

**City Council**

**Budget Work Sessions**

**June 14 and 15, 2023**

# ANNUAL BUDGET

**CITY OF SEDONA, AZ**

**FISCAL YEAR 2023/24**

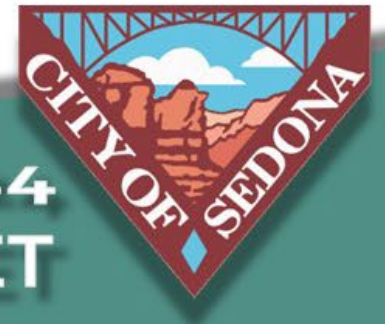




# Agenda



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# Layout of Proposed Budget Books

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Tab 2 Overview – Budget Memo

Tab 3 Community Input

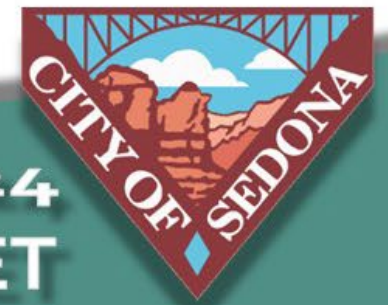
Tab 4 Overall Summary Schedules

Tab 5 Fund Summaries

Tab 6 Capital Improvement Projects

Tabs 7-24 Individual Department Budgets

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# Work Session Goals

Ensure Council understands what is proposed in the Budget

- **Legal Requirement:** No expenditure can be made for a purpose not authorized in the Adopted Budget.

Determine amount of budget cap

- **Legal Requirement:** Adoption of Tentative Budget sets the maximum expenditure for the final budget adoption.<sup>(1)</sup>

Discuss the City's financial capacity for addressing priorities

<sup>(1)</sup> Voters approved Home Rule in August 2022 and is effective through FY 2027.



# FY 2023-24 Budget Calendar

|   | Participants                    | Date                           |
|---|---------------------------------|--------------------------------|
| Operating Budget & Capital Improvement Program (CIP) Budget Kickoff Meetings                    | Staff                           | January 9 and 11, 2023         |
| City Council Retreat  | Council, Staff                  | January 17-19, 2023            |
| Community Budget Survey Open  | CMO, Finance                    | January 26 – February 16, 2023 |
| Preliminary CIP Requests Due  | Staff                           | February 9, 2023               |
| Review of CIP Project Submittals  | Staff CIP Team                  | February 16, 2023              |
| Operating Budgets, Decision Packages, Final CIP Requests Due                                    | Staff                           | March 2, 2023                  |
| Citizens Budget Work Group (CBWG) Kickoff Meeting   | CBWG, CMO, Finance              | March 9, 2023                  |
| Review of Revenue Projections   | Chamber, Staff                  | March 22, 2023                 |
| CBWG Review Service Provider Agreements   | CBWG, CMO, Finance              | March 23, 2023                 |
| City Manager Review with Departments  | CM, Staff                       | April 3-13, 2023               |
| CBWG Review of Preliminary FY2024 Budget  | CBWG, CMO, Finance              | April 6, 2023                  |
| CBWG Decision Package Review and Finalize Recommendations                                       | CBWG, CMO, Finance, Staff       | April 17, 2023                 |
| Proposed Budget Distributed to City Council   | Finance                         | May 24, 2023                   |
| City Council Approval of Service Provider Agreements  | Council, Staff, CBWG, Providers | June 13, 2023                  |
| City Council Budget Work Sessions   | Council, Staff, CBWG            | <b>June 14-15, 2023</b>        |
| City Council Adoption of Annual Update to Pension Funding Policy & Fund Balance Policy Revision | Council, Staff                  | June 27, 2023                  |
| City Council Adoption of Tentative Budget   | Council, Staff                  | July 11, 2023                  |
| Board Adoption of Tentative CFD Budget  | Board, Staff                    | July 11, 2023                  |
| City Council Adoption of Budget   | Council, Staff                  | August 8, 2023                 |
| Board Adoption of Final CFD Budget  | Board, Staff                    | August 8, 2023                 |

# Revenue Forecasts

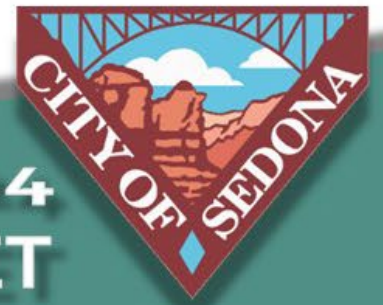
*Special Thanks for Input Provided*

Michelle  
Conway

Cari Meyer



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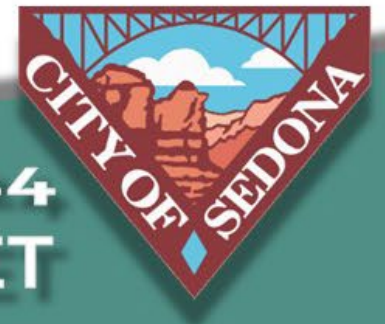


# Community Survey

*Special Thanks for Input Provided*



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# Citizens Budget Work Group

## *Special Thanks for Input Provided*

Philippe  
Buliet

James Cashin

Christian  
Eaton

PJ Harrison

Guy  
Lamunyon

Dave Price

Pilisa Rainbow  
Lady

Tracy Randall

Rob Smith

Dick Williams



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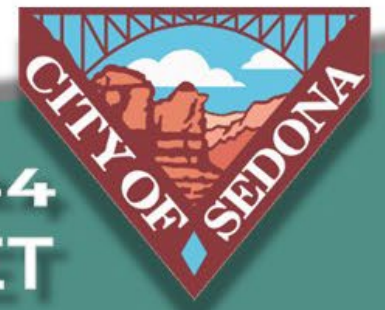






