In favor of compatibility with adjacent properties, and*
- In favor of all other conditions as recommended by staff."*

BACKGROUND:

The subject property is located near Mount Sequoyah, just northeast of the intersection of Dickson Street and Fletcher Avenue. The property is zoned RSF-8, Residential Single-Family, 8 Units per Acre, contains 0.08 acres, and is currently developed with a two-bedroom townhome. On April 20, 2021, City Council adopted an ordinance to regulate short-term rentals operating within its limits. On December 20, 2022, City Council amended the ordinance to enact new requirements for short-term rentals. This report reflects those new changes for consideration. Surrounding land use and zoning are depicted in *Table 1*.

Table 1:
Surrounding Land Use and Zoning

Direction	Land Use	Zoning
North	Two-Family Residential	RSF-8, Residential Single-Family – 8 Units per Acre
South	Two-Family Residential	RSF-8, Residential Single-Family – 8 Units per Acre
East	Single-Family Residential	RSF-4, Residential Single-Family – 4 Units per Acre
West	Two-Family Residential	RSF-4, Residential Single-Family – 4 Units per Acre

City Plan 2040 Future Land Use Designation: **Residential Neighborhood**

Proposal: The applicant requests conditional use permit approval to use the property as a Type 2 short-term rental, which are those not occupied by a permanent resident. Type 2 short-term rentals are subject to density limitations, including a 2% city-wide cap, and restrictions on the number of units that may be used as a short-term rental in multi-family dwelling complexes.

Public Comment: Staff received public comment in opposition to this request from an individual who expressed concerns about this short-term rental adversely impacting the residential character of the neighborhood. Their letter is attached for reference.

RECOMMENDATION: Staff recommends approval of **CUP-2023-0008** with the following conditions:

Conditions of Approval:

1. **Planning Commission determination of compatibility.** *Staff finds the proposed short-term rental to be compatible with the neighborhood based on the findings in this report.*
2. Approval of the conditional use permit does not ensure approval of a business license application. The applicant must still be able to comply with all other applicable requirements in city code.
3. Per UDC §166.20, Expiration of Approved Plans and Permits, a business license must be obtained within one year of conditional use permit approval.
4. Per ordinance, the number of occupants is limited to a maximum of two people per bedroom, plus two, for the entire unit when the property is operated as a short-term rental.
5. Special events including, but not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars are prohibited from occurring in the short-term rental.
6. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.
7. All trash receptacles shall be screened from view of the right-of-way.
8. All outdoor lighting shall meet requirements as outlined in UDC Chapter 176, Outdoor Lighting.
9. Any signage shall meet the requirements as outlined in UDC Chapter 174, Signs.

PLANNING COMMISSION ACTION:				Required	<u>YES</u>
Date:	<u>February 27, 2023</u>	☐ Tabled	☐ Approved	☒ Denied	
Motion:	Garlock				
Second:	Madden				
Vote:	7-1-0 (motion to deny)				

FINDINGS OF THE STAFF

§163.02. AUTHORITY; CONDITIONS; PROCEDURES.

B. Authority; Conditions. The Planning Commission shall:

1. Hear and decide only such special exemptions as it is specifically authorized to pass on by the terms of this chapter.
2. Decide such questions as are involved in determining whether a conditional use should be granted; and,
3. Grant a conditional use with such conditions and safeguards as are appropriate under this chapter; or
4. Deny a conditional use when not in harmony with the purpose and intent of this chapter.

C. Procedures. A conditional use shall not be granted by the Planning Commission unless and until:

1. A written application for a conditional use is submitted indicating the section of this chapter under which the conditional use is sought and stating the grounds on which it is requested.

Finding: **The applicant has submitted a written application requesting a conditional use permit for a Type 2 short-term rental in RSF-8 zoning.**

2. The applicant shall pay a filing fee as required under Chapter 159 to cover the cost of expenses incurred in connection with processing such application.

Finding: **The applicant has paid the required filing fee.**

3. The Planning Commission shall make the following written findings before a conditional use shall be issued:
 - (a.) That it is empowered under the section of this chapter described in the application to grant the conditional use; and

Finding: **The Planning Commission is empowered under City Code §118.01(E)(2) to grant the requested conditional use permit.**

- (b.) That the granting of the conditional use will not adversely affect the public interest.

Finding: **Staff finds that granting the requested conditional use is not likely to affect the public interest given the applicable business license requirements, including a required building safety inspection, and applicable density caps on Type 2 short-term rentals.**

- (c.) The Planning Commission shall certify:
 - (1.) Compliance with the specific rules governing individual conditional uses; and

Finding: There are specific rules governing short-term rentals, as follows:

§163.18. SHORT-TERM RENTALS.

- A. Residential Zoning Districts.** Type 2 short-term rentals may be permitted as a conditional use in the following residential zoning districts: R-A, RSF-.5, RSF-1, RSF-2, RSF-4, RSF-7, RSF-8, RSF-18, RI-12, RI-U, RMF-6, RMF-12, RMF-18, RMF-24, RMF-40, and NC. Short term rentals may be permitted by right or by conditional use in planned zoning districts subject to the zoning regulations enacted by the City Council for each district. Short-term rentals in non-residential zoning districts, mixed use zoning districts, or other zoning districts not listed above are not required to apply for a conditional use permit.

Finding: The request is to operate a Type 2 short-term rental in RSF-8 zoning. Since RSF-8 is a residential zoning district, a conditional use permit is required.

- B. Occupancy.** Maximum of two (2) people per bedroom, plus two (2), for the entire unit when operated as a short-term rental.

Finding: Occupancy is limited as described in UDC §163.18(B). Occupancy limitations are confirmed by the applicant during licensing. Since this townhome contains two bedrooms, occupancy will likely be limited to a maximum of six guests.

- C. Parking.** Parking is limited to the maximum number of vehicles as allowed by the underlying zoning district for the residential building on the property.

Finding: Parking is limited as described in UDC §163.18(C). Parking for townhomes is required to be provided at a rate of one vehicle space per bedroom. According to the applicant, the unit has two bedrooms and two off-street parking spaces available in an existing carport.

- D.** Special events are not permitted in a short-term rental. Example of special events include, but are not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars.

Finding: The applicant's request letter suggests the property will comply with the City's regulations for a short-term rental. As a condition of approval, staff recommends a prohibition on special events.

- E.** Short-term rental units are allowed in any structure established as a permanent residential dwelling including an accessory dwelling unit. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.

Finding: The application is for use of the property at 348 N. Fletcher Ave. Staff recommends a condition confirming that no recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.

- F. Exceptions. Exceptions to the short-term rental standards, except proposals that would exceed the city-wide density maximum, may be granted by the Planning Commission as a conditional use permit.

Finding: Type 2 short-term rentals are subject to a city-wide density cap at 2% of total dwelling units, as determined by United States Census Bureau data. Recently released five-year American Community Survey data from 2021 lists total housing units in Fayetteville at 44,706, which puts the cap at 894 total Type 2 short-term rentals. To date, the City has issued 311 Type 2 short-term rental licenses that are subject to this cap. Hotel/motel uses are not permitted by right in the underlying RSF-8 zoning, so this short-term rental would contribute to the city-wide density cap. While this short-term rental is in a multi-unit structure, it is not subject to a building density cap since all units are on individual lots of record. No exceptions to the short-term rental standards are being requested with this conditional use permit.

- G. Short-term rentals must comply with all applicable codes under City Code §118.01 and successfully obtain a business license prior to operation.

Finding: This short-term rental would be subject to all regulations in City Code §118.01 that apply to Type 2 short-term rentals in residential zoning districts. Applicable business licensing requirements will be reviewed by staff and confirmed by the applicant at the time of licensing.

- H. Short-term rentals in residential zoning districts may be subject to denial or additional conditions based upon the Planning Commission's findings on the following factors:

1. Adequate parking infrastructure;
2. Adequate adjoining or nearby streets for on-street parking;
3. Frequency or concentration of nearby licensed Type 2 short-term rentals; and
4. Prior zoning or code violations.

Finding: There appears to be adequate parking available to support the use of the property as a short-term rental based on the applicant's submittal. A total of two spaces are available in a carport and a maximum of six guests are permitted. The property also has frontage along a portion of Fletcher Avenue that is wide enough to support on-street parking. City business license records indicate that three other units within a quarter-mile radius of the property have active Type 2 short-term rental business licenses. No prior zoning or code violations have been reported at this location.

§163.02. AUTHORITY; CONDITIONS; PROCEDURES. (continued)

- (2.) That satisfactory provisions and arrangements have been made concerning the following, where applicable:

- (a.) Ingress and egress to property and proposed structures thereon with particular reference to automotive and pedestrian safety and convenience,

traffic flow and control and access in case of fire or catastrophe;

Finding: The subject property has access to Fletcher Avenue through a shared private driveway and there is sidewalk present along the property's frontage. Staff finds that the proposal will not adversely affect traffic flows considering the use of the property would be limited to a maximum of six guests, which would not be out of character with use of the property for residential purposes.

(b.) Off-street parking and loading areas where required, with particular attention to ingress and egress, economic, noise, glare, or odor effects of the special exception on adjoining properties and properties generally in the district;

Finding: The applicant has indicated that there are two guest vehicle parking spaces available in an existing carport. The short-term rental ordinance limits the number of guest vehicles to the maximum number of vehicles as allowed by the underlying zoning district.

(c.) Refuse and service areas, with particular reference to ingress and egress, and off-street parking and loading;

Finding: The applicant proposes to utilize existing residential trash cart service. Staff recommends that the containers should be screened from public view when not at the curb for residential pick-up.

(d.) Utilities, with reference to locations, availability, and compatibility;

Finding: Utilities are currently available to the site and the use as a short-term rental is not anticipated to impact the provision of utilities.

(e.) Screening and buffering with reference to type, dimensions, and character;

Finding: Staff recommends that residential carts be screened so that they are not visible from the public right-of-way.

(f.) Signs, if any, and proposed exterior lighting with reference to glare, traffic safety, economic effect, and compatibility and harmony with properties in the district;

Finding: Any proposed signage will be subject to UDC Chapter 174, Signs, and all regulations therein.

(g.) Required yards and other open space; and

Finding: Based on the applicant's submittal, the structure is meeting relevant setbacks.

(h.) General compatibility with adjacent properties and other property in the district.

Finding: Staff finds the proposed use to be compatible with surrounding properties. The property is surrounded by residential uses, and short-term rentals are permitted by right in RSF-8 zoning. There appears to be adequate parking to accommodate the number of permitted guests, and staff does not anticipate any adverse traffic impacts with this request. Since the RSF-8 zoning district does not allow hotel/motel uses by right, this short-term rental would contribute to the city-wide density cap.

BUDGET/STAFF IMPACT:

None

ATTACHMENTS:

- Business Regulations
 - §118.01 Applicability
- Unified Development Code
 - §161.09 District RSF-8, Residential Single-Family – Eight (8) Units Per Acre
 - §163.18 Type 2 Short-Term Rentals in Residential Zoning Districts
- Applicant Request Letter
- Building Floor Plans
- Building Elevations
- Site Plan
- Public Comment
- One Mile Map
- Close-Up Map
- Current Land Use Map
- STRs within ¼ Mile Map
- Public comment received after PC report publication

118.01 Applicability

- (E) *Short-Term Rentals.* A residential dwelling unit, portion of a dwelling unit, or bedroom within a residential dwelling unit, leased and/or rented to a guest(s), for a period of less than thirty consecutive (30) days.
- (1) *Short-Term Rental, Type 1.* A short-term rental where the principal use of the property remains as a full-time residence. The occupants or owner rent their primary residence as a short-term rental. A copy of the Homestead Tax Credit or long-term lease agreement for the subject property is required to be classified as a Type 1 rental. The occupant or owner must occupy the residence for nine (9) months of the year. Accessory dwelling units (ADUs) as defined in Unified Development Code Chapter 151 shall be considered a Type 1 short-term rental.
 - (2) *Short-Term Rental, Type 2.* A short-term rental that is not occupied by a permanent resident. The owner lists this property full-time as a short-term rental and has no intention of having permanent residents living in the property. A conditional use permit is required for a Type 2 short-term rental in a residential zoning district prior to the city issuing a business license.
 - (3) *License Required.* No dwelling unit in the city shall be used as a short-term rental unless:
 - (a) The owner of the dwelling unit or operator of the short-term rental possess a valid and current business license for the dwelling unit, and fully complies with all legal requirements and duties imposed herein with respect to each and every short-term rental; and
 - (b) The owner has designated an agent, where said agent fully complies with all legal requirements and duties imposed herein with respect to every short-term rental. The owner may serve as their own agent.
 - (c) The owner of the dwelling unit or operator of the short-term rental provides proof of a valid and current homeowners insurance rider policy which fully covers each unit when operated as short-term rental unit.
 - (4) A separate business license shall be required for each dwelling unit used as a short-term rental.
 - (5) Any change in ownership requires a new or amended business license.
 - (6) If any required contact information changes for the associated business license, the person to whom the license was issued shall immediately notify the Development Services Department in writing.
 - (7) *License Application.* The application for a business license shall include at minimum, the following information from applicants:
 - (a) The property owner's information including legal name, mailing address, immediate contact phone number, and immediate contact E-mail address.
 - (b) Information for the dwelling unit subject to the application, inclusive of the physical street address assigned by the city.
 - (c) The type and total number of dwelling units located on the lot of record containing the dwelling unit subject to the application.
 - (d) If the owner is not their own agent, the owner designated agent's information including legal name, mailing address, immediate contact phone number and immediate contact E-mail address.
 - (e) Documentation of approval of a life safety and egress inspection by the City Building Safety Division for the dwelling unit subject to the application.
 - (f) Proof of application for remittance of hotel, motel and restaurant tax to the City of Fayetteville, and verification that all sales, use, and hotel, motel and restaurant taxes are current.
 - (g) Any additional data as deemed necessary or desirable for permit approval by the Development Services Director.
 - (8) *License Renewals.* Business licenses for short-term rentals shall be renewed in accordance with Chapter 118 of the Business Regulations (Business Registry and Licenses).
 - (11) *Legal Duties of License Holders.* An owner possessing a short-term rental license shall comply at all times with the following requirements:
 - (a) *Occupancy.* Short-term rentals shall be subject to, and may not exceed, the occupancy limits approved with the business license.
 - (b) *Advertisements.* A short-term rental shall not be advertised if it violates occupancy, density, safety, and any of the other provisions of the Fayetteville Code. No short-term rental unit shall be advertised prior to having obtained a business license and the business license number shall be included in the advertisement listing.
 - (c) *Information and Posting.* Business licensees shall provide to guests and post conspicuously in the common area of the short-term rental unit the city phone number to report a safety complaint.
 - (10) *Owner or Agent Accessibility.* The property owner shall ensure that they or a designated agent are available at all times during guest occupancy, including nights and weekends, in order to facilitate compliance with

this section. For the purposes of these regulations, 'availability' means that the owner or agent is accessible by telephone, and, able to be physically present at the short-term rental within three (3) hours of being contacted.

