

ANNUAL BUDGET

City Council Retreat
January 8, 2020



CITY OF SEDONA, ARIZONA

FISCAL YEAR 2020/2021

Agenda

Budget Calendar

Long-Range Forecasts

- Historical Trends
- YTD Results
- Forecast Assumptions
- Long-Range Forecast

FY 2020-21 Budget Calendar

	Participants	Date
Leadership Team Planning Meeting	Leadership Team	December 12, 2019
Operating Budget Kickoff Meeting & Training	Staff	December 16, 2019
Capital Improvement Program (CIP) Budget Kickoff Meeting & Training	Staff CIP Team	December 16, 2019
City Council Budget Retreat	Council, Staff	January 8, 2020
CIP Requests Due	Staff CIP Team	January 16, 2020
Citizens Budget Work Group (CBWG) Kickoff Meeting	CBWG, Staff	January 21, 2020
Review of CIP Project Submittals	Staff	January 23, 2020
Community Budget Survey	CMO/Finance	February 2020
Operating Budgets, CIP Budgets, and Decision Packages Due	Staff	February 6, 2020
Review of Revenue Projections	Chamber, Staff	February 11, 2020
CIP Funding/Budget Balancing	Finance	February 18, 2020
City Manager Review with Departments	CM/Staff	February 24-March 5, 2020
CBWG Review of Decision Packages	Staff, CBWG	March 4, 2020
City Manager Final Approval of Proposed Budget Amounts	CM/Finance	March 11, 2020
Proposed Budget Distributed to City Council	Staff	April 9, 2020
City Council Work Sessions	Council, Staff	April 22-23, 2020
City Council Adoption of Tentative Budget	Council, Staff	May 26, 2020
City Council Adoption of Budget	Council, Staff	June 23, 2020
Board Adoption of Tentative CFD Budget	Board, Staff	June 23, 2020
Board Adoption of Final CFD Budget	Board, Staff	July 28, 2020