# Citizens Budget Work Group Presentation

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# Department Budgets

- Tab order
- PP – summary of significant changes in direct costs
- PP – one-time costs included
- PP – Decision Packages summary
- PP – CIP projects summary
- Accomplishments, goals, measures in books



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# Ongoing vs. One-Time

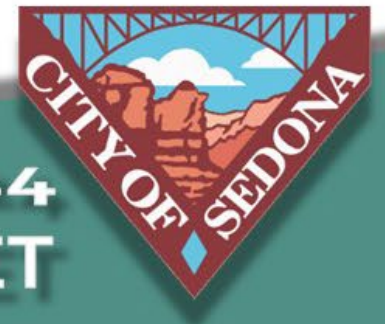
Ongoing





# Wastewater

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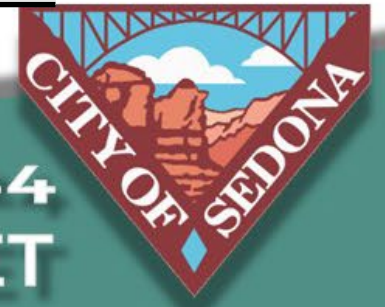




# Wastewater Summary Changes

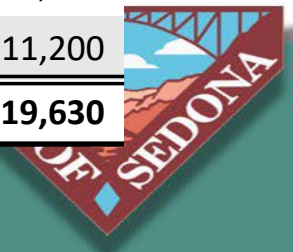
|   | Direct Costs       |
|---|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                      | <b>\$4,035,760</b> |
| Increase in one-time costs                                | 92,440             |
| Increase in wages and benefits                            | 34,750             |
| Increase in utility costs                                 | 73,120             |
| Increase in biosolids disposal service                    | 10,000             |
| Increase in UV bulbs/quartz sleeves/ballasts replacements | 15,000             |
| Increase in wetlands maintenance costs                    | 10,000             |
| Increase in centrifuge maintenance/rebuild costs          | 15,000             |
| Increase in permit fees                                   | 9,200              |
| Miscellaneous increases                                   | 3,960              |
| <b>FY 2024 Budgeted Direct Costs</b>                      | <b>\$4,299,230</b> |
| % Change  | 7%                 |
| % Change (Ongoing Direct Costs Only)                      | 5%                 |

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# Wastewater One-Time

|   | FY 2024<br>One-Time<br>Costs |
|---|------------------------------|
| Carryovers – WIMS training/development, PLC rack upgrade, Northview generator install | \$ 45,000                    |
| Vehicle leases  | 34,770                       |
| Vactor truck lease  | 148,000                      |
| Electric utility vehicle (replacement for Jeep Wrangler)                              | 35,000                       |
| Lab golf cart replacement   | 10,000                       |
| Injection well pull pipe to backflush   | 30,000                       |
| Chlorine pump replacements  | 30,000                       |
| Polymer skid replacements   | 30,000                       |
| Long-range walkie talkie headsets   | 1,200                        |
| Arc flash study update – minor pump stations  | 12,340                       |
| Effluent PFAS testing   | 2,700                        |
| CCTV rover  | 14,000                       |
| Skid steer mowing attachment  | 8,000                        |
| Lab instruments/tools   | 7,420                        |
| Plant instruments/tools   | 11,200                       |
| <b>Total One-Time Costs</b>   | <b>\$419,630</b>             |





# Wastewater CIP Projects<sup>(1)</sup>

(WW-7 to WW-18)

|   | FY2024             | FY2025              | FY2026             | Total               |
|---|--------------------|---------------------|--------------------|---------------------|
| <b>Carryover Projects</b>                           |                    |                     |                    |                     |
| WW-01D – Misc Rehabs/Replacements                   | \$ 240,000         | \$ 220,000          | \$ -               | \$ 460,000          |
| WW-01F – Major Lift Station Upgrades <sup>(2)</sup> | 3,668,985          | 759,635             | -                  | 4,428,620           |
| WW-04 – SCADA System Upgrade <sup>(3)</sup>         | 310,000            | -                   | -                  | 310,000             |
| WW-06 – Recharge Wells                              | -                  | 5,143,600           | 5,100,000          | 10,243,600          |
| WW-09 – Treatment Process Upgrades                  | 709,500            | 2,860,000           | -                  | 3,569,500           |
| WW-14 – Area 4 Valve Vault Upgrade <sup>(4)</sup>   | 140,000            | -                   | -                  | 140,000             |
| WW-15 – VACCON Storage Building <sup>(5)</sup>      | 113,400            | -                   | -                  | 113,400             |
| <b>New Projects</b>                                 |                    |                     |                    |                     |
| WW-08 – Drying Beds Replacement <sup>(3)</sup>      | 150,000            | 1,500,000           | -                  | 1,650,000           |
| WW-16 – Secondary Clarifier Rehabilitation          | 155,000            | 155,000             | -                  | 310,000             |
| WW-18 – Recharge Well Backwash Filter System        | 130,000            | -                   | -                  | 130,000             |
| <b>Future Projects</b>                              |                    |                     |                    |                     |
| WW-01E – Future Collections Projects                | -                  | 50,000              | 500,000            | 550,000             |
| WW-10 – Wastewater Master Plan Update               | -                  | -                   | 100,000            | 100,000             |
| <b>Totals for Projects within Funded Years</b>      | <b>\$5,616,885</b> | <b>\$10,688,235</b> | <b>\$5,700,000</b> | <b>\$22,005,120</b> |

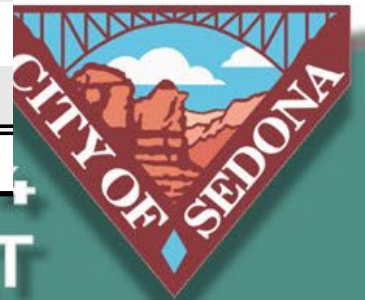
<sup>(1)</sup> Continuation of these projects and additional projects in future years not included in the table.