- (11) *Guest Records.* The owner shall maintain summary guest registration records, which shall contain the actual dates of occupancy, total number of guests per party per stay, and the rate(s) charged, but shall not contain any personally identifiable information about guests. Such records shall be maintained for three (3) years and shall be provided to the City upon request.
 - (12) *Health and Safety.* The owner shall ensure that each dwelling unit governed by this section complies with the applicable provisions of the Unified Development Code Chapter 173, Building Regulations.
 - (13) *Criminal Activity.* The owner shall timely report any known or reasonably suspected criminal activity by a guest to the Fayetteville Police Department within twelve (12) hours maximum.
 - (14) *Taxes and Fees.* Except for those instances in which a hosting platform bears the responsibility for collecting and remitting taxes and fees applicable to short-term rentals, the property owner shall timely remit in full Fayetteville Hotel, Motel and Restaurant tax and other applicable local, state, and federal taxes and city fees owed in connection with any short-term rental. The failure of a hosting platform to collect and remit taxes and fees shall not relieve an owner of the obligation to pay taxes and fees owed pursuant to this section.
 - (15) *Authorization to Occupy, Use, and Operate.* Authorization to operate a short-term rental may be granted by the Development Services Director through the issuance of a City of Fayetteville Business Registry and License (Business License).
 - (16) *Density For Type 2 Short-Term Rentals.* A city-wide density cap of 2% of all dwelling units in the Fayetteville city limits may be utilized as Type 2 rentals. Total dwelling units are determined from current United States Census Bureau and/or American Community Survey numbers, whichever number is higher. A conditional use permit may not permit:
 - (a) More Type 2 short-term rentals than what is allowed by the city-wide density cap. Type 2 short-term rentals in commercial and mixed-use zoning districts where hotel/motels are permitted by right shall not contribute to the city-wide density cap.
 - (b) More than 10% or a single unit whichever is greater; of total dwelling units as Type 2 rentals within a multi-family dwelling complex.
 - (c) Individual 2-, 3- and 4-family buildings that are owned by the same person or entity and are not a part of a multi-family complex shall have no more than one (1) Type 2 short-term rental unit per building complex.
 - (d) Where attached residential units are held separately through condominium association, horizontal property regime, fee simple, or similar ownership structure, no cap shall be applied to buildings with attached residential dwellings. Structures of attached residential dwellings where applicants seek more than 10% of total units for licensing as Type 2 rentals shall be evaluated by the Building Safety Director and/or Fire Marshal for adequate fire protection as defined by the adopted Arkansas Fire Prevention Code. Where inadequate fire protection is identified, improvements may be required prior to issuance of a business license.
 - (17) *Suspension and Revocation.* If the Development Services Director has reason to believe that any of the grounds specified in §118.03(A) of the Fayetteville Code exist, or that any rental unit was rented for less than one (1) full night, or to more than one (1) part of guests for the same period of time, or otherwise failed to comply with all terms and conditions of this section, the Development Services Director may suspend or revoke the short-term rental's business license pursuant to the procedures detailed in §118.03 and in §118.04 of the Fayetteville Code.
 - (20) Short-term rentals must comply with all applicable codes under Unified Development Code §163.18 and § 164.26 successfully obtain a business license prior to operation.
- (Ord. No. 6427 , §§1(Exh. A), 2, 4-20-21; Ord. No. 6505 , §1(Exh. A), 11-16-21; Ord. No. 6521 , §§1, 2, 1-18-22; Ord. No. 6537 , §1(Exh. A), 2-15-22)

161.09 District RSF-8, Residential Single-Family - Eight (8) Units Per Acre

(A) *Purpose.* The RSF-8 Residential District is designed to bring historic platted development into conformity and to allow for the development of new single family residential areas with similar lot size, density, and land use as the historical neighborhoods in the downtown area.

(B) *Uses.*

(1) *Permitted Uses.*

Unit 1	City-wide uses by right
Unit 8	Single-family dwellings
Unit 41	Accessory dwellings
Unit 46	Short-term rentals

(2) *Conditional Uses.*

Unit 2	City-wide uses by conditional use permit
Unit 3	Public protection and utility facilities
Unit 4	Cultural and recreational facilities
Unit 5	Government facilities
Unit 9	Two-family dwellings
Unit 12a	Limited business
Unit 24	Home occupations
Unit 36	Wireless communications facilities
Unit 44	Cluster Housing Development

(C) *Density.*

	By Right
Single-family dwelling units per acre	8 or less

(D) *Bulk and Area Regulations.*

(1) *Lot Width Minimum.*

Single-family	50 feet
Two (2) family	50 feet
Townhouse, no more than two (2) attached	25 feet

(2) *Lot Area Minimum.*

Single-family	5,000 square feet
Two-family	5,000 square feet

(3) *Land Area Per Dwelling Unit.*

Single-family	5,000 square feet
Two-family	5,000 square feet
Townhouse, no more than two (2) attached	2,500 square feet

(E) *Setback Requirements.*

Front	Side	Rear
15 feet	5 feet	5 feet

(F) *Height Regulations.*

Building Height Maximum	3 stories
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(G) *Building Area*. The area occupied by all buildings shall not exceed 50% of the total lot area, except when a detached garage exists or is proposed; then the area occupied by all buildings shall not exceed 60% of the total lot area. Accessory ground mounted solar energy systems shall not be considered buildings.

(Ord. No. 4783, 10-18-05; Ord. No. 5028, 6-19-07; Ord. No. 5128, 4-15-08; Ord. No. 5224, 3-3-09; Ord. No. 5312, 4-20-10; Ord. No. 5462, 12-6-11; Ord. No. 5921 , §1, 11-1-16; Ord. No. 5945 , §8, 1-17-17; Ord. No. 6015 , §1(Exh. A), 11-21-17; Ord. No. 6245 , §2, 10-15-19; Ord. No. 6427 , §§1(Exh. C), 2, 4-20-21)

Ord. No. 6427 , § 2, adopted April 20, 2021, "determines that this ordinance and all amendments to Code sections ordained or enacted by this ordinance shall automatically sunset, be repealed, terminated, and become void twenty (20) months after the passage and approval of this ordinance, unless prior to that date, the City Council amends this ordinance to repeal this sunset, repeal and termination section."

163.18 Type 2 Short-Term Rentals in Residential Zoning Districts

- (A) *Residential Zoning Districts.* Type 2 short-term rentals may be permitted as a conditional use in the following residential zoning districts:

- 1) R-A
- 2) RSF-.5
- 3) RSF-1
- 4) RSF-2
- 5) RSF-4
- 6) RSF-7
- 7) RSF-8
- 8) RSF-18
- 9) RI-12
- 10) RI-U
- 11) RMF-6
- 12) RMF-12
- 13) RMF-18
- 14) RMF-24
- 15) RMF-40
- 16) NC

Short term rentals may be permitted by right or by conditional use in planned zoning districts subject to the zoning regulations enacted by the City Council for each district.

Short-term rentals in non-residential zoning districts, mixed use zoning districts, or other zoning districts not listed above are not required to apply for a conditional use permit.

- (B) *Occupancy.* Maximum of two (2) people per bedroom, plus two (2), for the entire unit when operated as a short-term rental.
- (C) *Parking.* Parking is limited to the maximum number of vehicles as allowed by the underlying zoning district for the residential building on the property.
- (D) Special events are not permitted in a short-term rental. Example of special events include, but are not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars.
- (E) Short-term rental units are allowed in any structure established as a permanent residential dwelling including an accessory dwelling unit. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.
- (F) *Exceptions.* Exceptions to the short-term rental standards, except proposals that would exceed the city-wide density maximum, may be granted by the Planning Commission as a conditional use permit.
- (G) Short-term rentals must comply with all applicable codes under City Code §118.01 and successfully obtain a business license prior to operation.
- (H) Short-term rentals in residential zoning districts may be subject to denial or additional conditions based upon the Planning Commission's findings on the following factors:
- 1) Adequate parking infrastructure;
 - 2) Adequate adjoining or nearby streets for on-street parking;
 - 3) Frequency or concentration of nearby licensed Type 2 short-term rentals; and
 - 4) Prior zoning or code violations

(Ord. No. 6427 , §§1(Exh. E), 2, 4-20-21; Ord. No. 6505 , §2(Exh. B), 11-16-21; Ord. No. 6537 , §2(Exh. B), 2-15-22)

Scott Holdings, LLC

Request Letter

01/13/2023

Re: 348 N Fletcher Avenue
Fayetteville, AR 72701

To whom it may concern:

This is a request letter to license the town home at 348 N Fletcher as a STR II Rental Property. The home will be providing a vacation destination to tourists and families coming into Fayetteville for University Activities as well as other tourist activities such as Mountain Biking and sightseeing. The property will also be used by the owners as a second home when in Fayetteville for work and to visit our University of Arkansas student.

The townhome is a 2 Bedroom 1.5 Bath. It is a new build and has been furnished as a STR / vacation home. The site is approximately 3625 sf and the Living area is approximately 1263 sf. It is a two-story townhome. It has a carport with 2 off street parking spaces. There are on building lights at both the front and rear entrance to the townhome. There shouldn't be any excess noise regarding this usage. The back yard is enclosed with a privacy fence to buffer. Trash pick-up is on weekly pick up by the city. Trash can is kept behind a fence near property. Several of these units are used as vacation properties and student housing currently.

Best Regards,

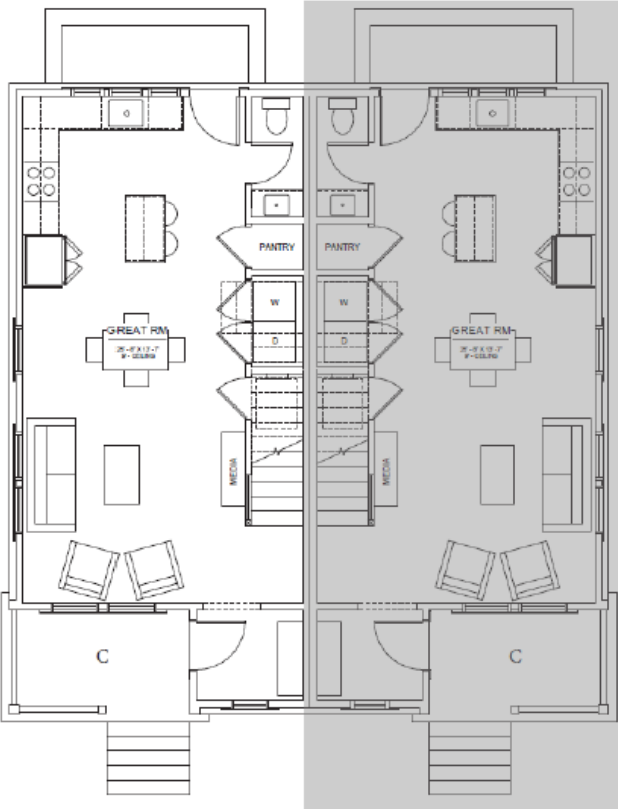


Mike Scott

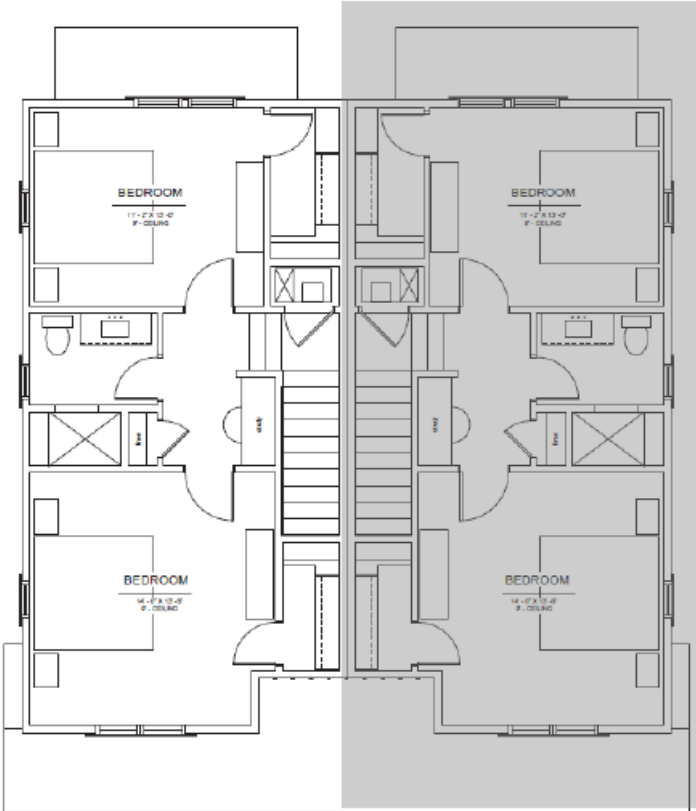


Christy Scott

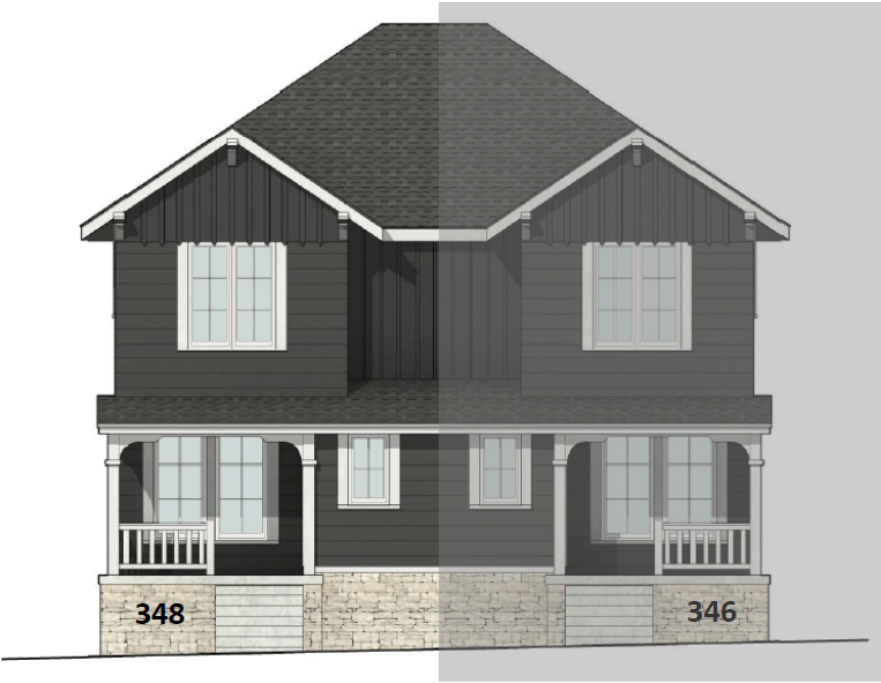
20283 Country Creek Lane, Little Rock, AR 72223
P 501-258-3242



First Floor



Second Floor



February 22, 2023

Fayetteville Planning Commission

RE: CUP 2023- 008, 009, and 0018

Commission Members:

This letter is to ask the Planning Commission not to approve the rezoning request to allow 332 North Fletcher, 344 North Fletcher and 348 North Fletcher to engage in short-termed rental agreements. These properties are currently zoned Residential/Single family.

The plot of land that these Townhouses set on had 2 houses at one time. A couple of years ago the plot was rezoned to allow 8 units per acre (this would allow for 7 single family homes) to be built. The public was told this followed the theory of "filling the infield" with affordable housing. The houses were never built. Instead, the plan changed and 5 (2 units each) townhouses were built. Due to lack of full-time occupancy these units do not add to any kind of "community feel" and certainly do not contribute to alleviating the affordable housing need in Fayetteville. In addition, valuable infield space has been lost.

