



# CITY OF SEDONA

## A BUDGET IN BRIEF

JULY 1, 2021 - JUNE 30, 2022

This report provides a snapshot of information available in the budget document which is available at [SedonaAZ.gov](http://SedonaAZ.gov) and search "budget".

# FISCAL YEAR 2022 BUDGET HIGHLIGHTS

## INTRODUCTION BY CHERIE R. WRIGHT, CPA, CGFM, DIRECTOR OF FINANCIAL SERVICES

The fiscal year (FY) 2022 budget represents a return to a "new normal" standard for City operations after a year of uncertainty and scaling back due to the COVID-19 pandemic. Financial resources have been allocated to advance initiatives in the voter-approved Community Plan such as the affordable housing program, the environmental sustainability program, strategic property acquisition to help protect Sedona's unique character, implementation of a public transit system, and continuation of traffic improvement projects.

Looking back to the FY 2021 budget, it was essentially adopted as a "hold-the-line" budget with the threat of possible financial impacts to City operations due to the anticipated COVID-19 financial crisis. In addition, much of the FY 2021 budget was frozen until mid-October awaiting the impact of a possible "second wave" of COVID closures that never happened.

While many areas across the U.S. have suffered significant financial losses as a result of the COVID impacts, Sedona has not seen the same. In fact, FY 2021 sales and bed tax revenues have well exceeded any prior year, resulting in \$14 million more revenue than was projected.

Sedona has a long history of budgeting less than is statutorily allowed. This is not always the case with other local governments across Arizona. Many struggle with how to allocate limited resources to maintain services and make improvements within their communities, resulting in adopting budgets at the maximum level allowed.

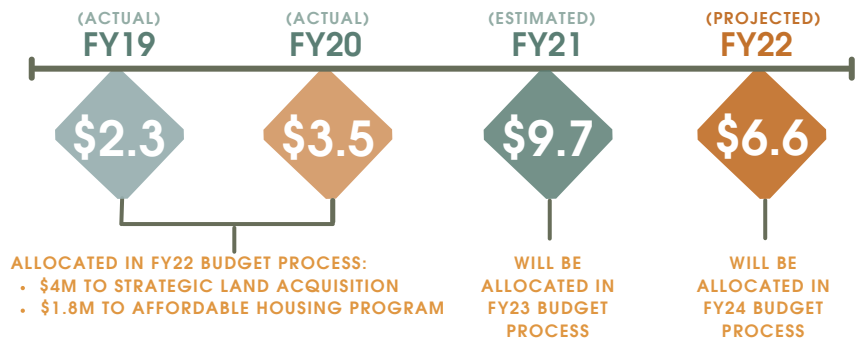
The FY 2021 increase in revenue, as well as projected increases for FY 2022, result in an estimated total surplus for FY 2022 of \$37 million .

Please email [FinanceDept@SedonaAZ.gov](mailto:FinanceDept@SedonaAZ.gov) if you have any comments or suggestions on how we can improve this report.

### FY 2022 Total Budget (All Funds)

Net Resources Available \$109M  
 Minus:  
 Expenditures/Debt Refinancing \$72M  
 Equals:  
 Total Surplus (unspent resources) \$37M