<sup>(2)</sup> Includes funding from equipment replacement reserve of \$631,000 and assumed ARPA funding of \$70,400. Also, includes request to increase appropriation by \$313,513.

<sup>(3)</sup> WW-04 and WW-08 are proposed for deferral to FY26 to stay within reserve requirements.

<sup>(4)</sup> Includes request to increase appropriation by \$25,000.

<sup>(5)</sup> Includes request to increase appropriation by \$117,555 for building permit requirements (portion in FY2023).





# Parks & Recreation

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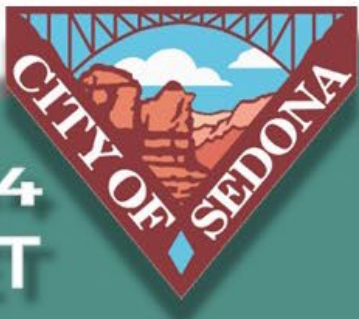




# Parks & Recreation Summary Changes

|  | Direct Costs       |
|--|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>   | <b>\$ 916,780</b>  |
| Increase in wages and benefits (includes decrease of 0.03 seasonal FTEs and increases to seasonal staff pay) | 95,510             |
| Increase in one-time costs   | 50,470             |
| Increase in special event costs  | 41,960             |
| Increase in recreation program costs   | 6,340              |
| Transfer software costs to IT  | (8,480)            |
| Miscellaneous decreases  | 1,250              |
| <b>FY 2024 Budgeted Direct Costs</b>   | <b>\$1,103,830</b> |
| % Change   | 20%                |
| % Change (Ongoing Direct Costs Only)   | 15%                |

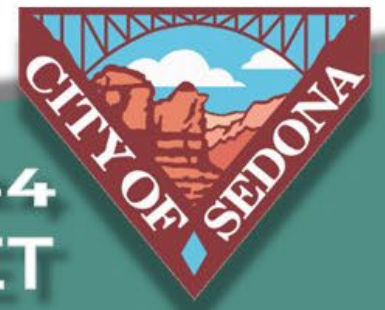
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# Parks & Recreation One-Time

|  | FY 2024<br>One-Time<br>Costs |
|--|------------------------------|
| School District Admin site lease   | \$23,460                     |
| Fitness, volleyball, cornhole, disc golf, scoreboard, and other recreation equipment | 12,860                       |
| Utility vehicle with trailer   | 23,000                       |
| Pool ID card printer for passes  | 1,250                        |
| <b>Total One-Time Costs</b>  | <b>\$60,570</b>              |





# Parks & Recreation CIP Projects<sup>(1)</sup>

(PR-7 to PR-12)

|  | FY2024             | FY2025             | FY2026           | Total              |
|--|--------------------|--------------------|------------------|--------------------|
| <b>Carryover Projects</b>  |                    |                    |                  |                    |
| PR-03B – Impr. at Ranger Station – Interior Restoration of House and Barn <sup>(2)</sup> | \$ 617,390         | \$ -               | \$ -             | \$ 617,390         |
| PR-03C – Build-Out of Ranger Station Park <sup>(3)</sup>                                 | 1,653,820          | -                  | -                | 1,653,820          |
| PR-08 – Dog Park Impr. <sup>(4)</sup>  | 55,320             | -                  | -                | 55,320             |
| PR-09 – Posse Grounds Park Pickleball Courts <sup>(5)</sup>                              | 1,500,000          | -                  | -                | 1,500,000          |
| <b>Future Project</b>  |                    |                    |                  |                    |
| PR-01 – New Concession Stand <sup>(6)</sup>  | -                  | 80,000             | 482,000          | 562,000            |
| PR-10 – Creekside Preservation/Walking Path <sup>(7)</sup>                               | -                  | 2,500,000          | -                | 2,500,000          |
| <b>Totals for Projects within Funded Years</b>   | <b>\$3,826,530</b> | <b>\$2,580,000</b> | <b>\$482,000</b> | <b>\$6,888,530</b> |

<sup>(1)</sup> Continuation of these projects and additional projects in future years not included in the above table.

<sup>(2)</sup> Includes CFD funding of \$200,000 and DIF funding of \$175,860. Also, includes request to increase appropriation by \$39,276.

<sup>(3)</sup> Includes CFD funding of \$115,000 and DIF funding of \$648,340. Also, includes request to increase appropriation by \$71,325.

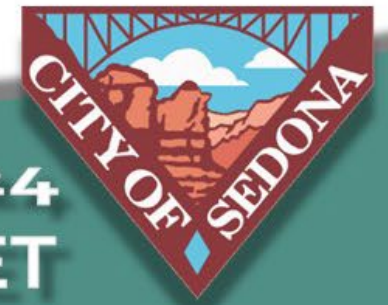
<sup>(4)</sup> Includes DIF funding of \$23,310. Also, includes request to increase appropriation by \$166,020 (portion in FY2023).

<sup>(5)</sup> Includes CFD funding of \$90,000 and DIF funding of \$1,410,000.

<sup>(6)</sup> Fully covered by CFD funding.

<sup>(7)</sup> Includes DIF funding of \$1,059,370.