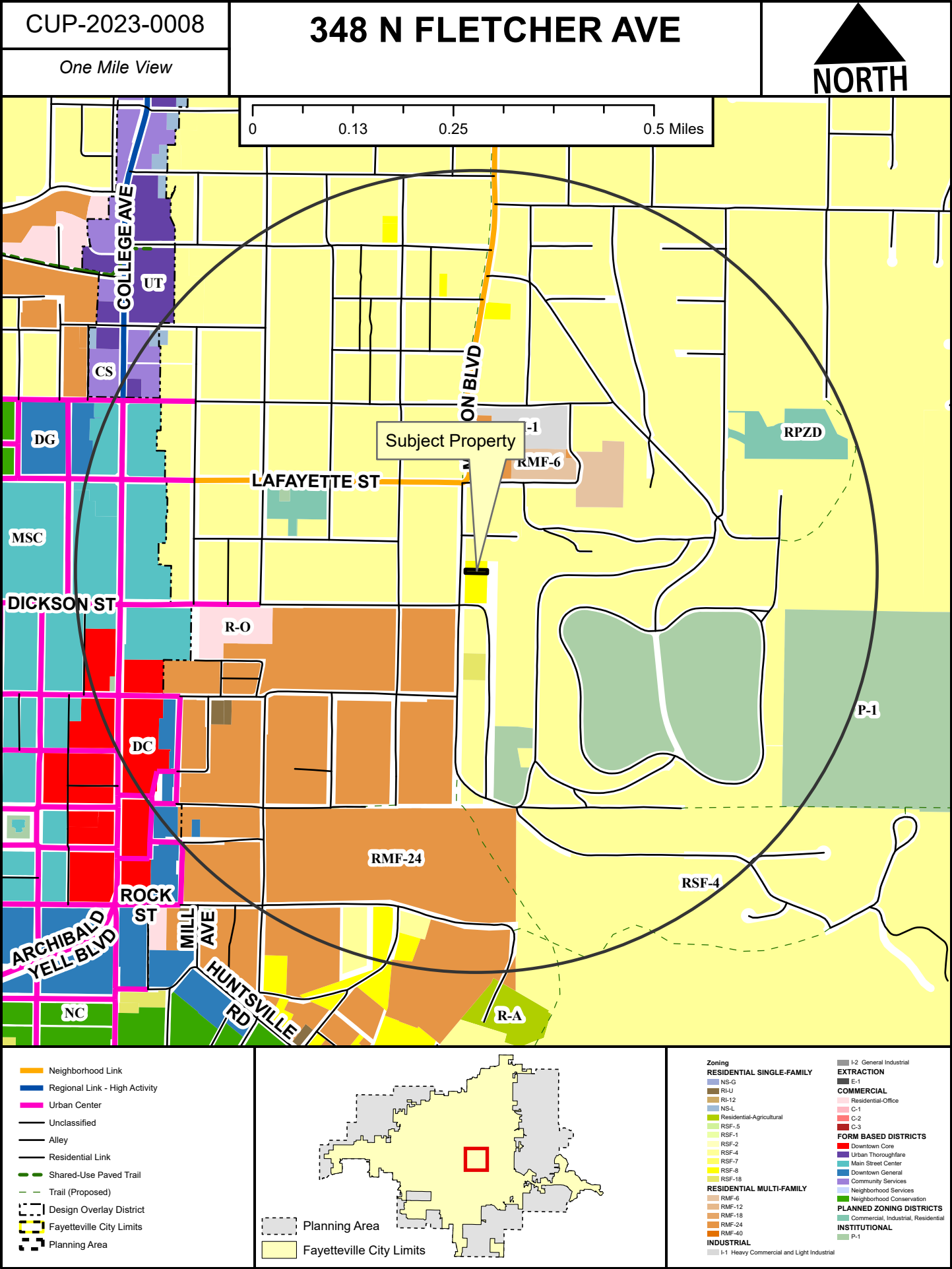
Now the requests to allow short term rentals will be like having "hotels" in the infield. The owners of these units knew how they were zoned when they purchased them. To come in and attempt to change that shows a complete lack of appreciation for the culture and ambience of this neighborhood. Should this request be approved, it will most likely be the beginning of more requests that will contribute to the detriment of not only this community, but others too. I live at 236 North Fletcher and I am not comfortable with having different people continually rotating through the neighborhood, with very little oversight. It is not what a residential community should be like.

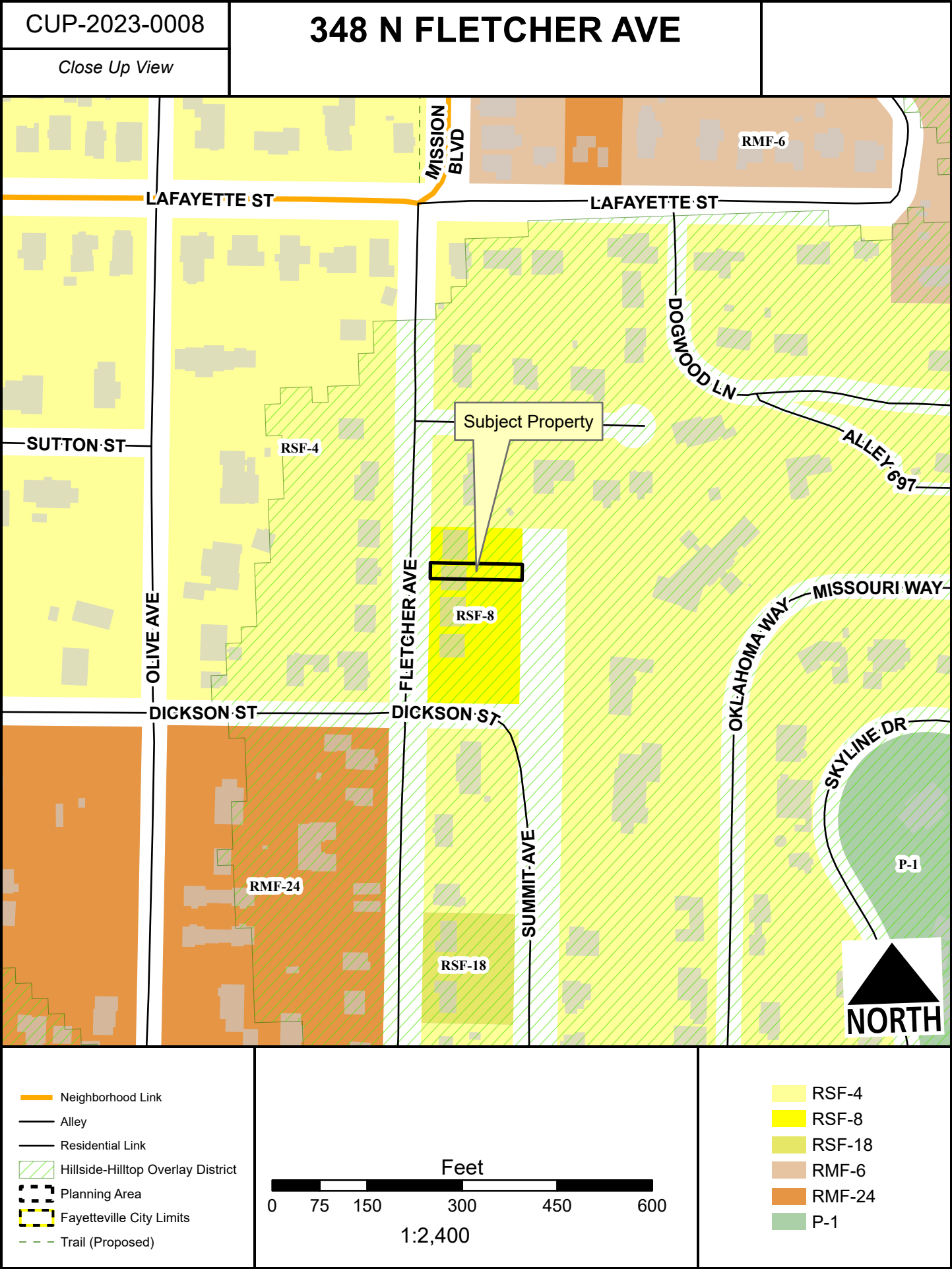
Once again, I hope this request is denied. I would appreciate it if you would acknowledge receipt of this letter and share with others on the Commission. You have my permission to read aloud in the meeting. Thank you for your time.

Paul Blisard

417-766-5364

pblisard@uark.edu





CUP-2023-0008
<i>Current Land Use</i>

Current Land Use

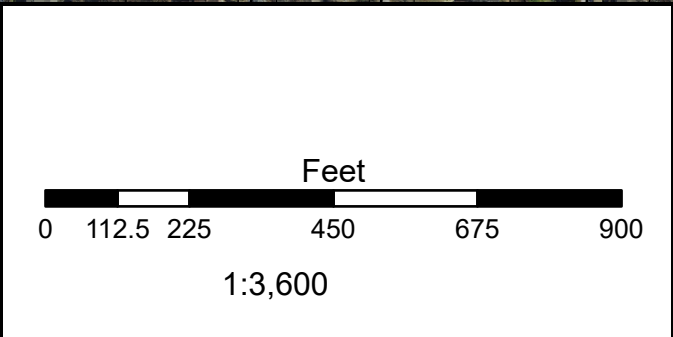
348 N FLETCHER AVE

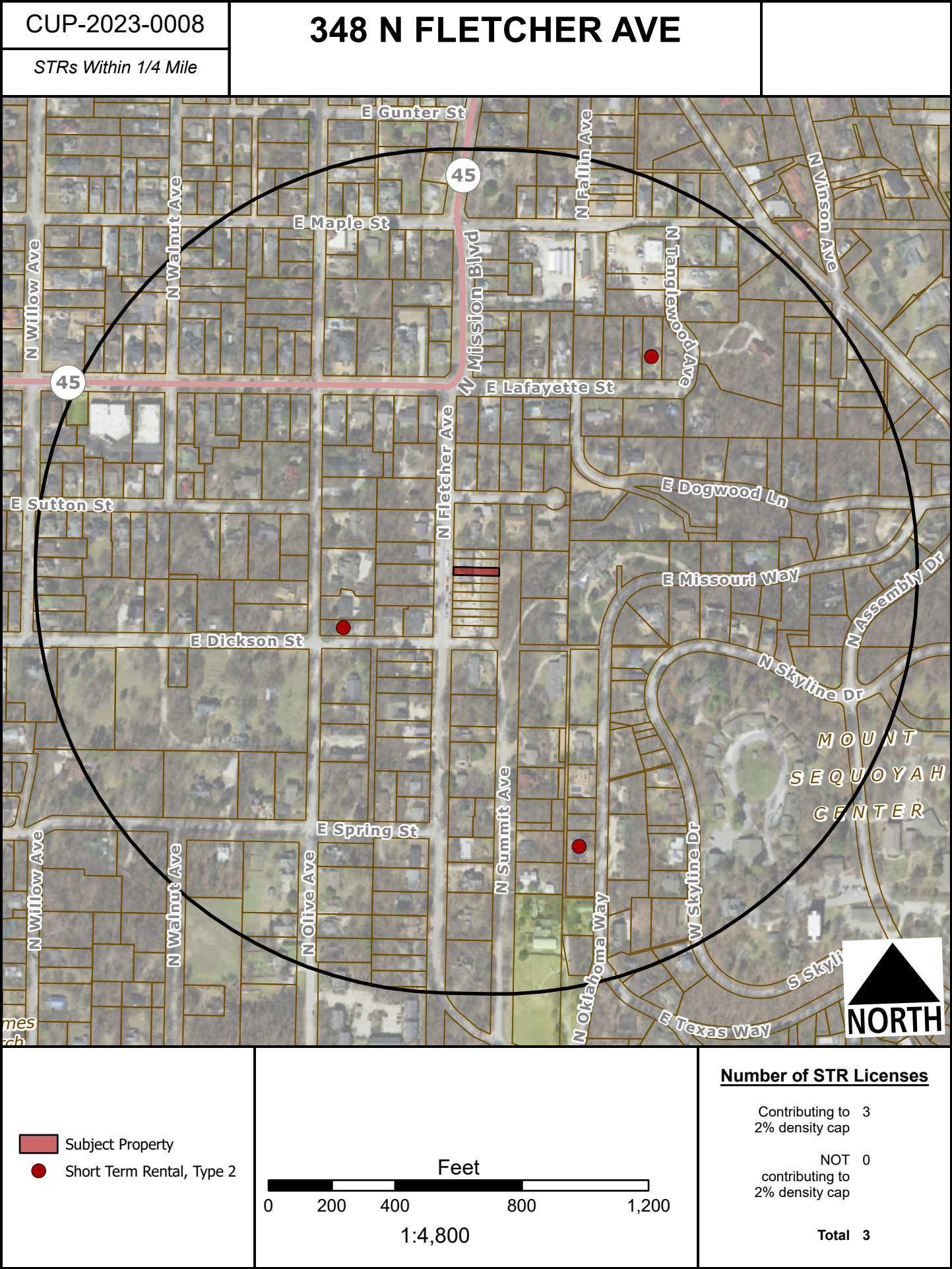


-  Neighborhood Link
 Alley
 Residential Link
 Trail (Proposed)
 Planning Area
 Fayetteville City Limits

FEMA Flood Hazard Data

-  100-Year Floodplain
 Floodway





It doesn't look like this was sent to the other commissioners.

Please share before Monday night's Planning Commission.

Thanks!

-- Mary

From: emily ervin <Inkedgirl1@cox.net>
Sent: Friday, February 24, 2023 5:08 PM
To: Madden, Mary <mary.madden@fayetteville-ar.gov>
Subject: fletcher ave townhomes

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

good afternoon—

i've lived at 362 n. fletcher for 21 years, adjacent to the new townhomes being considered for short-term rentals. i watched the agenda meeting last night and wanted to confirm what you and Commissioner Garlock mentioned. you are correct in that these were touted and approved as "attainable" and "workforce" housing, both in writing, as well as in discussion during city meetings, during the initial rezone and the following CUP. additionally, i have written letters and spoken with the planning department a few times about this and other concerns. to be frank, i'm exhausted, defeated, and incredibly disappointed in the handling of this project and how we've been disregarded. not only was the applicant given preferential latitude (if that's a term) by city staff, but also was allowed to misrepresent water runoff issues to both theirs and the property seller's advantage. there were two cost shares with the city that benefited only the developer. we now have flooding issues due to the entirety of our adjacent property line being dug out (some parts several times over). i've held fayetteville to a higher standard in the 27 years it's been my home. the false housing narrative and public smearing by those who vote on our livelihood has been personally crushing. i appreciate your work and integrity in helping our city to grow responsibly. sure, change is hard, but i've always welcomed new folks to our community. we've got so much to offer.