### Surpluses (unspent resources) - General Fund only (IN MILLIONS OF DOLLARS)



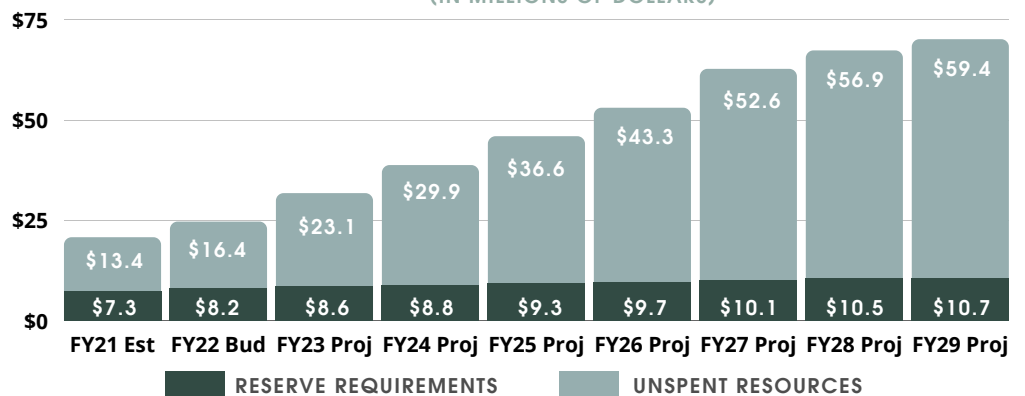
### CITY FUNDS

**General Fund:**  
 Primary operating fund for unrestricted funding sources

**Other funds with restricted funding sources:**

- Streets Fund
- Affordable Housing Fund
- Grants & Donations Funds
- Transportation Sales Tax Fund
- Capital Improvements Fund
- Development Impact Fees Funds
- Art in Public Places Fund
- Public Transit Enterprise Fund
- Wastewater Enterprise Fund
- Information Technology Internal Service Fund

### General Fund - Fund Balances Reserve Requirements & Unspent Resources\* (IN MILLIONS OF DOLLARS)



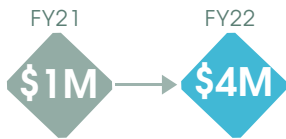
\*Projections based on scenario of maintaining current status quo

# HOW THE BUDGET ALIGNS WITH THE COMMUNITY PLAN

The Sedona Community Plan was approved by the voters in 2014 and represents the citizens' vision and values for the community and proposes desired conditions for the future. City Council has included funding in the FY 2022 budget to pursue numerous Community Plan goals including the following:

## AFFORDABLE HOUSING PROGRAM

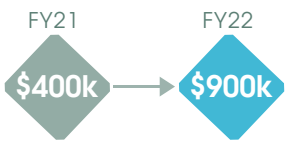
BUDGETED AMOUNT



Between a combination of accumulated balances for affordable housing and stimulus funding from the American Rescue Plan Act of \$1.7 million, \$4 million has been budgeted for the affordable housing program, including \$2.1 million toward the development of a 46-unit workforce housing apartment complex – representing a total increase of \$3 million over FY 2021.

## ENVIRONMENTAL SUSTAINABILITY PROGRAM

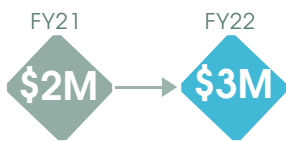
BUDGETED AMOUNT



Enhancement of the environmental sustainability program, including an annual curbside yard waste pickup program and energy retrofit and rebate programs, is budgeted as a \$500,000 increase resulting in a FY 2022 budget amount of \$900,000.

## PUBLIC TRANSIT SYSTEM

BUDGETED AMOUNT



Initiation of a public transit system, starting with trailhead shuttles and a microtransit pilot project for an app-enabled on-demand public transportation service, is budgeted at \$3 million.

## STRATEGIC PROPERTY ACQUISITION

BUDGETED AMOUNT



Strategic property acquisition of \$1.9 million has been added to the budget to better manage how property is developed within the expectations of maintaining the community character and facilitating the advancement of initiatives in the Community Plan. Of the total \$4 million General Fund surplus allocated, \$2.1 million was used in FY 2021. Council may still consider up to \$4 million in property acquisition for FY 2022 by transferring budget appropriation, possibly from the housing program.

## TRAFFIC IMPROVEMENTS

BUDGETED AMOUNT



The budgeted increase for traffic improvement projects, known as Sedona in Motion, is \$3 million resulting in a FY 2022 budget amount of \$9 million, including a Forest Road bypass connection to SR89A, a pedestrian crossing on Oak Creek at SR179, and additional parking at Posse Grounds Park combined with a shared-use path along Soldiers Pass Road.