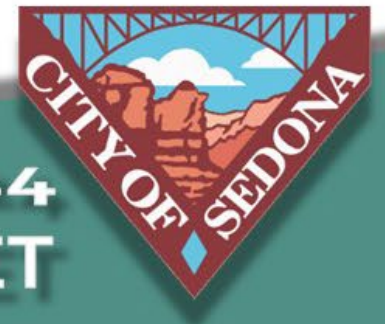
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# Police

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# Police Summary Changes

|   | Direct Costs        |
|---|---------------------|
| <b>FY 2023 Budgeted Direct Costs</b>  | <b>\$ 8,061,620</b> |
| Decision Packages (includes 1.0 FTE)  | 128,860             |
| Decrease in one-time costs (including one-time \$1M PSPRS contribution)                   | (1,036,040)         |
| Increase in wages and benefits (including transfer of 2.0 FTE from ComDev) <sup>(1)</sup> | 379,010             |
| Transfer portion of vacancy savings offset from General Services                          | (232,080)           |
| Transfer software costs to IT   | (15,850)            |
| Transfer operating costs for Code Enforcement from ComDev <sup>(1)</sup>                  | 14,980              |
| Miscellaneous increases   | (1,680)             |
| <b>FY 2024 Budgeted Direct Costs</b>  | <b>\$7,298,820</b>  |
| % Change  | -9%                 |
| % Change (Ongoing Direct Costs Only)  | 4%                  |

<sup>(1)</sup> Transfer of positions will be reversed in the tentative budget version.

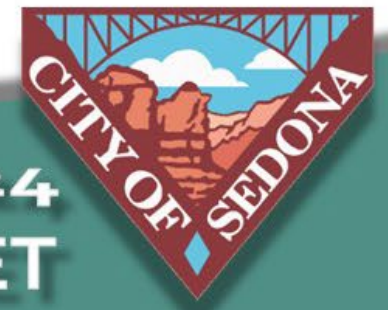
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# Police One-Time

|                                      | FY 2024<br>One-Time<br>Costs |
|--------------------------------------|------------------------------|
| Decision Packages                    | \$ 7,400                     |
| Vehicle leases                       | 243,270                      |
| In-car camera/body worn camera lease | 39,140                       |
| Vehicle upfits                       | 109,000                      |
| Replace K-9 including training       | 21,000                       |
| Replace handheld radios              | 12,650                       |
| <b>Total One-Time Costs</b>          | <b>\$432,460</b>             |





# Police Decision Packages

(PD-14 to PD-19)

|  | Priority | One-Time Costs  | Ongoing Costs    | Totals           | CM Recommendation                     | CBWG Recommendation                   |
|--|----------|-----------------|------------------|------------------|---------------------------------------|---------------------------------------|
| Second Motor Officer (1.0 FTE) <sup>(1)</sup>                  | High     | \$ 12,000       | \$121,460        | \$133,460        | Recommended                           | Recommended                           |
| DUI Enforcement  | Low      | 1,200           | -                | 1,200            | Recommended if grant funding received | Recommended if grant funding received |
| Speed & Traffic Enforcement                                    | Low      | 1,200           | -                | 1,200            | Recommended if grant funding received | Recommended if grant funding received |
| <b>Total General Fund Requests</b>                             |          | <b>\$ 5,000</b> | <b>\$121,460</b> | <b>\$126,460</b> |                                       |                                       |
| <b>Total Grants, Donations &amp; Restricted Funds Requests</b> |          | <b>\$ 2,400</b> | <b>\$ -</b>      | <b>\$ 2,400</b>  |                                       |                                       |
| <b>Total Information Technology Fund Requests</b>              |          | <b>\$ 7,000</b> | <b>\$ -</b>      | <b>\$ 7,000</b>  |                                       |                                       |
| <b>Recommended</b>   |          | <b>\$14,400</b> | <b>\$121,460</b> | <b>\$135,860</b> |                                       |                                       |
| <b>Not Recommended</b>   |          | <b>\$ -</b>     | <b>\$ -</b>      | <b>\$ -</b>      |                                       |                                       |

<sup>(1)</sup> One-time costs of \$7,000 for hardware/software included in IT budget.



# Police CIP Project

(PD-20)

|   | FY2024     | FY2025    | FY2026 | Total      |
|---|------------|-----------|--------|------------|
| <b>Carryover Projects</b>                   |            |           |        |            |
| PD-02 – Radio Infrastructure <sup>(1)</sup> | \$ 215,800 | \$500,000 | \$ -   | \$ 715,800 |

<sup>(1)</sup> Includes request to increase appropriation by \$150,000 to move forward with Phase 2 once Phase 1 is complete.



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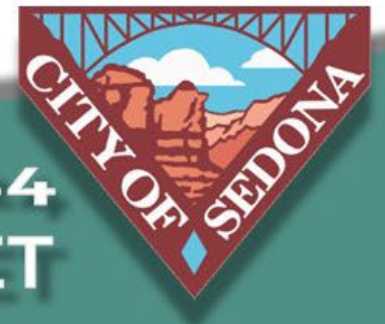






# Public Transit

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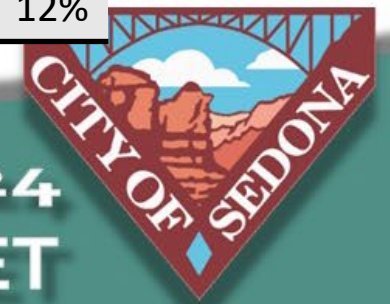
# Transit Summary Changes<sup>(1)</sup>

|   | Direct Costs       |
|---|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                          | <b>\$2,474,060</b> |
| Decision Packages   | 64,500             |
| Increase in one-time costs                                    | 52,640             |
| Increase in wages and benefits                                | 10,330             |
| Added equipment replacement reserve                           | 236,710            |
| Decrease in trailhead shuttle service contract <sup>(2)</sup> | (574,060)          |
| Increase in micro-transit service contract <sup>(3)</sup>     | 484,690            |
| Increase in fuel costs <sup>(3)</sup>                         | 32,970             |
| Transfer ITS annual software license/support from IT budget   | 65,000             |
| Miscellaneous increases                                       | 2,900              |
| <b>FY 2024 Budgeted Direct Costs</b>                          | <b>\$2,849,740</b> |
| % Change  | 15%                |
| % Change (Ongoing Direct Costs Only)                          | 12%                |

<sup>(1)</sup> Does not include estimated Verde Shuttle increase of \$56,520 that will be added in the tentative budget.