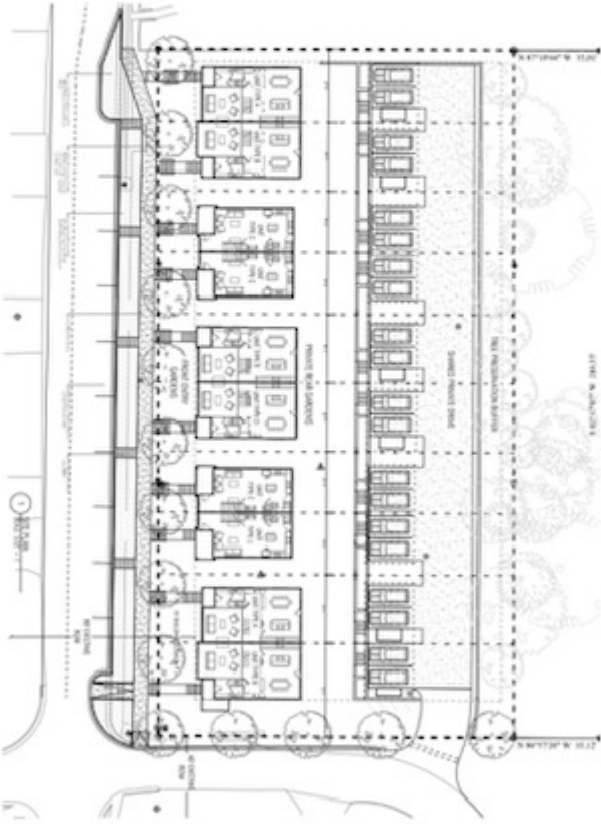
thanks so much,
emily ervin

as a correction, this property has had code violations in the past, however the addresses were previously 310 and 326 north fletcher. the parking lot in the back is very hard to maneuver and cars "bottom out" at the entrance, so there's already been increased parking along fletcher, along with beer cans and folks coming into our yard after midnight. the plans presented to the commission had a "low impact development island to protect parallel parking and calm traffic" but wasn't implemented. i'm attaching a timeline with links to city meetings and agendas related to this development, for reference.

479.305.4807

128 E LAFAYETTE, FAYETTEVILLE AR 72701

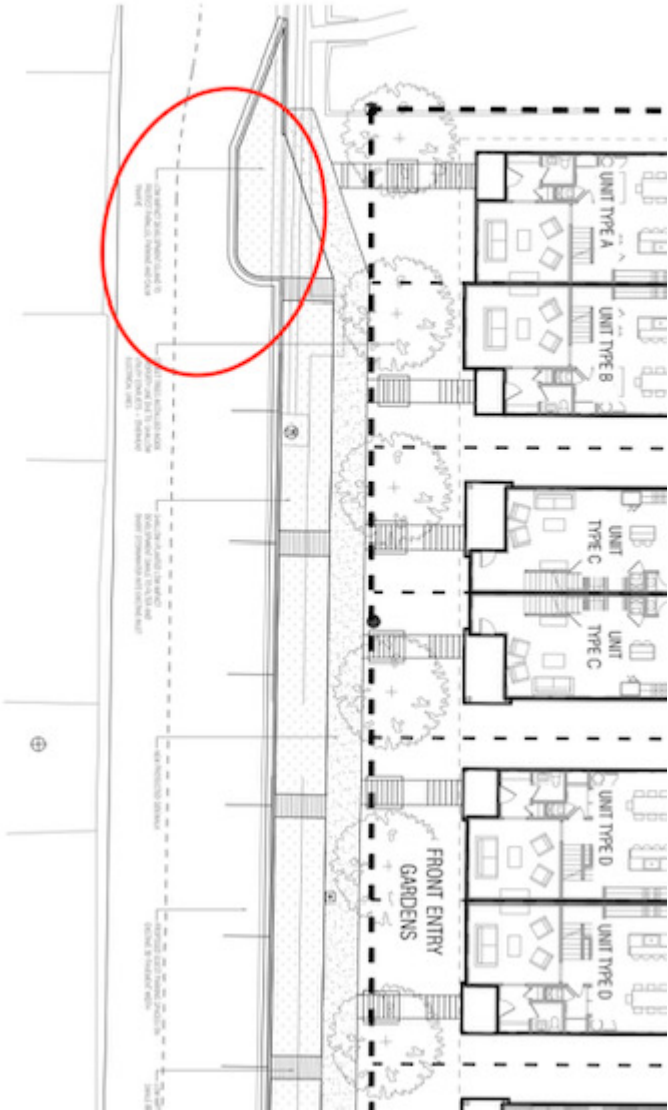
Planning Commission
May 10, 2021
Agenda Item 7
CUP-21-000026 Fletcher Ave Townhomes
Page 15 of 29



Planning Commission
May 10, 2021
Agenda Item 7
CUP-21-000026 Fletcher Ave Townhomes
Page 16 of 29

CUP-2021-000026...

Done



Sent from my iPhone



MEETING OF APRIL 11, 2023

TO: Mayor Jordan and City Council

THRU: Susan Norton, Chief of Staff
Jonathan Curth, Development Services Director
Jessica Masters, Development Review Manager

FROM: Gretchen Harrison, Planner

DATE: March 14, 2023

SUBJECT: **Appeal: CUP-2023-0009: Conditional Use Permit (332 N. FLETCHER AVE./ETG SHELF 3 LLC, 485): Submitted by JUSTIN GUNN for property located at 332 N. FLETCHER AVE. in WARD 1. The property is zoned RSF-8, RESIDENTIAL SINGLE-FAMILY – 8 UNITS PER ACRE and contains approximately 0.09 acres. The request is to use the residence as a short-term rental.**

RECOMMENDATION:

City staff recommends approval and the Planning Commission recommends denial of a request for a conditional use permit for a short-term rental as described and shown below.

BACKGROUND:

The subject property is located near Mount Sequoyah, just northeast of the intersection of Dickson Street and Fletcher Avenue. The property is zoned RSF-8, Residential Single-Family, 8 Units per Acre, contains 0.09 acres, and is currently developed with a two-bedroom townhome. On April 20, 2021, City Council adopted an ordinance to regulate short-term rentals operating within its limits. On December 20, 2022, City Council amended the ordinance to enact new requirements for short-term rentals. This report reflects those new changes for consideration.

Request: The applicant requests conditional use permit approval to use the property as a Type 2 short-term rental, which are those not occupied by a permanent resident. Type 2 short-term rentals are subject to density limitations, including a 2% city-wide cap, and restrictions on the number of units that may be used as a short-term rental in multi-family dwelling complexes.

Findings: Staff finds that granting the requested conditional use is unlikely to negatively impact the public interest. Minimal disruptions are expected for neighbors due to applicable business licensing requirements, including a required building safety inspection, and applicable density caps limiting the maximum number of guests to eight. Two off-street parking spaces are available in an existing detached carport. On-street parking is also available along the east side of Fletcher Avenue. Within a quarter mile of the property, city business license records indicate there are three active Type 2 short-term rental business licenses. There are no active or prior zoning code violations at the subject address.

DISCUSSION:

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov

At the February 27, 2023, Planning Commission meeting, a motion to deny this item passed with a vote of 7-1-0. Commissioner Winston made the motion with a second from Commissioner Garlock. Commissioner Sparkman voted against the denial. Commissioners expressed concerns about approving a Type 2 short-term rental in a new development that was originally marketed as affordable housing, suggesting that it may adversely impact the character of this development and the surrounding neighborhood. Six members of the public spoke at the meeting in opposition to this request. Those who spoke expressed concerns about the underlying development, noting continued problems with increased water run off, storage of residential trash carts, and parking. They also raised questions about this development being originally touted as attainable workforce housing and felt that approval of a Type 2 short-term rental would adversely impact the residential character of the area.

BUDGET/STAFF IMPACT:

N/A

ATTACHMENTS: Appeal Letter with Council Member Sponsors, Exhibit A, Planning Commission Staff Report



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-549

Appeal: CUP-2023-0009: Conditional Use Permit (332 N. FLETCHER AVE./ETG SHELF 3 LLC, 485): Submitted by JUSTIN GUNN for property located at 332 N. FLETCHER AVE. in WARD 1. The property is zoned RSF-8, RESIDENTIAL SINGLE-FAMILY – 8 UNITS PER ACRE and contains approximately 0.09 acres. The request is to use the residence as a short-term rental.

A RESOLUTION TO GRANT THE APPEAL OF COUNCIL MEMBERS SCOTT BERNA, HOLLY HERTZBERG, AND D'ANDRE JONES AND APPROVE CONDITIONAL USE PERMIT CUP 2023-009 FOR A SHORT-TERM RENTAL AT 332 NORTH FLETCHER STREET

WHEREAS, on February 27, 2023, the Planning Commission denied the application for Conditional Use Permit CUP 2023-009, to allow a Short-Term Rental at 332 North Fletcher Street; and

WHEREAS, Council Members Holly Hertzberg, D'Andre Jones, and Scott Berna have properly appealed the decision of the Planning Commission pursuant to §155.05(A)(3) of the Unified Development Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby grants the appeal of Council Members D'Andre Jones, Holly Hertzberg and Scott Berna, finds that the proposed short term rental is compatible with adjacent properties and other property in the zoning district, and approves Conditional Use Permit CUP 2023-009 for a Short-Term Rental at 332 North Fletcher Street.

Section 2: Approval of the conditional use permit is subject to the following conditions:

1. A business license must be obtained within one year of conditional use permit approval.
2. The number of occupants is limited to a maximum of two people per bedroom, plus two, for the entire unit when the property is operated as a short-term rental.
3. Special events including, but not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars are prohibited from occurring in the short term rental.
4. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.
5. All trash receptacles shall be screened from view of the right-of-way.
6. All outdoor lighting shall meet requirements as outlined in UDC Chapter 176, Outdoor Lighting.
7. Any signage shall meet the requirements as outlined in UDC Chapter 174, Signs.

City Council Members,

Please accept this as our request of appeal for CUP STR II (denied on 2/27).

Justin & Sheri Gunn – J & S Legacy Builders LLC – CUP 2023-0009

332 N. Fletcher, Fayetteville AR 72701

Our application was presented with an approval recommendation by City Council then denied by the Planning Commission after neighbors shared concerns. Neighbors voiced concerns relating to parking, traffic, density, affordable housing, previous builder complaints, trash pickup, and the fact that our home is a new construction build. All of these statements seem to stem from fear, what ifs, and opinions.

We ask for this appeal based on the following information:

1. **Parking** – Each unit has two designated off-street parking spots as required by (building code/planning?) when built. STR parking needs are no different than long term rental or owner-occupied homes. The average 12-month occupancy rate in Fayetteville is 34% which means that 66% of the time there will be NO parked vehicles other than occasional owner occupancy.
2. **Traffic** - STR traffic is no different than long term rental or owner-occupied homes. Given the fact the home is not occupied 100% of the time, this will create less traffic than an average long-term rental or owner-occupied home. We can also assume that when these homes went through the planning department that traffic patterns were studied and approved for the development to be built.
3. **Density** - We are unaware of any density requirements to be permitted for an STR in Fayetteville other than the 2% city wide maximum cap of permits. We understand the CUP requirement is 2% **city wide**, not per neighborhood or per street. It's our understanding that this cap has not been met making our home eligible for approval in this category. During the meeting that our CUP was denied, other similar properties were approved.
4. **Affordable/Available Housing** – We are unaware of any “affordable housing” requirements to be permitted for an STR in Fayetteville. Many STRs have been approved that cost much less than this price point as well.
5. **Builder issues/complaints** – Neighbors expressed dissatisfaction regarding the builder of our home. The stated issues were trees being cut down during construction, water drainage, and dust during construction. We are unable to address these complaints nor are we aware of any requirements regarding previous builders that would have bearing on the CUP approval process for my home.
6. **Trash** –We have a contract with the city waste removal and have both trash and recycle containers for our guests. Additionally, every time a guest checks out our company ensures trash is taken out and cans returned to the back of the home. My neighbors will be able to get in touch with me and my property management company at any time. This will prevent any trash concerns.

7. Development Neighbors – We are unaware of any restrictions on STR use in this neighborhood. There is no HOA and no restrictive covenants to prevent STR use. We specifically validated that short term rentals would be allowed with the developer and real estate agent during our purchase.

8. New vs. Old homes - Planning members stated their decision was based on “new housing should not be included as an STR”. Yet during this same meeting, new homes were approved. I am unaware of any “new housing” restrictions that would prevent our home from approval in this process.

It seems very clear in reviewing the meeting that each Planning Committee member is applying their own additional requirements such as street level density, age of home, traffic, housing affordability, etc. and simply echoing the opinions of the neighbors. None of which are requirements that I can find, in obtaining a CUP for my home. We urge you to review this meeting to confirm as well (begins at 2:47 mark).

We believe the Commission Chair, Sarah Sparkman, believed that the council was acting out of their authority and unfairly when she went on record stating:

I take a very narrow view of what our role is as a planning commission. Looking at what the city council has set forth for what we consider in the Short-Term Rentals. The concerns given by everyone here tonight and shared by me are concerns we have anytime that this type of permit comes forward and I don't think it is unique to any piece of property. The city has decided this is something that is going to be permitted in the city. How this is defined under city ordinance, seeing what city council has done on appeal for decisions we've made and just looking for consistency on the way we have done things in the past, I am voting in Favor

Overall, we're looking for a fair and legal process for submission and adjudication of applications. We are not, as was intoned in the meeting, a wealthy LLC looking to make a lot of money. We are a family with roots in the city that simply would like the option to rent our home when it's not in use which is a constitutional right in the state of Arkansas just as any other property owner would be afforded.

Below is a section from a memo sent from Fayetteville city attorney, Blake Pennington – August 8, 2022. It was titled “Factors to Consider for CUPs and Application for Short Term Rentals. As we reviewed the memo, it confirmed that our property is in-line to be approved; as the city representative recommended. **See below:**

The Planning Commission must take into account the concerns of neighbors and ensure that a use is not unreasonably disruptive and incompatible with the neighborhood. Without a history of violations or disruptions to the neighborhood, it would be difficult for the Planning Commission to determine the proposed use is incompatible with the neighborhood.

Our home is one of 10 which are newly constructed homes with a majority vacant currently. There is no known disruptions nor known incompatibility within the neighborhood as evidenced by other CUP/STR approval within close proximity.

Please accept this letter as our formal request to appeal the Planning Committee denial of our CUP. We are simply seeking a fair and legal review of our application based upon your current CUP requirements. In closing, our “ask” is seeking your sponsorship in our appeal.

Respectfully,

Justin & Sheri Gunn

Paxton, Kara

From: Justin Gunn <Justin.Gunn@gilead.com>
Sent: Monday, March 13, 2023 7:09 AM
To: Harrison, Gretchen
Cc: Justin Gunn
Subject: FW: Appeal Request - CUP 2023-0009

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Gretchen,
Please find an email of support for my appeal. Please confirm my next action is forwarding to you.

Also, is there a deadline on getting support for my appeal? I am following up with several who have not responded as of yet.

Thanks

Justin Gunn
Gilead Sciences

From: Berna, Scott <scott.berna@fayetteville-ar.gov>
Sent: Monday, March 13, 2023 5:00 AM
To: Justin Gunn <Justin.Gunn@gilead.com>
Subject: [EXTERNAL] Re: Appeal Request - CUP 2023-0009

I will support allowing your appeal to be heard.

Scott Berna

On Mar 12, 2023, at 7:31 PM, Justin Gunn <Justin.Gunn@gilead.com> wrote:

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Scott,
I have not sent through the city clerks office. I did speak with Gretchen and the City Attorney and both stated to send directly to the members. With the people willing to sponsor, I was to forward to them directly (city planning coordinators). Apologize if I am missing anything. If you will support my appeal, I will forward as requested.
I really appreciate your response as we have until EOD tomorrow/Monday.

Would really appreciate your support or willingness to speak with me.