## SEDONA IN MOTION PROJECTS

Total amount spent to date:

FY18-FY20 actual

**Plus:**

FY21 estimate

**Equals:**

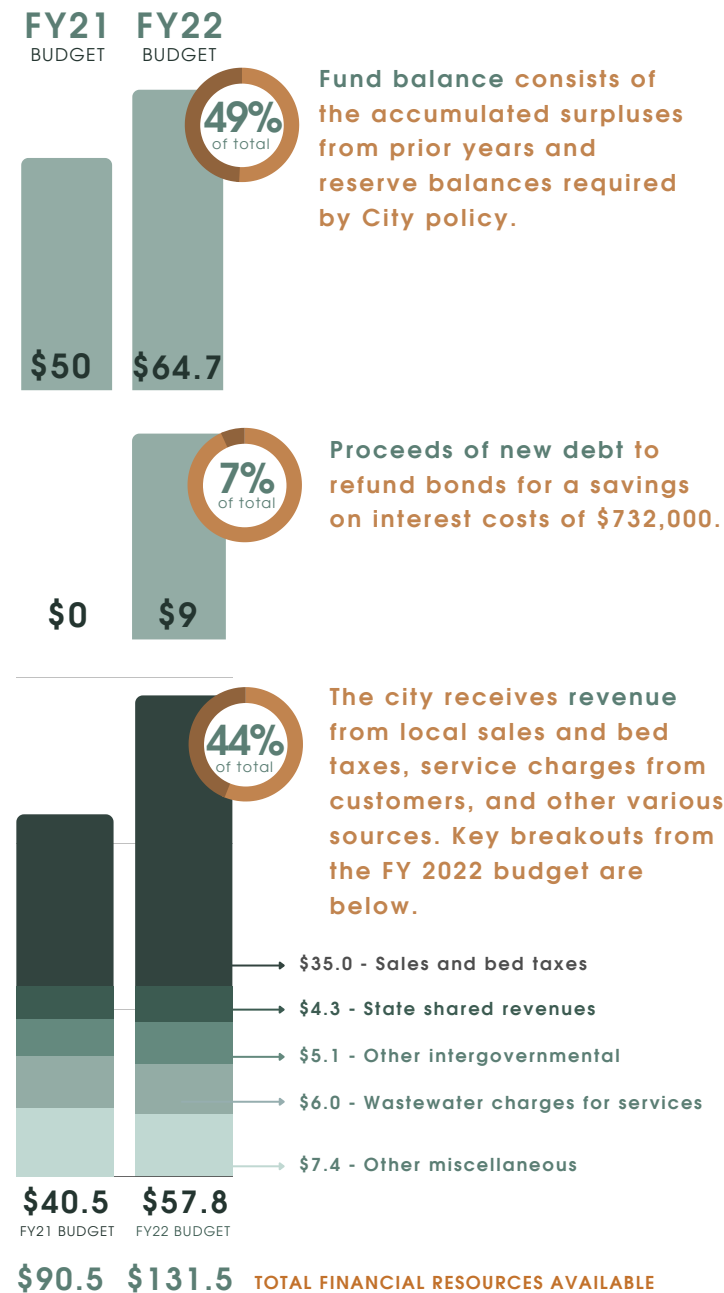
\$10.9M

# WHAT DOES IT COST TO RUN THE CITY AND HOW ARE THOSE COSTS PAID?

The total FY 2022 expenditure budget is \$62.7 million, an increase of \$11.5 million or 22%. In addition, the FY 2022 budget includes a debt refinancing of \$9 million, resulting in a total budget amount of \$71.7 million. The debt refinancing is anticipated to reduce interest costs by \$732,000.