<sup>(2)</sup> Portion of contract fixed costs allocated to micro-transit.

<sup>(3)</sup> Assumes micro-transfer service starting in Sept 2023.

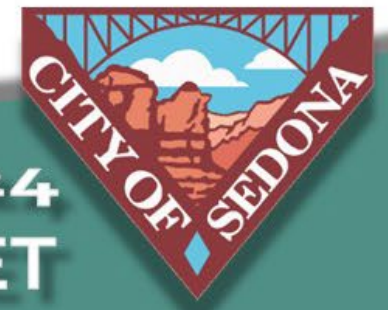






# Transit One-Time

|                               | FY 2024<br>One-Time<br>Costs |
|-------------------------------|------------------------------|
| Decision Package              | \$ 64,500                    |
| Vehicle leases                | 300,830                      |
| ITS hardware & implementation | 61,680                       |
| <b>Total One-Time Costs</b>   | <b>\$427,010</b>             |



# Transit Decision Package

(PT-5 to PT-6)

|   | Priority | One-Time Costs    | Ongoing Costs | Totals            | CM Recommendation                    | CBWG Recommendation |
|---|----------|-------------------|---------------|-------------------|--------------------------------------|---------------------|
| Hanover Multimedia TFT Screens            | Medium   | \$ 64,500         | \$ -          | \$64,500          | Recommended from tourism contingency | Not recommended     |
| <b>Total Public Transit Fund Requests</b> |          | <b>\$ 64,500</b>  | <b>\$ -</b>   | <b>\$ 64,500</b>  |                                      |                     |
| <b>Total General Fund Requests</b>        |          | <b>\$(64,500)</b> | <b>\$ -</b>   | <b>\$(64,500)</b> |                                      |                     |
| <b>Recommended<sup>(1)</sup></b>          |          | <b>\$ -</b>       | <b>\$ -</b>   | <b>\$ -</b>       |                                      |                     |
| <b>Not Recommended</b>                    |          | <b>\$ -</b>       | <b>\$ -</b>   | <b>\$ -</b>       |                                      |                     |

<sup>(1)</sup> While the Decision Package is recommended by the CM, the net impact on the total budget is zero due to the offsetting reduction of the tourism contingency account.

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# Transit CIP Projects<sup>(1)</sup>

(PT-7 to PT-12)

|  | FY2024             | FY2025              | FY2026             | Total               |
|--|--------------------|---------------------|--------------------|---------------------|
| <b>Carryover Projects</b>                            |                    |                     |                    |                     |
| PT-01 – Maintenance/Operations Center <sup>(2)</sup> | \$ 800,000         | \$12,070,000        | \$6,430,000        | \$19,300,000        |
| PT-02 – Transit RIDE Exchange <sup>(3)</sup>         | -                  | 130,000             | 130,000            | 1,550,000           |
| PT-03 – Bus Acquisition <sup>(4)</sup>               | 856,370            | -                   | -                  | 856,370             |
| PT-04a – “Y” Multimodal Stop                         | 75,000             | 30,000              | 300,000            | 405,000             |
| <b>New Projects</b>                                  |                    |                     |                    |                     |
| PT-04b – North SR 179 Park and Ride                  | 30,000             | 300,000             | -                  | 330,000             |
| PT-06 – South SR 179 Park and Ride                   | 20,000             | -                   | -                  | 20,000              |
| <b>Totals for Projects within Funded Years</b>       | <b>\$1,781,370</b> | <b>\$12,530,000</b> | <b>\$6,860,000</b> | <b>\$21,171,370</b> |

<sup>(1)</sup> Continuation of these projects and additional projects in future years not included in the above table.

<sup>(2)</sup> Includes assumed grant funding of \$15,440,000 and assumed debt financing of \$3,700,000 during the first 3 funded years. Also, includes request to increase appropriation by \$5,293,745 due to delays and inflationary factors.

<sup>(3)</sup> Includes assumed grant funding of \$208,000 and assumed debt financing of \$52,000 during the first 3 funded years. Also, includes request to increase appropriation by \$22,029 due to increased study costs.

<sup>(4)</sup> Includes grant funding of \$424,690. Also, includes request to increase appropriation by \$320,070 due to increased cost of micro-transit vehicles after the vendor cancelled our order.

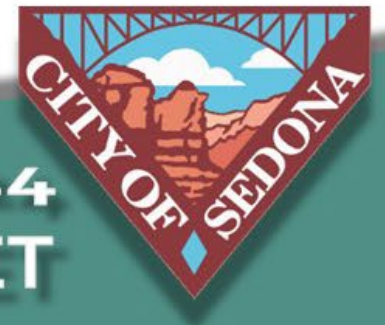
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# Municipal Court