Regards,

Justin Gunn

From: Berna, Scott <scott.berna@fayetteville-ar.gov>
Sent: Sunday, March 12, 2023 4:27 PM
To: Justin Gunn <Justin.Gunn@gilead.com>
Subject: [EXTERNAL] Re: Appeal Request - CUP 2023-0009

Have you sent your appeal request through the city clerk's office? I don't show a email being sent out through her office just the email I received from you.

Scott

On Mar 10, 2023, at 10:21 AM, Justin Gunn <Justin.Gunn@gilead.com> wrote:

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Council Member Berna,

I'm following up on my original email to ensure you received my request and am hopeful for your response.

Regards,

Justin Gunn

From: Justin Gunn <Justin.Gunn@gilead.com>
Sent: Saturday, March 04, 2023 9:06 AM
To: scott.berna@fayetteville-ar.gov
Cc: Justin Gunn <Justin.Gunn@gilead.com>
Subject: Appeal Request - CUP 2023-0009

Dear Council Member Berna,

I am writing this email to request your consideration to sponsor an appeal to CUP-2023-0009.

My wife and I are requesting that our home, located at 332 N. Fletcher in Fayetteville, be allowed a license to operate as a Type 2-Short Term Rental. As a back-drop, Sheri and I are both graduates of the UofA and proud that our triplet children recently graduated as Razorbacks in May of 2022. During that last 4 years, we have truly fallen back in love with NW Arkansas. In the process, we have invested in 3 long-term rental properties that are located in areas of working professionals. The request for this property mentioned above provides 3 long-term objectives for us:

1. We are proud to provide a nice and well-kept home for families who are visiting Fayetteville.
2. We are looking to move back to Fayetteville in the future and want to participate in facilitating a great NW AR experience.

3. For the first time in 23 years, our family is living apart (triplets in 3 cities). This house will stand as our home-base when we can all come together.

Lastly, we have owned and managed properties for over 20 years and have established a respectable home/brand for our renters and ensure alignment with rules, regulations, and professional expectations

Enclosed you will find additional details regarding our appeal. We would be very grateful for you to support this appeal.

Regards,

Sheri & Justin Gunn

<AppealRequestCUP2023-0009Final.docx>

CityClerk

From: Paxton, Kara
Sent: Monday, March 13, 2023 2:31 PM
To: CityClerk
Subject: Berna - Support Verification

Good afternoon,

I received a verbal confirmation from Council Member Berna that he supports the appeal of the denial of the CUP 2023-0009.

Council Member Berna will follow up at a later time with an email to be attached for additional verification.

Thank you,

Kara Paxton
MSISM, MMC, CAMC, CMO
City Clerk Treasurer
City of Fayetteville, Arkansas
kapaxton@fayetteville-ar.gov
T 479.575.8323#



Paxton, Kara

From: Hertzberg, Holly
Sent: Monday, March 13, 2023 1:05 PM
To: Justin Gunn
Cc: Paxton, Kara
Subject: Re: FW: Appeal Request - CUP 2023-0009

Mr. Gunn,

I will be one of the sponsors on this item to allow you present your case the council.

Thank you!

Holly Hertzberg
City Council Member
Ward 4 Position 2
Fayetteville, AR 72701
holly.hertzberg@fayetteville-ar.gov
479.777.1758

On Mar 13, 2023 at 1:01 PM, <[Justin Gunn](#)> wrote:

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Council Member Hertzberg,

My apologies for the multiple emails regarding my request for support of appeal. I'm sending one more time as my time **expires at 5pm today** to have a minimum of 3 council members support my appeal.

As you read below (and within the document), this meeting seemed to be influenced on situations/builders before me. I am only asking to be heard as I met the requirements and the requirements moved during the meeting.

I would greatly appreciate your support and asking for the council to hear my story.

If you will support, please reply by 5pm today so that I may forward to the appropriate people in Fayetteville.

If you would like to discuss, please call me at the number below

Regards,

Justin Gunn
650-576-3549

From: Justin Gunn
Sent: Friday, March 10, 2023 7:21 AM
To: holly.hertzberg@fayetteville-ar.gov
Subject: FW: Appeal Request - CUP 2023-0009

Council Member Hertzberg,

I'm following up on my original email to ensure you received my request and am hopeful for your response.

Regards,

Justin Gunn

From: Justin Gunn <Justin.Gunn@gilead.com>

Sent: Saturday, March 04, 2023 9:10 AM

To: holly.hertzberg@fayetteville-ar.gov

Cc: Justin Gunn <Justin.Gunn@gilead.com>

Subject: Appeal Request - CUP 2023-0009

Dear Council Member Hertzberg,

I am writing this email to request your consideration to sponsor an appeal to CUP-2023-0009.

My wife and I are requesting that our home, located at 332 N. Fletcher in Fayetteville, be allowed a license to operate as a Type 2-Short Term Rental. As a back-drop, Sheri and I are both graduates of the UofA and proud that our triplet children recently graduated as Razorbacks in May of 2022. During that last 4 years, we have truly fallen back in love with NW Arkansas. In the process, we have invested in 3 long-term rental properties that are located in areas of working professionals. The request for this property mentioned above provides 3 long-term objectives for us:

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Lastly, we have owned and managed properties for over 20 years and have established a respectable home/brand for our renters and ensure alignment with rules, regulations, and professional expectations

Enclosed you will find additional details regarding our appeal. We would be very grateful for you to support this appeal.

Regards,

Sheri & Justin Gunn

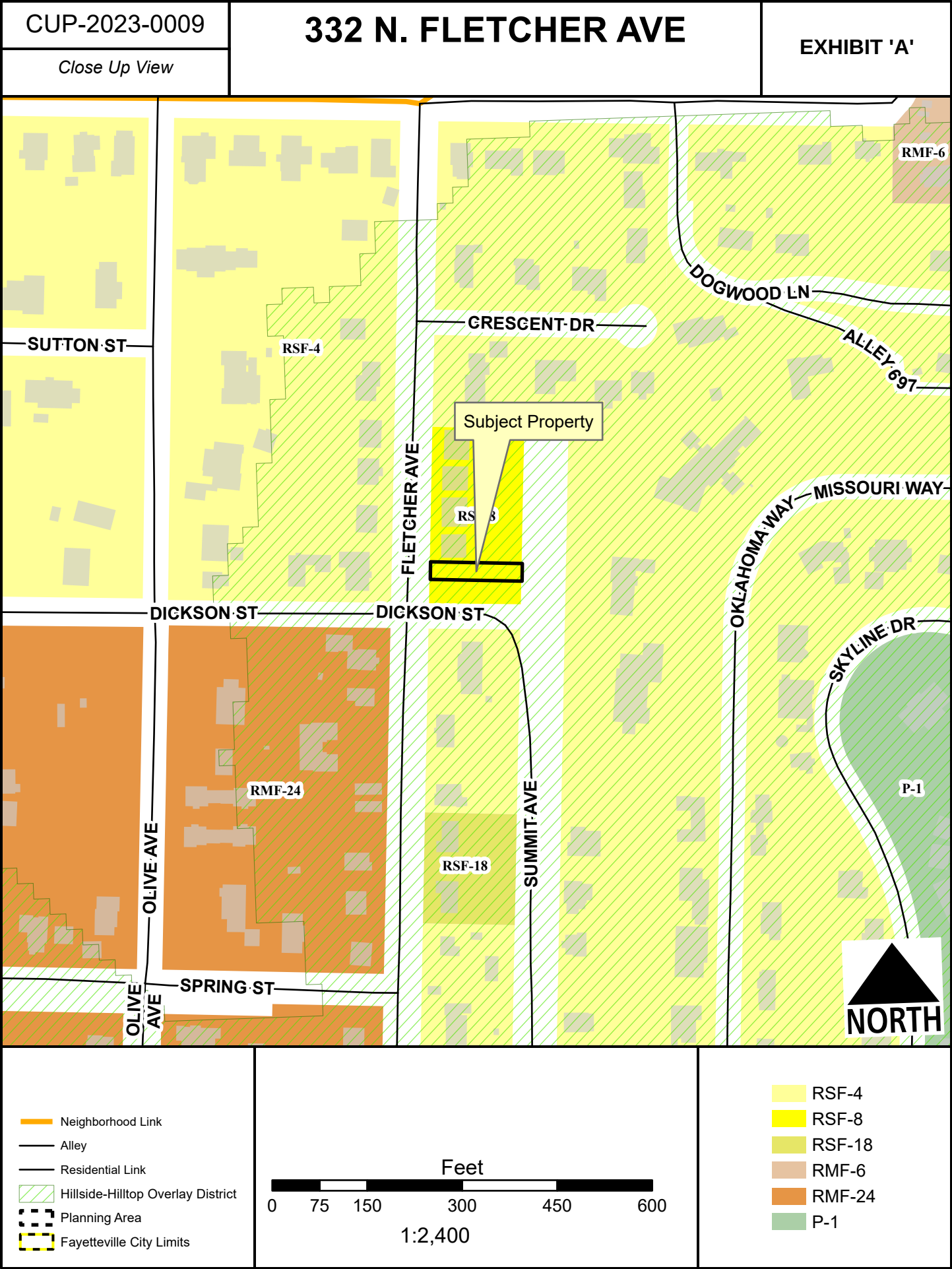
Paxton, Kara

From: D'Andre Jones <dre91732000@gmail.com>
Sent: Monday, March 13, 2023 4:17 PM
To: Paxton, Kara
Subject: Sponsor appeal

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hey Kara I would like to sponsor cup 2023 -0009 appeal! 332 N Fletcher!!

Sent from my iPhone



Page 388 of 413



TO: Fayetteville Planning Commission

THRU: Jessie Masters, Development Review Manager

FROM: Gretchen Harrison, Planner

MEETING DATE: February 27, 2023 (Updated with results)

SUBJECT: **CUP-2023-0009: Conditional Use Permit (332 N. FLETCHER AVE./ETG SHELF 3 LLC, 485):** Submitted by JUSTIN GUNN for property located at 332 N. FLETCHER AVE. The property is zoned RSF-8, RESIDENTIAL SINGLE-FAMILY – 8 UNITS PER ACRE and contains approximately 0.09 acres. The request is to use the residence as a short-term rental.

RECOMMENDATION:

Staff recommends approval of **CUP-2023-0009** with conditions as outlined by staff.

RECOMMENDED MOTION:

*"I move to approve **CUP-2023-0009**, determining:*

- In favor of compatibility with adjacent properties, and*
- In favor of all other conditions as recommended by staff."*

BACKGROUND:

The subject property is located near Mount Sequoyah, just northeast of the intersection of Dickson Street and Fletcher Avenue. The property is zoned RSF-8, Residential Single-Family, 8 Units per Acre, contains 0.09 acres, and is currently developed with a two-bedroom townhome. On April 20, 2021, City Council adopted an ordinance to regulate short-term rentals operating within its limits. On December 20, 2022, City Council amended the ordinance to enact new requirements for short-term rentals. This report reflects those new changes for consideration. Surrounding land use and zoning are depicted in *Table 1*.

Table 1:
Surrounding Land Use and Zoning

Direction	Land Use	Zoning
North	Two-Family Residential	RSF-8, Residential Single-Family – 8 Units per Acre
South	Single-Family Residential	RSF-8, Residential Single-Family – 8 Units per Acre
East	Single-Family Residential	RSF-4, Residential Single-Family – 4 Units per Acre
West	Single-Family Residential	RSF-4, Residential Single-Family – 4 Units per Acre

City Plan 2040 Future Land Use Designation: **Residential Neighborhood**

Proposal: The applicant requests conditional use permit approval to use the property as a Type 2 short-term rental, which are those not occupied by a permanent resident. Type 2 short-term rentals are subject to density limitations, including a 2% city-wide cap, and restrictions on the number of units that may be used as a short-term rental in multi-family dwelling complexes.

Public Comment: Staff received public comment in opposition to this request from an individual who expressed concerns about this short-term rental adversely impacting the residential character of the neighborhood. Their letter is attached for reference.

RECOMMENDATION: Staff recommends approval of **CUP-2023-0009** with the following conditions:

Conditions of Approval:

1. **Planning Commission determination of compatibility.** *Staff finds the proposed short-term rental to be compatible with the neighborhood based on the findings in this report.*
2. Approval of the conditional use permit does not ensure approval of a business license application. The applicant must still be able to comply with all other applicable requirements in city code.
3. Per UDC §166.20, Expiration of Approved Plans and Permits, a business license must be obtained within one year of conditional use permit approval.
4. Per ordinance, the number of occupants is limited to a maximum of two people per bedroom, plus two, for the entire unit when the property is operated as a short-term rental.
5. Special events including, but not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars are prohibited from occurring in the short-term rental.
6. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.
7. All trash receptacles shall be screened from view of the right-of-way.
8. All outdoor lighting shall meet requirements as outlined in UDC Chapter 176, Outdoor Lighting.
9. Any signage shall meet the requirements as outlined in UDC Chapter 174, Signs.

PLANNING COMMISSION ACTION:				Required	<u>YES</u>
Date: <u>February 27, 2023</u>		☐ Tabled	☐ Approved	☒ Denied	
Motion: Winston					
Second: Garlock					
Vote: 7-1-0 (motion to deny)					

FINDINGS OF THE STAFF

§163.02. AUTHORITY; CONDITIONS; PROCEDURES.

B. Authority; Conditions. The Planning Commission shall:

1. Hear and decide only such special exemptions as it is specifically authorized to pass on by the terms of this chapter.
2. Decide such questions as are involved in determining whether a conditional use should be granted; and,
3. Grant a conditional use with such conditions and safeguards as are appropriate under this chapter; or
4. Deny a conditional use when not in harmony with the purpose and intent of this chapter.

C. Procedures. A conditional use shall not be granted by the Planning Commission unless and until:

1. A written application for a conditional use is submitted indicating the section of this chapter under which the conditional use is sought and stating the grounds on which it is requested.

Finding: **The applicant has submitted a written application requesting a conditional use permit for a Type 2 short-term rental in RSF-8 zoning.**

2. The applicant shall pay a filing fee as required under Chapter 159 to cover the cost of expenses incurred in connection with processing such application.

Finding: **The applicant has paid the required filing fee.**

3. The Planning Commission shall make the following written findings before a conditional use shall be issued:
 - (a.) That it is empowered under the section of this chapter described in the application to grant the conditional use; and

Finding: **The Planning Commission is empowered under City Code §118.01(E)(2) to grant the requested conditional use permit.**

- (b.) That the granting of the conditional use will not adversely affect the public interest.

Finding: **Staff finds that granting the requested conditional use is not likely to affect the public interest given the applicable business license requirements, including a required building safety inspection, and applicable density caps on Type 2 short-term rentals.**

- (c.) The Planning Commission shall certify:
 - (1.) Compliance with the specific rules governing individual conditional uses; and

Finding: There are specific rules governing Short-Term Rentals, as follows:

§163.18. SHORT-TERM RENTALS.

- A. Residential Zoning Districts.** Type 2 short-term rentals may be permitted as a conditional use in the following residential zoning districts: R-A, RSF-1, RSF-2, RSF-4, RSF-7, RSF-8, RSF-18, RI-12, RI-U, RMF-6, RMF-12, RMF-18, RMF-24, RMF-40, and NC. Short term rentals may be permitted by right or by conditional use in planned zoning districts subject to the zoning regulations enacted by the City Council for each district. Short-term rentals in non-residential zoning districts, mixed use zoning districts, or other zoning districts not listed above are not required to apply for a conditional use permit.