Long-Range Forecasts

Fiscal Year 2020/2021 Annual Budget

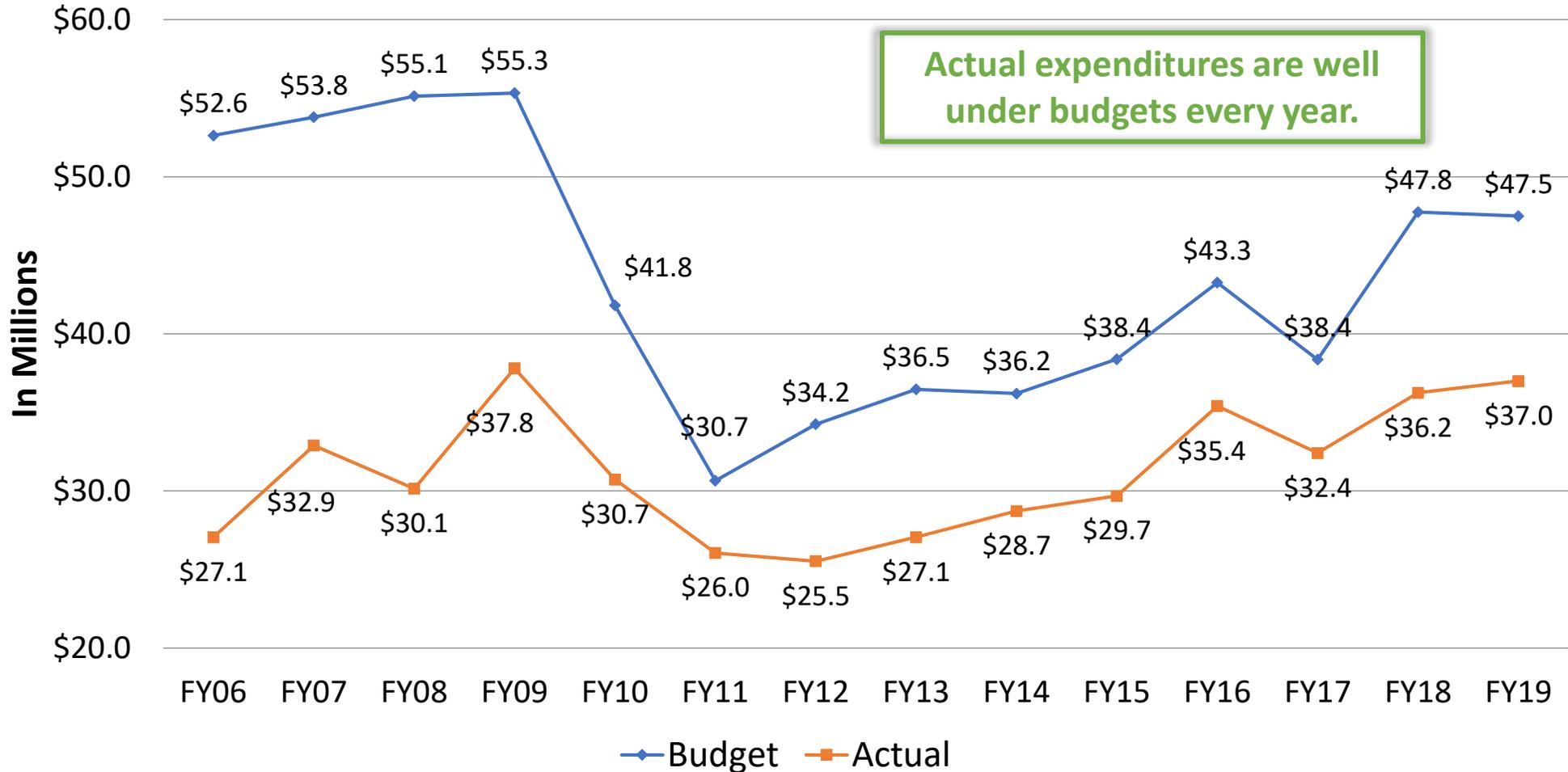


Historical Trends

Fiscal Year 2020/2021 Annual Budget

Historical Budget vs. Actual Expenditures

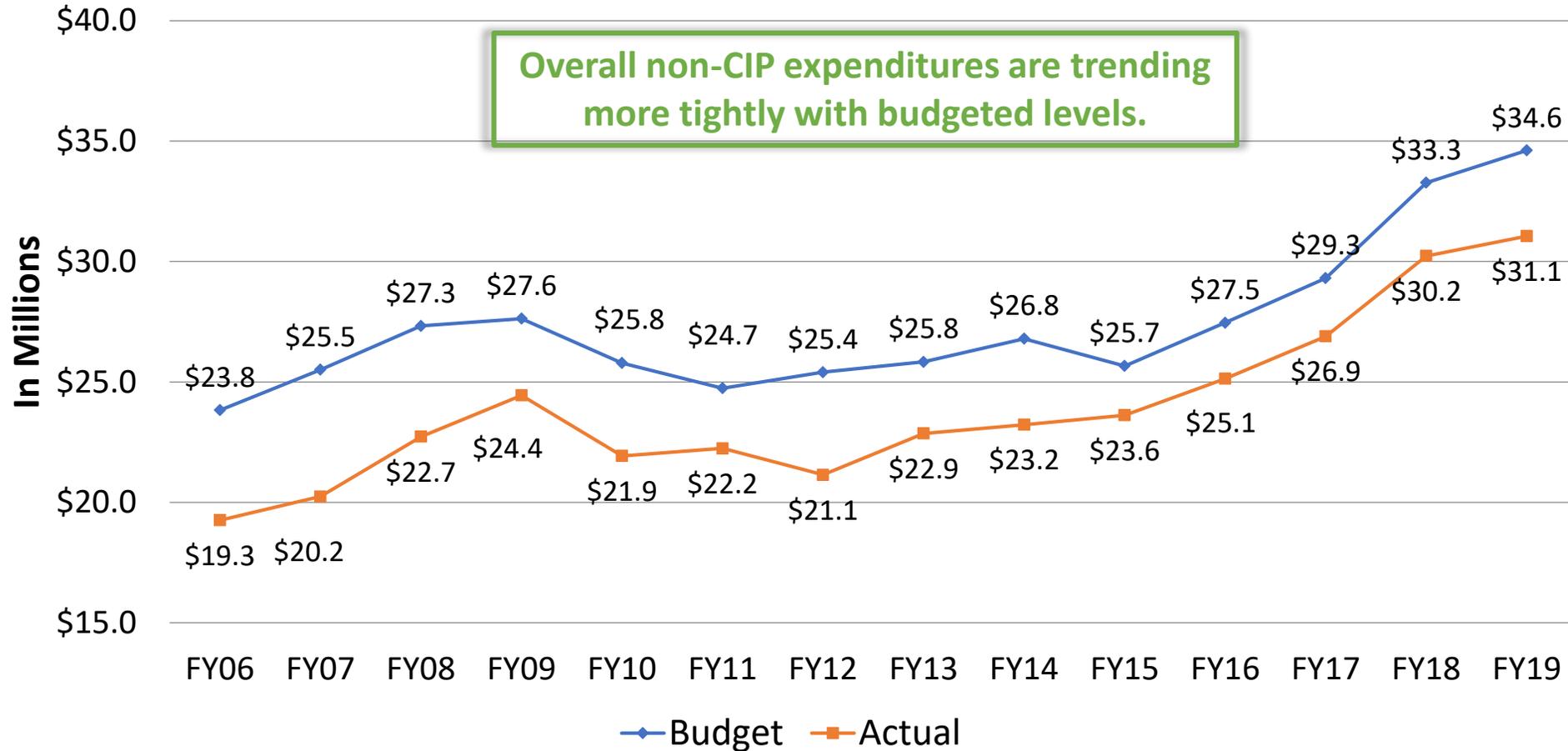
All Funds



Difference between budget to actual (in millions)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
\$25.6	\$20.9	\$25.0	\$17.5	\$11.1	\$4.6	\$8.7	\$9.4	\$7.5	\$9.7	\$7.9	\$6.0	\$11.5	\$10.4

Historical Budget vs. Actual Expenditures All Funds (Excluding CIP)



Difference between budget to actual (in millions)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
\$4.6	\$5.3	\$4.6	\$3.2	\$3.9	\$2.5	\$4.3	\$3.0	\$3.6	\$3.0	\$2.3	\$2.4	\$3.0	\$3.6



YTD Results