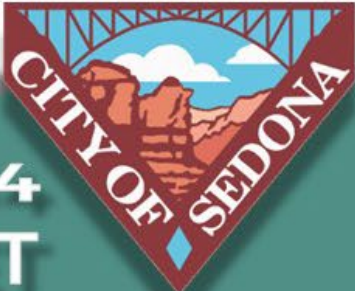
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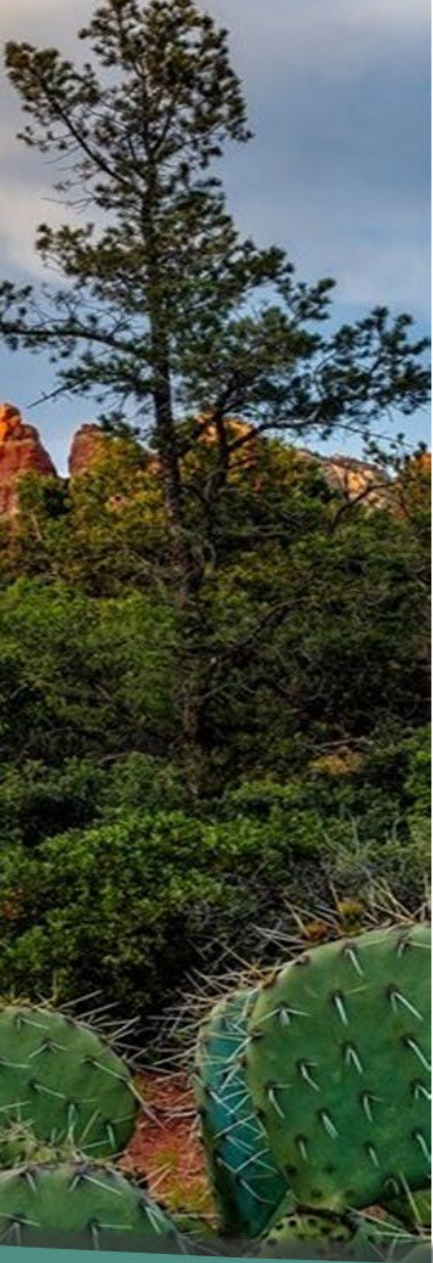




# Municipal Court Summary Changes

|   | Direct Costs     |
|---|------------------|
| <b>FY 2023 Budgeted Direct Costs</b>  | <b>\$682,610</b> |
| Decision Packages (includes 0.78 FTEs for one-time temp)                      | 49,040           |
| Increase in ongoing wages and benefits  | 63,640           |
| Decrease in one-time costs (includes decrease of 0.25 FTEs for one-time temp) | (23,940)         |
| Miscellaneous increases   | 3,070            |
| <b>FY 2024 Budgeted Direct Costs</b>  | <b>\$774,420</b> |
| % Change  | 13%              |
| % Change (Ongoing Direct Costs Only)  | 11%              |

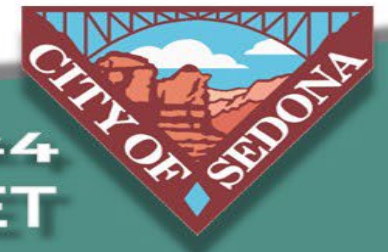




# Municipal Court One-Time

|                                  | FY 2024<br>One-Time<br>Costs |
|----------------------------------|------------------------------|
| Decision Package                 | \$ 49,040                    |
| School District Admin site lease | 51,060                       |
| <b>Total One-Time Costs</b>      | <b>\$100,100</b>             |

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# Municipal Court Decision Packages

(MC-5 to MC-10)

|                                       | Priority | One-Time Costs  | Ongoing Costs    | Totals           | CM Recommendation | CBWG Recommendation |
|---------------------------------------|----------|-----------------|------------------|------------------|-------------------|---------------------|
| New Court Clerk Position              | High     | \$ -            | \$ 78,510        | \$ 78,510        | Not recommended   | Not recommended     |
| Temporary Court Clerk                 | High     | 49,040          | -                | 49,040           | Recommended       | Recommended         |
| Increase Court Security Officer Hours | Medium   | -               | 50,250           | 50,250           | Not recommended   | Not recommended     |
| <b>Total General Fund Requests</b>    |          | <b>\$49,040</b> | <b>\$128,760</b> | <b>\$177,800</b> |                   |                     |
| <b>Recommended</b>                    |          | <b>\$49,040</b> | <b>\$ -</b>      | <b>\$ 49,040</b> |                   |                     |
| <b>Not Recommended</b>                |          | <b>\$ -</b>     | <b>\$128,760</b> | <b>\$128,760</b> |                   |                     |



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# Municipal Court CIP Project

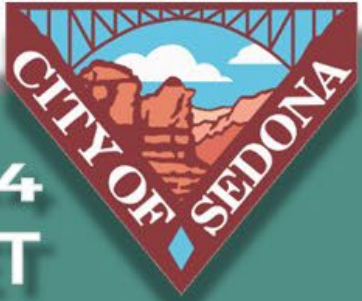
(MC-11)

|   | FY2024   | FY2025   | FY2026 | Total     |
|---|----------|----------|--------|-----------|
| <b>Carryover Project</b>                        |          |          |        |           |
| MC-02 – Court Relocation/Remodel <sup>(1)</sup> | \$78,700 | \$73,300 | \$ -   | \$152,000 |

<sup>(1)</sup> Includes grant funding of \$11,022 and court restricted funding of \$140,978. Also, includes request to increase appropriation by \$152,000 for Phase 2.



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# Sustainability

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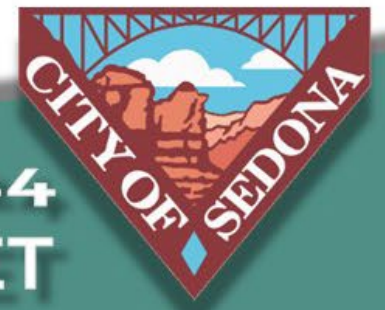




# Sustainability Summary Changes

|  | Direct Costs     |
|--|------------------|
| <b>FY 2023 Budgeted Direct Costs</b>   | <b>\$960,850</b> |
| Decrease in one-time costs   | (223,340)        |
| Increase in wages and benefits   | 19,200           |
| Increase household hazardous waste collection costs                              | 9,000            |
| Increase to Municipal Sustainable Plan implementation                            | 5,000            |
| Increase to misc professional services for implementation of Climate Action Plan | 5,000            |
| Add promotional items for community reuse campaign                               | 4,000            |
| Transfer software costs to IT  | (3,300)          |
| Miscellaneous increases  | 200              |
| <b>FY 2024 Budgeted Direct Costs</b>   | <b>\$776,610</b> |
| % Change   | -19%             |
| % Change (Ongoing Direct Costs Only)   | 5%               |