Finding: The request is to operate a Type 2 short-term rental in RSF-8 zoning. Since RSF-8 is a residential zoning district, a conditional use permit is required.

- B. Occupancy.** Maximum of two (2) people per bedroom, plus two (2), for the entire unit when operated as a short-term rental.

Finding: Occupancy is limited as described in UDC §163.18(B). Occupancy limitations are confirmed by the applicant during licensing. Since this townhome contains three bedrooms, occupancy will likely be limited to a maximum of eight guests.

- C. Parking.** Parking is limited to the maximum number of vehicles as allowed by the underlying zoning district for the residential building on the property.

Finding: Parking is limited as described in UDC §163.18(C). Parking for townhomes is required to be provided at a rate of one vehicle space per bedroom. According to the applicant, the unit has three bedrooms and two covered parking spaces available in the back of the property. On-street parking is also available along Fletcher Avenue.

- D.** Special events are not permitted in a short-term rental. Example of special events include, but are not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars.

Finding: The applicant's request letter suggests the property will comply with the City's regulations for a short-term rental. As a condition of approval, staff recommends a prohibition on special events.

- E.** Short-term rental units are allowed in any structure established as a permanent residential dwelling including an accessory dwelling unit. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.

Finding: The application is for use of the property at 332 N. Fletcher Ave. Staff recommends a condition confirming that no recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.

- F. Exceptions. Exceptions to the short-term rental standards, except proposals that would exceed the city-wide density maximum, may be granted by the Planning Commission as a conditional use permit.

Finding: Type 2 short-term rentals are subject to a city-wide density cap at 2% of total dwelling units, as determined by United States Census Bureau data. Recently released five-year American Community Survey data from 2021 lists total housing units in Fayetteville at 44,706, which puts the cap at 894 total Type 2 short-term rentals. To date, the City has issued 311 Type 2 short-term rental licenses that are subject to this cap. Hotel/motel uses are not permitted by right in the underlying RSF-8 zoning, so this short-term rental would contribute to the city-wide density cap. While this short-term rental is in a multi-unit structure, it is not subject to a building density cap since all units are on individual lots of record. No exceptions to the short-term rental standards are being requested with this conditional use permit.

- G. Short-term rentals must comply with all applicable codes under City Code §118.01 and successfully obtain a business license prior to operation.

Finding: This short-term rental would be subject to all regulations in City Code §118.01 that apply to Type 2 short-term rentals in residential zoning districts. Applicable business licensing requirements will be reviewed by staff and confirmed by the applicant at the time of licensing.

- H. Short-term rentals in residential zoning districts may be subject to denial or additional conditions based upon the Planning Commission's findings on the following factors:

1. Adequate parking infrastructure;
2. Adequate adjoining or nearby streets for on-street parking;
3. Frequency or concentration of nearby licensed Type 2 short-term rentals; and
4. Prior zoning or code violations.

Finding: There appears to be adequate parking available to support the use of the property as a short-term rental based on the applicant's submittal. A total of two spaces are available in a carport and a maximum of eight guests are permitted. The property also has frontage along a portion of Fletcher Avenue that is wide enough to support on-street parking. City business license records indicate that three other units within a quarter-mile radius of the property have active Type 2 short-term rental business licenses. No prior zoning or code violations have been reported at this location.

§163.02. AUTHORITY; CONDITIONS; PROCEDURES. (continued)

- (2.) That satisfactory provisions and arrangements have been made concerning the following, where applicable:

- (a.) Ingress and egress to property and proposed structures thereon with particular reference to automotive and pedestrian safety and convenience,

traffic flow and control and access in case of fire or catastrophe;

Finding: The subject property has access to Fletcher Avenue through a shared private driveway and there is sidewalk present along the property's frontage. Staff finds that the proposal will not adversely affect traffic flows considering the use of the property would be limited to a maximum of eight guests, which would not be out of character with use of the property for residential purposes.

(b.) Off-street parking and loading areas where required, with particular attention to ingress and egress, economic, noise, glare, or odor effects of the special exception on adjoining properties and properties generally in the district;

Finding: The applicant has indicated that there are two guest vehicle parking spaces available in an existing carport. The short-term rental ordinance limits the number of guest vehicles to the maximum number of vehicles as allowed by the underlying zoning district.

(c.) Refuse and service areas, with particular reference to ingress and egress, and off-street parking and loading;

Finding: The applicant proposes to utilize existing residential trash cart service. Staff recommends that the containers should be screened from public view when not at the curb for residential pick-up.

(d.) Utilities, with reference to locations, availability, and compatibility;

Finding: Utilities are currently available to the site and the use as a short-term rental is not anticipated to impact the provision of utilities.

(e.) Screening and buffering with reference to type, dimensions, and character;

Finding: Staff recommends that residential carts be screened so that they are not visible from the public right-of-way.

(f.) Signs, if any, and proposed exterior lighting with reference to glare, traffic safety, economic effect, and compatibility and harmony with properties in the district;

Finding: Any proposed signage will be subject to UDC Chapter 174, Signs, and all regulations therein.

(g.) Required yards and other open space; and

Finding: Based on the applicant's submittal, the structure is meeting relevant setbacks.

(h.) General compatibility with adjacent properties and other property in the district.

Finding: Staff finds the proposed use to be compatible with surrounding properties. The property is surrounded by residential uses, and short-term rentals are permitted by right in RSF-8 zoning. There appears to be adequate parking to accommodate the number of permitted guests, and staff does not anticipate any adverse traffic impacts with this request. Since the RSF-8 zoning district does not allow hotel/motel uses by right, this short-term rental would contribute to the city-wide density cap.

BUDGET/STAFF IMPACT:

None

ATTACHMENTS:

- Business Regulations
 - §118.01 Applicability
- Unified Development Code
 - §161.09 District RSF-8, Residential Single-Family – Eight (8) Units Per Acre
 - §163.18 Type 2 Short-Term Rentals in Residential Zoning Districts
- Applicant Request Letter
- Building Floor Plans
- Site Plan
- Building Elevation
- Public Comment
- One Mile Map
- Close-Up Map
- Current Land Use Map
- STRs within ¼ Mile Map
- Public comment received after PC report publication

118.01 Applicability

- (E) *Short-Term Rentals.* A residential dwelling unit, portion of a dwelling unit, or bedroom within a residential dwelling unit, leased and/or rented to a guest(s), for a period of less than thirty consecutive (30) days.
- (1) *Short-Term Rental, Type 1.* A short-term rental where the principal use of the property remains as a full-time residence. The occupants or owner rent their primary residence as a short-term rental. A copy of the Homestead Tax Credit or long-term lease agreement for the subject property is required to be classified as a Type 1 rental. The occupant or owner must occupy the residence for nine (9) months of the year. Accessory dwelling units (ADUs) as defined in Unified Development Code Chapter 151 shall be considered a Type 1 short-term rental.
 - (2) *Short-Term Rental, Type 2.* A short-term rental that is not occupied by a permanent resident. The owner lists this property full-time as a short-term rental and has no intention of having permanent residents living in the property. A conditional use permit is required for a Type 2 short-term rental in a residential zoning district prior to the city issuing a business license.
 - (3) *License Required.* No dwelling unit in the city shall be used as a short-term rental unless:
 - (a) The owner of the dwelling unit or operator of the short-term rental possess a valid and current business license for the dwelling unit, and fully complies with all legal requirements and duties imposed herein with respect to each and every short-term rental; and
 - (b) The owner has designated an agent, where said agent fully complies with all legal requirements and duties imposed herein with respect to every short-term rental. The owner may serve as their own agent.
 - (c) The owner of the dwelling unit or operator of the short-term rental provides proof of a valid and current homeowners insurance rider policy which fully covers each unit when operated as short-term rental unit.
 - (4) A separate business license shall be required for each dwelling unit used as a short-term rental.
 - (5) Any change in ownership requires a new or amended business license.
 - (6) If any required contact information changes for the associated business license, the person to whom the license was issued shall immediately notify the Development Services Department in writing.
 - (7) *License Application.* The application for a business license shall include at minimum, the following information from applicants:
 - (a) The property owner's information including legal name, mailing address, immediate contact phone number, and immediate contact E-mail address.
 - (b) Information for the dwelling unit subject to the application, inclusive of the physical street address assigned by the city.
 - (c) The type and total number of dwelling units located on the lot of record containing the dwelling unit subject to the application.
 - (d) If the owner is not their own agent, the owner designated agent's information including legal name, mailing address, immediate contact phone number and immediate contact E-mail address.
 - (e) Documentation of approval of a life safety and egress inspection by the City Building Safety Division for the dwelling unit subject to the application.
 - (f) Proof of application for remittance of hotel, motel and restaurant tax to the City of Fayetteville, and verification that all sales, use, and hotel, motel and restaurant taxes are current.
 - (g) Any additional data as deemed necessary or desirable for permit approval by the Development Services Director.
 - (8) *License Renewals.* Business licenses for short-term rentals shall be renewed in accordance with Chapter 118 of the Business Regulations (Business Registry and Licenses).
 - (11) *Legal Duties of License Holders.* An owner possessing a short-term rental license shall comply at all times with the following requirements:
 - (a) *Occupancy.* Short-term rentals shall be subject to, and may not exceed, the occupancy limits approved with the business license.
 - (b) *Advertisements.* A short-term rental shall not be advertised if it violates occupancy, density, safety, and any of the other provisions of the Fayetteville Code. No short-term rental unit shall be advertised prior to having obtained a business license and the business license number shall be included in the advertisement listing.
 - (c) *Information and Posting.* Business licensees shall provide to guests and post conspicuously in the common area of the short-term rental unit the city phone number to report a safety complaint.
 - (10) *Owner or Agent Accessibility.* The property owner shall ensure that they or a designated agent are available at all times during guest occupancy, including nights and weekends, in order to facilitate compliance with

this section. For the purposes of these regulations, 'availability' means that the owner or agent is accessible by telephone, and, able to be physically present at the short-term rental within three (3) hours of being contacted.

- (11) *Guest Records.* The owner shall maintain summary guest registration records, which shall contain the actual dates of occupancy, total number of guests per party per stay, and the rate(s) charged, but shall not contain any personally identifiable information about guests. Such records shall be maintained for three (3) years and shall be provided to the City upon request.
 - (12) *Health and Safety.* The owner shall ensure that each dwelling unit governed by this section complies with the applicable provisions of the Unified Development Code Chapter 173, Building Regulations.
 - (13) *Criminal Activity.* The owner shall timely report any known or reasonably suspected criminal activity by a guest to the Fayetteville Police Department within twelve (12) hours maximum.
 - (14) *Taxes and Fees.* Except for those instances in which a hosting platform bears the responsibility for collecting and remitting taxes and fees applicable to short-term rentals, the property owner shall timely remit in full Fayetteville Hotel, Motel and Restaurant tax and other applicable local, state, and federal taxes and city fees owed in connection with any short-term rental. The failure of a hosting platform to collect and remit taxes and fees shall not relieve an owner of the obligation to pay taxes and fees owed pursuant to this section.
 - (15) *Authorization to Occupy, Use, and Operate.* Authorization to operate a short-term rental may be granted by the Development Services Director through the issuance of a City of Fayetteville Business Registry and License (Business License).
 - (16) *Density For Type 2 Short-Term Rentals.* A city-wide density cap of 2% of all dwelling units in the Fayetteville city limits may be utilized as Type 2 rentals. Total dwelling units are determined from current United States Census Bureau and/or American Community Survey numbers, whichever number is higher. A conditional use permit may not permit:
 - (a) More Type 2 short-term rentals than what is allowed by the city-wide density cap. Type 2 short-term rentals in commercial and mixed-use zoning districts where hotel/motels are permitted by right shall not contribute to the city-wide density cap.
 - (b) More than 10% or a single unit whichever is greater; of total dwelling units as Type 2 rentals within a multi-family dwelling complex.
 - (c) Individual 2-, 3- and 4-family buildings that are owned by the same person or entity and are not a part of a multi-family complex shall have no more than one (1) Type 2 short-term rental unit per building complex.
 - (d) Where attached residential units are held separately through condominium association, horizontal property regime, fee simple, or similar ownership structure, no cap shall be applied to buildings with attached residential dwellings. Structures of attached residential dwellings where applicants seek more than 10% of total units for licensing as Type 2 rentals shall be evaluated by the Building Safety Director and/or Fire Marshal for adequate fire protection as defined by the adopted Arkansas Fire Prevention Code. Where inadequate fire protection is identified, improvements may be required prior to issuance of a business license.
 - (17) *Suspension and Revocation.* If the Development Services Director has reason to believe that any of the grounds specified in §118.03(A) of the Fayetteville Code exist, or that any rental unit was rented for less than one (1) full night, or to more than one (1) part of guests for the same period of time, or otherwise failed to comply with all terms and conditions of this section, the Development Services Director may suspend or revoke the short-term rental's business license pursuant to the procedures detailed in §118.03 and in §118.04 of the Fayetteville Code.
 - (20) Short-term rentals must comply with all applicable codes under Unified Development Code §163.18 and § 164.26 successfully obtain a business license prior to operation.
- (Ord. No. 6427 , §§1(Exh. A), 2, 4-20-21; Ord. No. 6505 , §1(Exh. A), 11-16-21; Ord. No. 6521 , §§1, 2, 1-18-22; Ord. No. 6537 , §1(Exh. A), 2-15-22)

161.09 District RSF-8, Residential Single-Family - Eight (8) Units Per Acre

(A) *Purpose.* The RSF-8 Residential District is designed to bring historic platted development into conformity and to allow for the development of new single family residential areas with similar lot size, density, and land use as the historical neighborhoods in the downtown area.

(B) *Uses.*

(1) *Permitted Uses.*

Unit 1	City-wide uses by right
Unit 8	Single-family dwellings
Unit 41	Accessory dwellings
Unit 46	Short-term rentals

(2) *Conditional Uses.*

Unit 2	City-wide uses by conditional use permit
Unit 3	Public protection and utility facilities
Unit 4	Cultural and recreational facilities
Unit 5	Government facilities
Unit 9	Two-family dwellings
Unit 12a	Limited business
Unit 24	Home occupations
Unit 36	Wireless communications facilities
Unit 44	Cluster Housing Development

(C) *Density.*

	By Right
Single-family dwelling units per acre	8 or less

(D) *Bulk and Area Regulations.*

(1) *Lot Width Minimum.*

Single-family	50 feet
Two (2) family	50 feet
Townhouse, no more than two (2) attached	25 feet

(2) *Lot Area Minimum.*

Single-family	5,000 square feet
Two-family	5,000 square feet

(3) *Land Area Per Dwelling Unit.*

Single-family	5,000 square feet
Two-family	5,000 square feet
Townhouse, no more than two (2) attached	2,500 square feet

(E) *Setback Requirements.*

Front	Side	Rear
15 feet	5 feet	5 feet

(F) *Height Regulations.*

Building Height Maximum	3 stories
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(G) *Building Area*. The area occupied by all buildings shall not exceed 50% of the total lot area, except when a detached garage exists or is proposed; then the area occupied by all buildings shall not exceed 60% of the total lot area. Accessory ground mounted solar energy systems shall not be considered buildings.