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Sales & Bed Tax Revenues

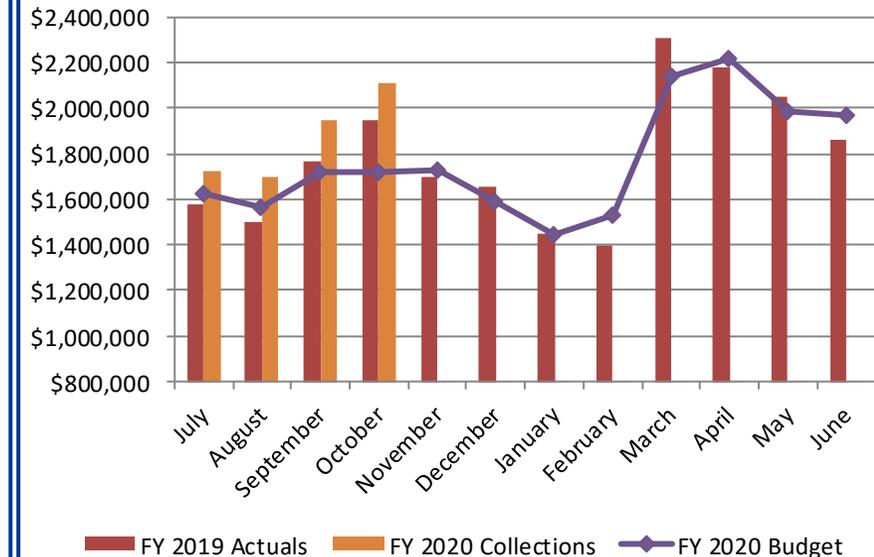
City Sales Tax Revenues

Month	FY 2019 Actuals	FY 2020 Collections	Actual Variance	FY 2020 Budget	Budget Variance
July	\$ 1,574,181	\$ 1,723,855	10%	\$ 1,627,120	6%
August	1,498,313	1,696,471	13%	1,566,580	8%
September	1,763,676	1,945,122	10%	1,716,410	13%
October	1,945,977	2,110,869	8%	1,721,600	23%
November	1,697,056	-	-	1,729,920	-
December	1,654,427	-	-	1,593,830	-
January	1,449,428	-	-	1,448,090	-
February	1,400,316	-	-	1,533,550	-
March	2,304,663	-	-	2,136,000	-
April	2,182,014	-	-	2,219,810	-
May	2,049,526	-	-	1,981,570	-
June	1,862,115	-	-	1,971,320	-
Totals	\$ 21,381,693	\$ 7,476,317	10%	\$ 21,245,800	13%