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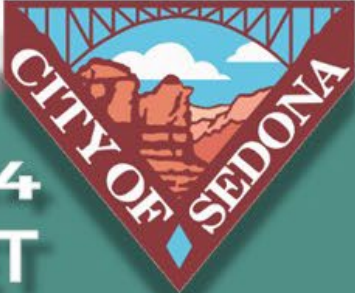




# Sustainability One-Time

|                                  | FY 2024<br>One-Time<br>Costs |
|----------------------------------|------------------------------|
| School District Admin site lease | \$ 9,660                     |

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# Sustainability Decision Package

(Sustain-4 to Sustain-5)

|                                    | Priority | One-Time Costs  | Ongoing Costs  | Totals          | CM Recommendation            | CBWG Recommendation |
|------------------------------------|----------|-----------------|----------------|-----------------|------------------------------|---------------------|
| Community Garden Project           | Medium   | \$13,500        | \$1,500        | \$15,000        | Not recommended at this time | Not recommended     |
| <b>Total General Fund Requests</b> |          | <b>\$13,500</b> | <b>\$1,500</b> | <b>\$15,000</b> |                              |                     |
| <b>Recommended</b>                 |          | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b>     |                              |                     |
| Not Recommended                    |          | \$13,500        | \$1,500        | \$15,000        |                              |                     |



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# Sustainability CIP Projects<sup>(1)</sup>

(Sustain-6 to Sustain-10)

|   | FY2024           | FY2025           | FY2026           | Total              |
|---|------------------|------------------|------------------|--------------------|
| <b>Carryover Project</b>                                  |                  |                  |                  |                    |
| SUS-01 – Posse Grounds Park Solar Lighting <sup>(2)</sup> | \$120,000        | \$ -             | \$ -             | \$ 120,000         |
| <b>New Projects</b>                                       |                  |                  |                  |                    |
| SUS-03 – Decarbonization Road-Mapping Plan                | 150,000          | -                | -                | 150,000            |
| SUS-05 – Streetlights LED Retrofit                        | 181,800          | -                | -                | 181,800            |
| <b>Future Projects</b>                                    |                  |                  |                  |                    |
| SUS-06 – DC Fast EV Chargers <sup>(3)</sup>               | -                | 202,000          | 202,000          | 404,000            |
| SUS-07 – Building Retrofit of Natural Gas Systems         | -                | 151,500          | 151,500          | 303,000            |
| <b>Totals for Projects within Funded Years</b>            | <b>\$451,800</b> | <b>\$353,500</b> | <b>\$353,500</b> | <b>\$1,158,800</b> |

<sup>(1)</sup> Continuation of these projects and additional projects in future years not included in the above table.

<sup>(2)</sup> This project will be less than \$100,000 and, therefore, will no longer qualify as a CIP project. The impact of the adjustment will be made in the tentative budget version.

<sup>(3)</sup> Possible grant funding will be sought.

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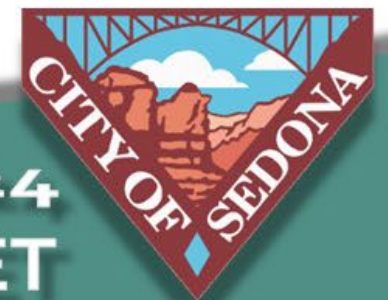






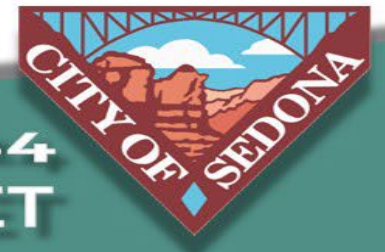
# Public Works

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ANNUAL BUDGET



# Public Works Summary Changes

|  | Direct Costs       |
|--|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                             | <b>\$6,800,790</b> |
| Increase in one-time costs                                       | 85,165             |
| Increase in wages and benefits                                   | 136,470            |
| Transfer portion of vacancy savings offset from General Services | (63,710)           |
| Increase in utilities  | 63,630             |
| Decrease in fuel costs   | (34,270)           |
| Increase in facilities and custodial maintenance services        | 89,425             |
| Increase in streets maintenance services                         | 358,090            |
| Add maintenance costs for bus stops/park and rides               | 34,000             |
| Miscellaneous decreases  | (40,400)           |
| <b>FY 2024 Budgeted Direct Costs</b>                             | <b>\$7,429,190</b> |
| % Change   | 9%                 |
| % Change (Ongoing Direct Costs Only)                             | 9%                 |

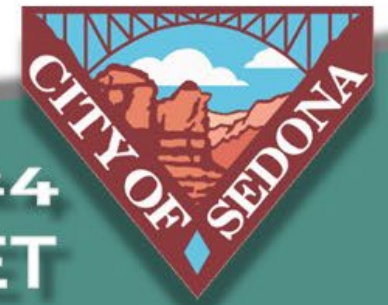




# Public Works One-Time

|  | FY 2024<br>One-Time<br>Costs |
|--|------------------------------|
| School District Admin site lease               | \$ 34,500                    |
| Vehicle leases                                 | 85,840                       |
| MidState energy efficiencies lease             | 38,490                       |
| Street sweeper lease                           | 53,200                       |
| Dump truck/snowplow replacement <sup>(1)</sup> | 85,000                       |
| Sidewalks/ADA modifications                    | 45,000                       |
| Posse Grounds Hub maintenance                  | 10,400                       |
| Pool maintenance and heater replacements       | 15,000                       |
| Parks maintenance, improvements, and equipment | 47,000                       |
| AEDs   | 7,550                        |
| Fence repair/replacement                       | 72,000                       |
| HVAC replacements                              | 21,000                       |
| Roof rehabs/facilities improvements            | 113,000                      |
| Bus stop improvements                          | 5,000                        |
| <b>Total One-Time Costs</b>                    | <b>\$632,980</b>             |

<sup>(1)</sup> The replacement of the dump truck/snowplow is planned for Council approval on June 27<sup>th</sup> as a lease purchase. The impact of this change will be adjusted in the tentative budget.