(Ord. No. 4783, 10-18-05; Ord. No. 5028, 6-19-07; Ord. No. 5128, 4-15-08; Ord. No. 5224, 3-3-09; Ord. No. 5312, 4-20-10; Ord. No. 5462, 12-6-11; Ord. No. 5921 , §1, 11-1-16; Ord. No. 5945 , §8, 1-17-17; Ord. No. 6015 , §1(Exh. A), 11-21-17; Ord. No. 6245 , §2, 10-15-19; Ord. No. 6427 , §§1(Exh. C), 2, 4-20-21)

Ord. No. 6427 , § 2, adopted April 20, 2021, "determines that this ordinance and all amendments to Code sections ordained or enacted by this ordinance shall automatically sunset, be repealed, terminated, and become void twenty (20) months after the passage and approval of this ordinance, unless prior to that date, the City Council amends this ordinance to repeal this sunset, repeal and termination section."

163.18 Type 2 Short-Term Rentals in Residential Zoning Districts

- (A) *Residential Zoning Districts.* Type 2 short-term rentals may be permitted as a conditional use in the following residential zoning districts:

- 1) R-A
- 2) RSF-.5
- 3) RSF-1
- 4) RSF-2
- 5) RSF-4
- 6) RSF-7
- 7) RSF-8
- 8) RSF-18
- 9) RI-12
- 10) RI-U
- 11) RMF-6
- 12) RMF-12
- 13) RMF-18
- 14) RMF-24
- 15) RMF-40
- 16) NC

Short term rentals may be permitted by right or by conditional use in planned zoning districts subject to the zoning regulations enacted by the City Council for each district.

Short-term rentals in non-residential zoning districts, mixed use zoning districts, or other zoning districts not listed above are not required to apply for a conditional use permit.

- (B) *Occupancy.* Maximum of two (2) people per bedroom, plus two (2), for the entire unit when operated as a short-term rental.
- (C) *Parking.* Parking is limited to the maximum number of vehicles as allowed by the underlying zoning district for the residential building on the property.
- (D) Special events are not permitted in a short-term rental. Example of special events include, but are not limited to, weddings, receptions, anniversaries, private parties, fundraisers and business seminars.
- (E) Short-term rental units are allowed in any structure established as a permanent residential dwelling including an accessory dwelling unit. No recreational vehicle, trailer, other vehicle or structure not classified as a permanent residential dwelling may be used as a short-term rental.
- (F) *Exceptions.* Exceptions to the short-term rental standards, except proposals that would exceed the city-wide density maximum, may be granted by the Planning Commission as a conditional use permit.
- (G) Short-term rentals must comply with all applicable codes under City Code §118.01 and successfully obtain a business license prior to operation.
- (H) Short-term rentals in residential zoning districts may be subject to denial or additional conditions based upon the Planning Commission's findings on the following factors:
- 1) Adequate parking infrastructure;
 - 2) Adequate adjoining or nearby streets for on-street parking;
 - 3) Frequency or concentration of nearby licensed Type 2 short-term rentals; and
 - 4) Prior zoning or code violations

(Ord. No. 6427 , §§1(Exh. E), 2, 4-20-21; Ord. No. 6505 , §2(Exh. B), 11-16-21; Ord. No. 6537 , §2(Exh. B), 2-15-22)

To Whom It May Concern,

My wife and I are requesting that our home, located at 332 N. Fletcher in Fayetteville, be allowed a license to operate as a Type 2-Short Term Rental. As a back-drop, Sheri and I are both graduates of the UofA and proud that our triplet children recently graduated as Razorbacks in May of 2022. During that last 4 years, we have truly fallen back in love with NW Arkansas. In the process, we have invested in 3 long-term rental properties that are located in areas of working professionals. The request for this property mentioned above provides two long-term objectives for us:

1. We are proud to provide a nice and well-kept home for families who are visiting Fayetteville.
2. We are looking to move back to Fayetteville in the future and want to participate in facilitating a great NW AR experience.

Lastly, we have owned and managed properties for over 20 years and have established a respectable home/brand for our renters and ensure alignment with rules, regulations, and professional expectations

Below you will find additional information regarding the property on 332 N. Fletcher:

Legal Description

New Lot 7A of the Lot Split filed for record in/as Document No. 2021-22842 and described as follows: A part of Lots 6 and 7, Block 3, McIlroy Addition to the City of Fayetteville, as per plat on file in the office of the Circuit Clerk and Ex-Officio Recorder of Washington County, Arkansas, being more particularly described as follows, to-wit: Commencing at an existing pipe marking the Northeast corner of said Block 3 and running thence along the East line thereof of the following: S02°37'38"W 88.04 feet to an existing rebar, S02°58'30"W 87.96 feet to an existing rebar, S02°49'08"W 37.00 feet to the true point of beginning, thence continuing along said East line S02°49'08"W 28.00 feet, thence leaving said East line N86°53'38"W 144.97 feet to the East right-of-way of North Fletcher Avenue, thence along said right-of-way N02°43'31"E 28.00 feet, thence leaving said right-of-way S86°53'38"E 145.02 feet to the point of beginning, containing 0.9 acres, more or less.

Additional Descriptions:

- 332 N. Fletcher is a 3 BD & 2 ½ bath townhouse. The property is new construction and fully decorated.
- 1740 sq. feet – 2 story
- Newly painted dark green with a light red front door
- Property has front and back porch lighting
- Home shares one wall with similar structured townhouse. This is consistent with the project. 8 total townhomes attached by 2s.
- 2 covered parking spaces in back of property with access directly to back porch entrance. Installed 4 solar lights to provide appropriate lighting at night from home to auto.
- While homes have just recently been available to move in, the majority of homes are college students and/or parents 2nd homes with students at the UofA.

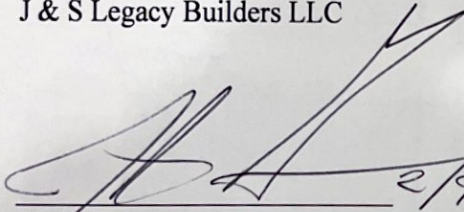
- Privacy fence around the back porch
- Behind the parking lot there is a large (around 10 foot) wall and designated set-aside land where the builder has planted trees. Homes are not located directly behind the complex.
- We will convey to tenants that noise is to be kept to a minimum to avoid any disruption to neighbors.
- We have city services for waste removal and have both garbage and recycle containers

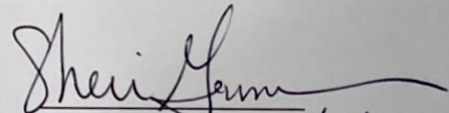
In closing, we are excited about providing a great experience for visitors to Fayetteville. We have been investors/owners that have managed our properties for over 20 years. We run a very respectable family business and have a great brand in our homes and how they are managed/maintained.

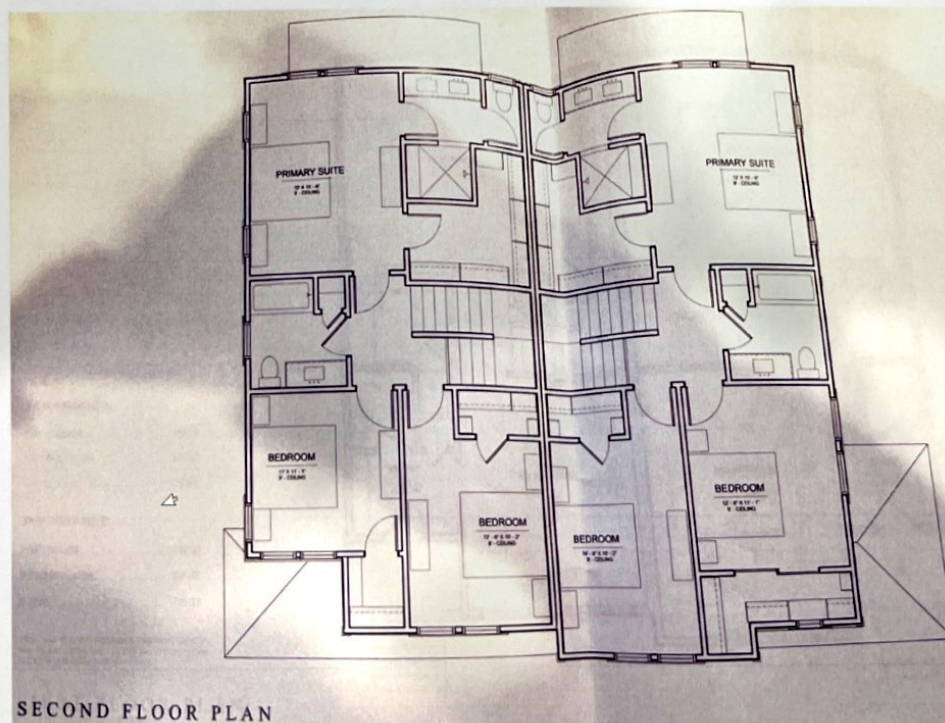
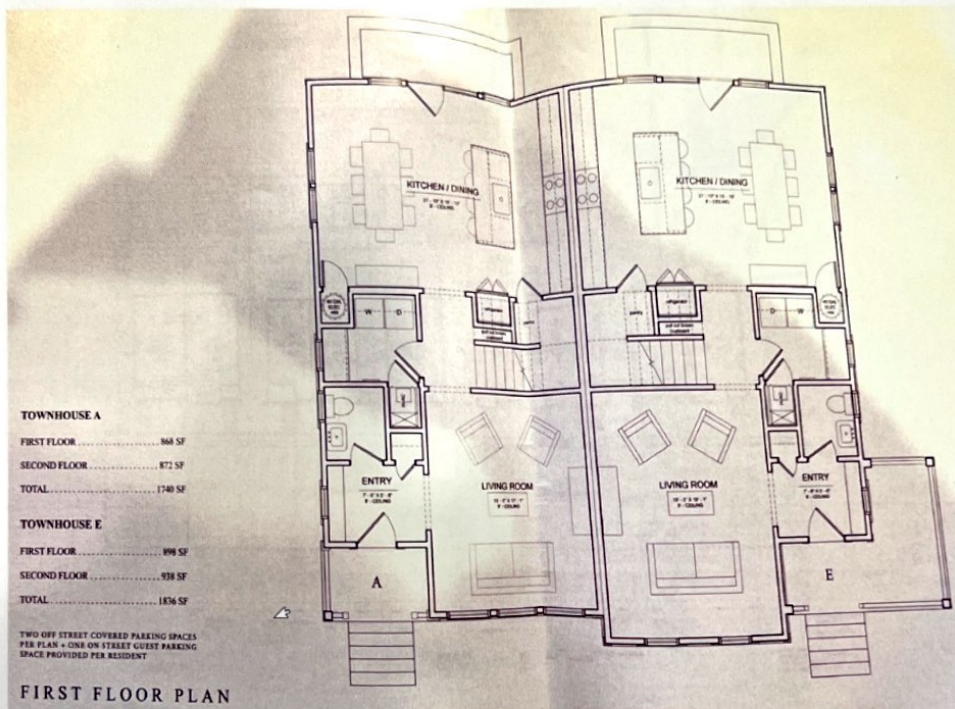
Enclosed are a few pictures of site location and floor plan.

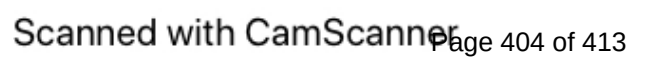
Respectfully submitted,

J & S Legacy Builders LLC


Justin Gunn 2/9/23


Sheri Gunn 2/9/23







February 22, 2023

Fayetteville Planning Commission

RE: CUP 2023- 008, 009, and 0018

Commission Members:

This letter is to ask the Planning Commission not to approve the rezoning request to allow 332 North Fletcher, 344 North Fletcher and 348 North Fletcher to engage in short-termed rental agreements. These properties are currently zoned Residential/Single family.

The plot of land that these Townhouses set on had 2 houses at one time. A couple of years ago the plot was rezoned to allow 8 units per acre (this would allow for 7 single family homes) to be built. The public was told this followed the theory of "filling the infield" with affordable housing. The houses were never built. Instead, the plan changed and 5 (2 units each) townhouses were built. Due to lack of full-time occupancy these units do not add to any kind of "community feel" and certainly do not contribute to alleviating the affordable housing need in Fayetteville. In addition, valuable infield space has been lost.

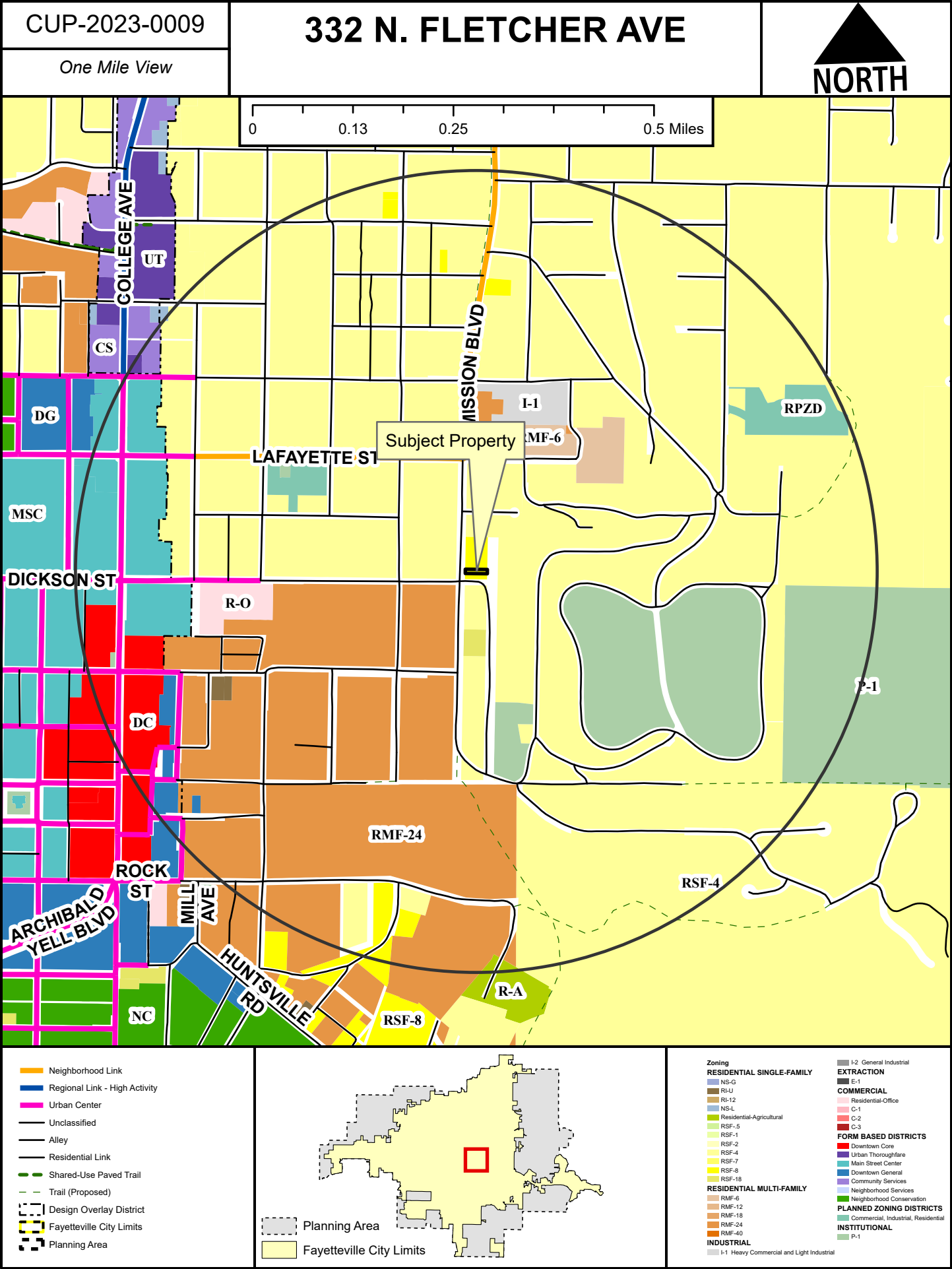
Now the requests to allow short term rentals will be like having "hotels" in the infield. The owners of these units knew how they were zoned when they purchased them. To come in and attempt to change that shows a complete lack of appreciation for the culture and ambience of this neighborhood. Should this request be approved, it will most likely be the beginning of more requests that will contribute to the detriment of not only this community, but others too. I live at 236 North Fletcher and I am not comfortable with having different people continually rotating through the neighborhood, with very little oversight. It is not what a residential community should be like.