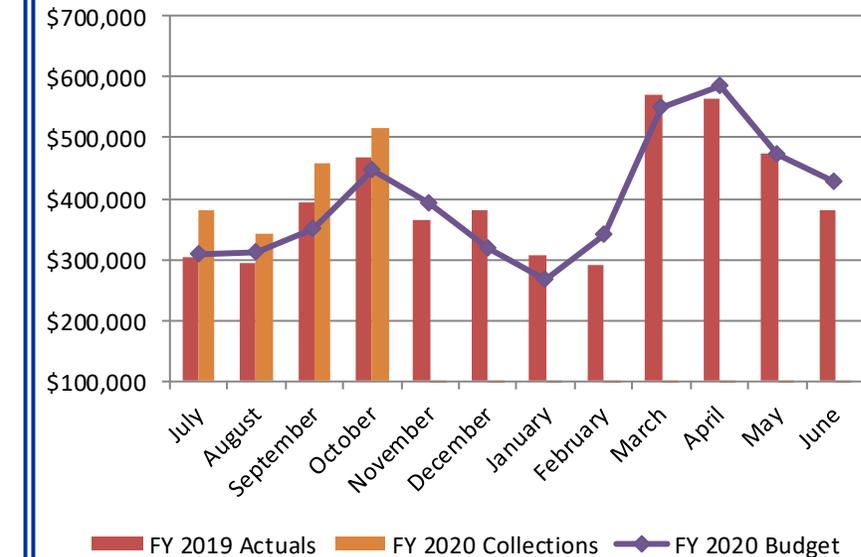
Bed Tax Revenues

Month	FY 2019 Actuals	FY 2020 Collections	Actual Variance	FY 2020 Budget	Budget Variance
July	\$ 303,167	\$ 380,276	25%	\$ 309,810	23%
August	294,795	340,704	16%	312,080	9%
September	392,461	457,901	17%	349,640	31%
October	467,620	515,088	10%	445,380	16%
November	365,072	-	-	393,260	-
December	381,736	-	-	319,520	-
January	306,838	-	-	265,820	-
February	290,354	-	-	340,060	-
March	569,565	-	-	550,840	-
April	563,908	-	-	585,610	-
May	472,623	-	-	471,170	-
June	380,099	-	-	426,110	-
Totals	\$ 4,788,239	\$ 1,693,969	16%	\$ 4,769,300	20%

City Sales Tax Revenues



Bed Tax Revenues





Forecast Assumptions

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General Assumptions

Recessionary periods included

- Generally every 7 years
- Currently in longest expansion period in U.S. history
- Assumed starting in FY 2021 / CY 2020

Inflation/CPI projections

- 2% each year except 0% in recessionary periods



Outstanding Debt

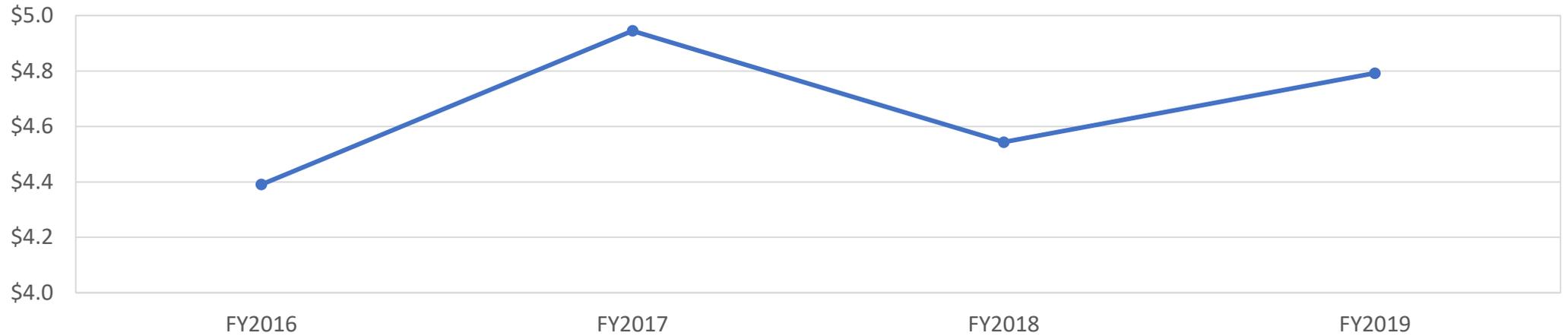
Debt Issue	Remaining Payment Dates	Interest Rate	Remaining Principal	Remaining Interest	Status
Series 1998 ⁽¹⁾ , Original Issue: \$41M Refunded 1993, 1995, 1997: \$11M Impr. to WW system: \$30M	7/1/2020-2024	5.20%-5.24%	\$6.3M	\$15.2M	Not subject to call prior to stated maturity
Series 2012, Original Issue: \$8.4M Refunded portion of 1998 (savings \$420k)	7/1/2025-2026	4.50%	\$8.4M	\$2.5M	Callable 7/1/22, no premium
Second Series 2015, Original Issue: \$8.0M Refunded portion of 2007 (savings \$1.1M)	7/1/2020-2027	1.94%	\$7.6M	\$0.7M	Callable, no premium
Police Vehicle Lease	10/14/2020	5.20%	\$68,740	\$3,575	No prepayment penalty
MidState Energy Lease	11/15/2020-2030	3.60%	\$350,863	\$81,614	No prepayment penalty