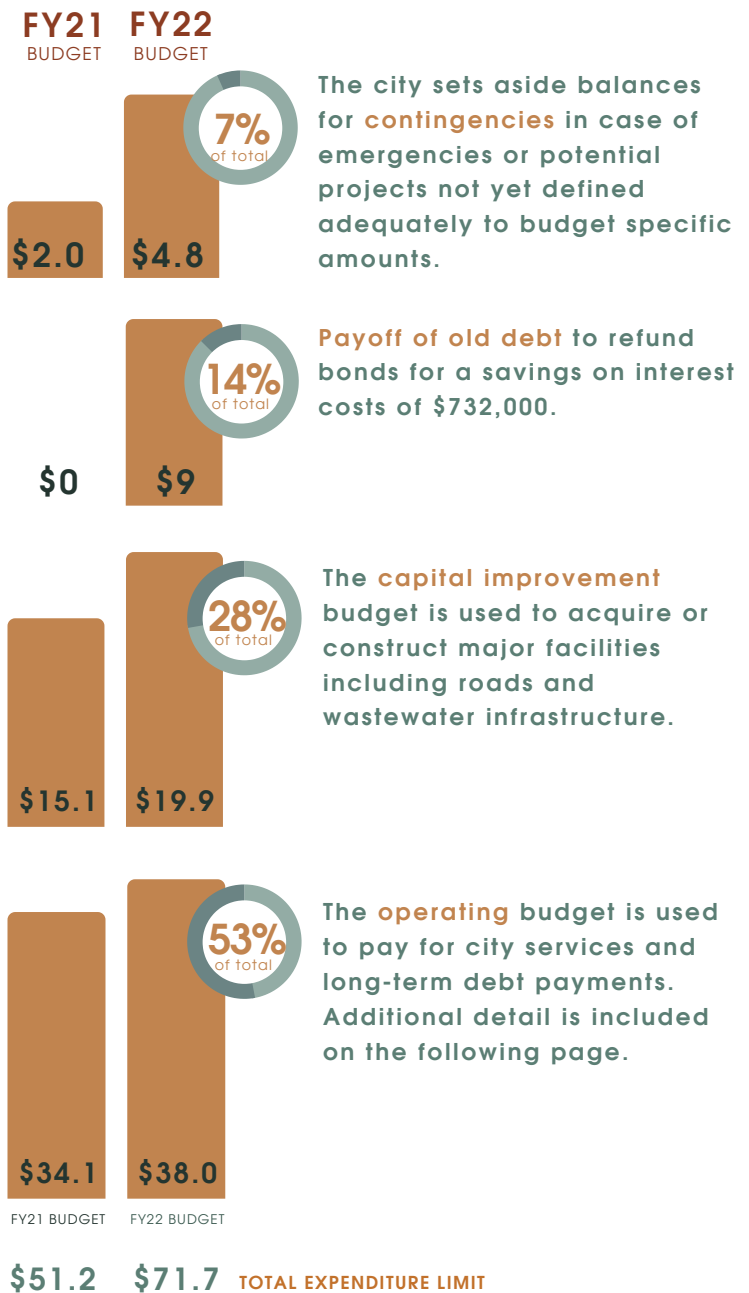
## What financial resources are available for the City of Sedona?

(IN MILLIONS OF DOLLARS)



## What are the expenses for running the City of Sedona?

(IN MILLIONS OF DOLLARS)