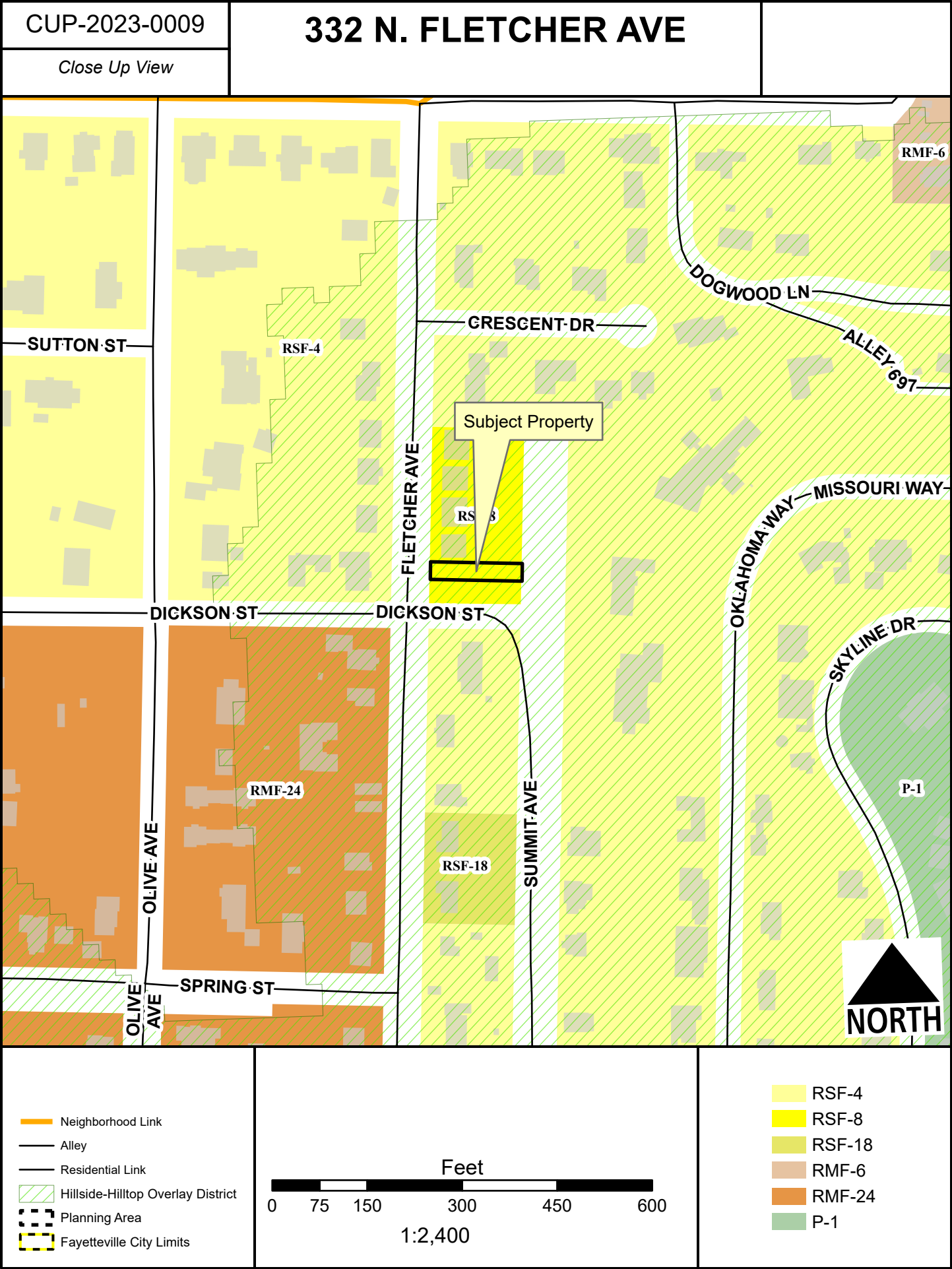
Once again, I hope this request is denied. I would appreciate it if you would acknowledge receipt of this letter and share with others on the Commission. You have my permission to read aloud in the meeting. Thank you for your time.

Paul Blisard

417-766-5364

pblisard@uark.edu



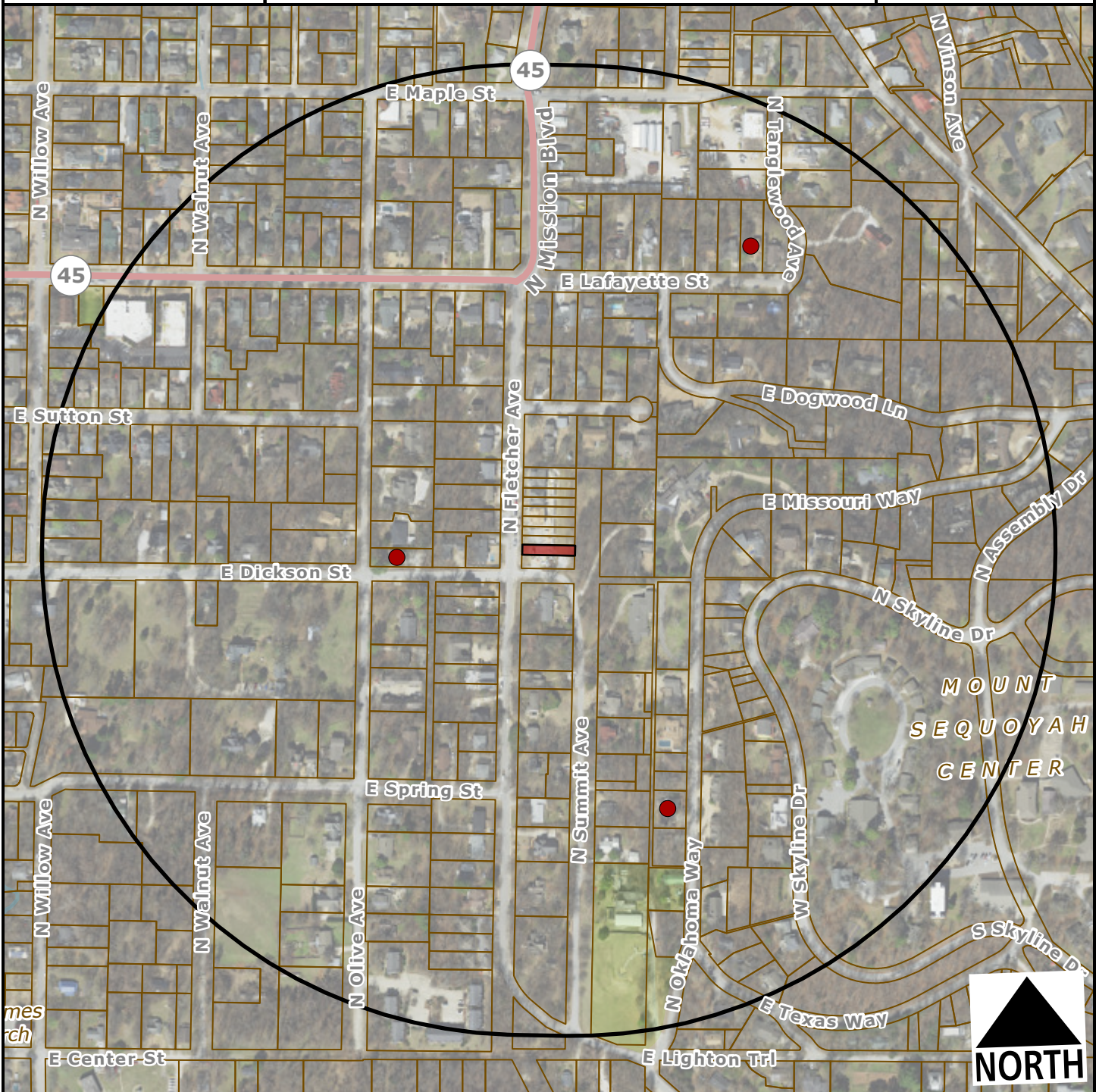




CUP-2023-0009

332 N. FLETCHER AVE

STRs Within 1/4 Mile



-  Subject Property
-  Short Term Rental, Type 2



Number of STR Licenses

Contributing to 3
2% density cap

NOT 0
contributing to
2% density cap

Total 3



It doesn't look like this was sent to the other commissioners.

Please share before Monday night's Planning Commission.

Thanks!

-- Mary

From: emily ervin <Inkedgirl1@cox.net>
Sent: Friday, February 24, 2023 5:08 PM
To: Madden, Mary <mary.madden@fayetteville-ar.gov>
Subject: fletcher ave townhomes

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

good afternoon—

i've lived at 362 n. fletcher for 21 years, adjacent to the new townhomes being considered for short-term rentals. i watched the agenda meeting last night and wanted to confirm what you and Commissioner Garlock mentioned. you are correct in that these were touted and approved as "attainable" and "workforce" housing, both in writing, as well as in discussion during city meetings, during the initial rezone and the following CUP. additionally, i have written letters and spoken with the planning department a few times about this and other concerns. to be frank, i'm exhausted, defeated, and incredibly disappointed in the handling of this project and how we've been disregarded. not only was the applicant given preferential latitude (if that's a term) by city staff, but also was allowed to misrepresent water runoff issues to both theirs and the property seller's advantage. there were two cost shares with the city that benefited only the developer. we now have flooding issues due to the entirety of our adjacent property line being dug out (some parts several times over). i've held fayetteville to a higher standard in the 27 years it's been my home. the false housing narrative and public smearing by those who vote on our livelihood has been personally crushing. i appreciate your work and integrity in helping our city to grow responsibly. sure, change is hard, but i've always welcomed new folks to our community. we've got so much to offer.

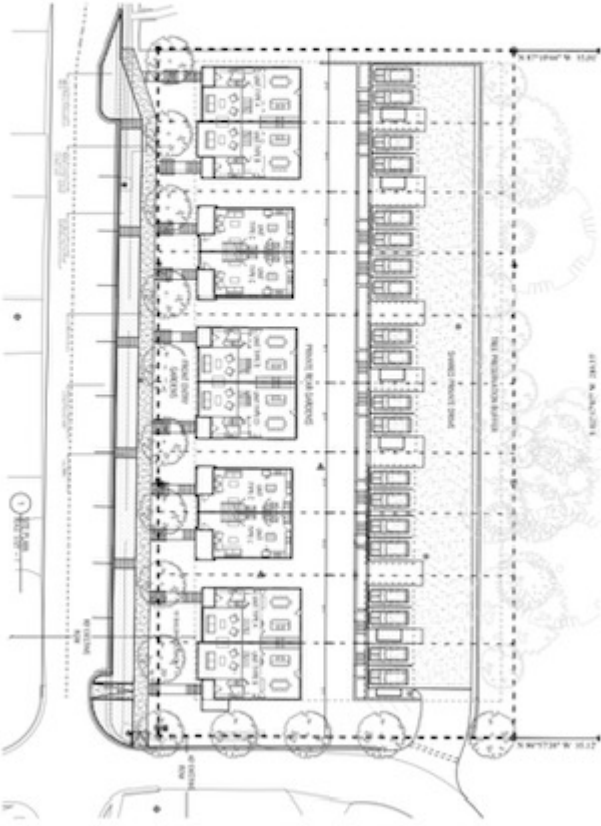
thanks so much,
emily ervin

as a correction, this property has had code violations in the past, however the addresses were previously 310 and 326 north fletcher. the parking lot in the back is very hard to maneuver and cars "bottom out" at the entrance, so there's already been increased parking along fletcher, along with beer cans and folks coming into our yard after midnight. the plans presented to the commission had a "low impact development island to protect parallel parking and calm traffic" but wasn't implemented. i'm attaching a timeline with links to city meetings and agendas related to this development, for reference.

479.305.4807

128 E LAFAYETTE, FAYETTEVILLE AR 72701

Planning Commission
May 10, 2021
Agenda Item 7
CUP-21-000026 Fletcher Ave Townhomes
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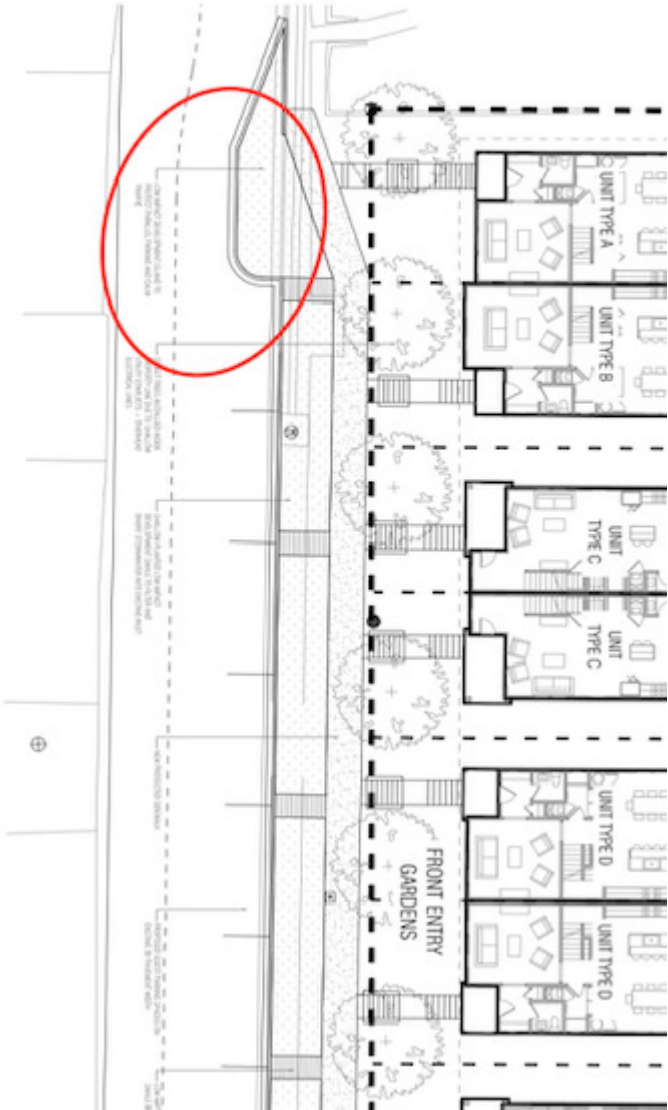
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CUP-2021-000026...

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