⁽¹⁾The only remaining portion of the Series 1998 bonds are capital appreciation bonds (CABs). CABs offer an investment return on an initial principal amount and are reinvested at a stated compounded rate until maturity. At maturity, the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return.

No debt refinancings recommended at this time.



PSPRS Unfunded Liability



New PSPRS actuaries

Assumption changes will be phased in over a few years

Will be providing a modeler for evaluating funding options

For now, used an assumption of increasing annual level payment to \$1.2M (could be even higher in a few years)

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Future Potential Programs, Projects, Initiatives

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Economic Development

Broadband - \$10M or more

Development of Dells Land - \$ depends on use

Coworking space/incubator - \$1M remodel if existing facility, annual costs for a position and operating costs

Property acquisition for active recruitment - \$ depends on size/location

Program expansion – \$50k-\$150k for expanded staff and programs



Community Development

Workforce Housing – \$0-\$2M annual project costs, \$200k annual operating costs (a position and other expenses)

Historic Preservation – \$10k-\$100k annual incentives program, potential city owned sites (pump house, school site)

Increased staffing – using contract and/or in-house inspection & plan review



Parks & Recreation

Recreation Center – indoor pool, basketball courts, racquetball courts, fitness center, \$20M-\$30M construction, plus \$2M-\$4M annual operating costs

Year-round outdoor pool – \$100K-\$300 annually

Lighted pickleball courts – \$200k-\$300K

Facilities/rentals coordinator – \$75K annually

Grass dog space – \$40k-\$150K

Disc golf course – \$20k

Adventure course – \$200k

Lighted events space – land needed?

Creek walk/park – \$500K-\$5M



Sustainability/Wastewater

Additional position – \$75K annually

WWTP Battery Backup – \$100Ks

Ongoing solar projects – TBD

Ongoing transitioning of city fleet to electric – nominal added cost with some cost recovery

Electric transit – \$1M-\$3M with significant cost offsets

Water reuse or redirection to Verde River

Facility upgrades & weatherization – roof replacement

Changing waste landscape – recycling & composting, regional \$110Ks-\$1Ms

Offsets/energy credit programs – \$25K-\$75K

Regulatory changes



Police/Legal

Radio coverage – 5 phases \$100K-\$200K each

Dispatch – regional solution?

Taser replacement – \$50K every 5-7 years

Respirators and other equipment – \$35K

Updated technology – body cameras \$75K-\$100K every 5-7 years, data storage, staffing for redaction \$100K annually

Victim advocacy program – annual \$200K

PD staffing assessment – to ensure adequate staffing and competitive pay \$50K-\$200K annually

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Public Works

Equipment – \$500K-\$750K over 10 years, 10-wheel dump, equipment trailer, loader, power screen/crusher, water truck, water stand

Facilities plan/replacement – City Hall expansion, employee lunch room, added security

Additional facilities maintenance position – \$70K annually

Transit improvements – fleet maintenance

Information Technology Systems/Smart City – automated vehicles, parking sensors, etc.

Annual yard waste pickup - \$25K-\$70K annually

Improved landscaping and weed maintenance

Disposition of FY2019 General Fund Surplus

	FY 2019 Actuals
Beginning fund balance	\$9,235,819
Revenues	29,740,798
Expenditures	(20,030,488)
Transfer to other funds	(6,816,576)
Ending fund balance	\$12,129,553
Reserves:	
Operating reserve	\$6,099,611
Debt service reserve	300,000
Budget carryovers	408,510
Equipment replacement	658,622
Uptown improvements	828,262
Tourism management	11,275
Affordable housing	457,131
Prepaid items	11,683
Surplus balance	\$3,354,459

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Forecast Model

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