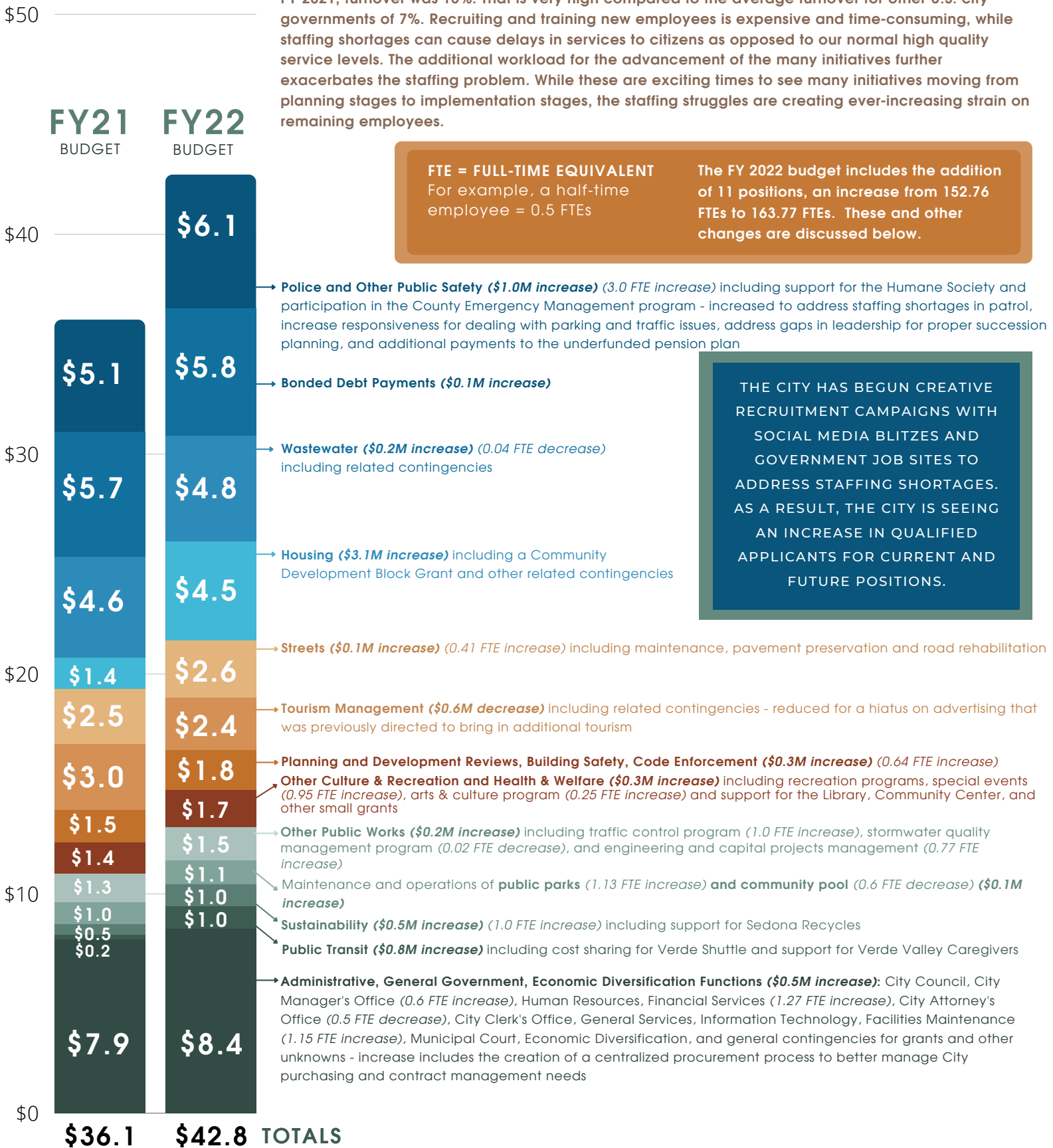
## FINAL BUDGET ADOPTION AUGUST 10

Sedona is required by law to adopt a budget each year, and cannot spend more than that total amount. The FY 2022 budget was adopted by the City Council on August 10, 2021. The city's financial statements are audited annually by an independent auditor. The most recent audit for FY 2020 received a clean opinion.

# OPERATING & CONTINGENCY BUDGETS FOR FY 2022

City of Sedona, Financial Services Department  
 102 Roadrunner Drive  
 Sedona, AZ 86336  
 928-204-7185  
 CWright@SedonaAZ.gov

In addition to the many initiatives moving forward, the City is struggling with staffing to keep up. For FY 2021, turnover was 18%. That is very high compared to the average turnover for other U.S. city governments of 7%. Recruiting and training new employees is expensive and time-consuming, while staffing shortages can cause delays in services to citizens as opposed to our normal high quality service levels. The additional workload for the advancement of the many initiatives further exacerbates the staffing problem. While these are exciting times to see many initiatives moving from planning stages to implementation stages, the staffing struggles are creating ever-increasing strain on remaining employees.



**FTE = FULL-TIME EQUIVALENT**  
 For example, a half-time employee = 0.5 FTEs

The FY 2022 budget includes the addition of 11 positions, an increase from 152.76 FTEs to 163.77 FTEs. These and other changes are discussed below.

THE CITY HAS BEGUN CREATIVE RECRUITMENT CAMPAIGNS WITH SOCIAL MEDIA BLITZES AND GOVERNMENT JOB SITES TO ADDRESS STAFFING SHORTAGES. AS A RESULT, THE CITY IS SEEING AN INCREASE IN QUALIFIED APPLICANTS FOR CURRENT AND FUTURE POSITIONS.