# Public Works CIP Projects

(PW-10 to PW-11)

|  | FY2024      | FY2025             | FY2026             | Total              |
|--|-------------|--------------------|--------------------|--------------------|
| <b>Future Projects</b>                         |             |                    |                    |                    |
| PW-06 – City Hall and Door Replacement         | \$ -        | \$505,000          | \$ -               | \$ 505,000         |
| PW-08 – Cultural Park Improvements             | -           | 2,000,000          | 3,250,000          | 5,250,000          |
| <b>Totals for Projects within Funded Years</b> | <b>\$ -</b> | <b>\$2,505,000</b> | <b>\$3,250 000</b> | <b>\$5,755,000</b> |



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# Sedona in Motion CIP Projects<sup>(1)</sup>

(PW-12 to PW-33)

|  | FY2024         | FY2025         | FY2026      | Total          |
|--|----------------|----------------|-------------|----------------|
| <b>Carryover Projects</b>  |                |                |             |                |
| SIM-00 – Sedona in Motion Unspecified Projects <sup>(2)</sup>                      | \$ (2,000,000) | \$(10,000,000) | \$7,000,000 | \$ (5,000,000) |
| SIM-01b – Uptown Northbound Impr. <sup>(3)</sup>                                   | 1,399,590      | 740,110        | -           | 2,139,700      |
| SIM-03a – Uptown Parking Garage <sup>(4)</sup>                                     | 1,024,560      | 18,241,820     | 3,100,000   | 22,366,380     |
| SIM-03b – Uptown One-Way Streets/Parking   | -              | -              | 65,000      | 65,000         |
| SIM-04c – Pedestrian Crossing at Oak Creek <sup>(5)</sup>                          | 3,517,020      | 200,000        | 858,500     | 4,575,520      |
| SIM-05a – Portal Ln to Ranger Rd Connection <sup>(6)</sup>                         | -              | 1,016,200      | -           | 1,016,200      |
| SIM-05b – Forest Rd Connection <sup>(7)</sup>                                      | 12,923,600     | 1,700,000      | -           | 14,623,600     |
| SIM-05d – Ranger Rd/Brewer Rd Intersection & Ranger Extension Impr. <sup>(8)</sup> | 1,654,550      | 512,500        | -           | 2,167,050      |
| SIM-11e – Navoti Dr to Dry Creek Rd SUP <sup>(9)</sup>                             | 50,000         | 700,000        | -           | 750,000        |
| SIM-11m – Dry Creek Rd Pathway, 89A to Two Fences                                  | 600,000        | 1,070,000      | -           | 1,670,000      |
| SIM-11n – Harmony SUP and Drainage Impr.   | 85,000         | 1,200,000      | -           | 1,285,000      |
| SIM-12b – Traffic Video Cameras <sup>(10)</sup>                                    | 50,000         | 50,000         | -           | 100,000        |

<sup>(1)</sup> Continuation of these projects and additional projects in future years not included in the table.

<sup>(2)</sup> Assumes unknown projects carried over from FY2024 and FY2025 to FY2026 and future years. Funding sources for the projects that will carry over are not identified at this time.

<sup>(3)</sup> Includes DIF funding of \$954,910. Also, includes request to increase appropriation by \$740,118.

<sup>(4)</sup> Assumes debt financed with issuance of additional bonds. Also, includes request to increase appropriation by \$5,580,346.

<sup>(5)</sup> Includes debt financing of \$3,397,020 and capital reserve funding of \$858,500 for portion exceeding transportation sales tax balance. Also, includes request to increase appropriation by \$1,718,396.

<sup>(6)</sup> Includes DIF funding of \$453,510.

<sup>(7)</sup> Includes DIF funding of \$2,088,310 and debt financing of \$9,944,210.

Also, includes request to increase appropriation by \$5,565,832.

<sup>(8)</sup> Includes DIF funding of \$60,630 and debt financing of \$1,156,640.

<sup>(9)</sup> Includes request to increase appropriation by \$751,671 for Phase 2.

<sup>(10)</sup> Includes request to increase appropriation by \$100,000 for additional cameras.

# Sedona in Motion CIP Projects<sup>(1)</sup>

(PW-12 to PW-33)

|   | FY2024              | FY2025              | FY2026              | Total               |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>New Projects</b>   |                     |                     |                     |                     |
| SIM-11o – SR179 Signing & Striping                                | 100,000             | -                   | -                   | 100,000             |
| SIM-11p – Brewer Rd SUP   | 370,000             | 500,000             | -                   | 870,000             |
| SIM-11q – Shelby II SUP <sup>(11)</sup>                           | 425,000             | 700,000             | -                   | 1,125,000           |
| <b>Future Project</b>   |                     |                     |                     |                     |
| SIM-11a – Rodeo Rd to Dry Creek Rd SUP <sup>(12)</sup>            | -                   | -                   | 325,000             | 325,000             |
| SIM-11r – Rodeo Rd SUP  | -                   | -                   | 50,000              | 50,000              |
| SIM-11s – Little Horse SUP  | -                   | 100,000             | -                   | 100,000             |
| SIM-11t – Coffee Pot Rd SUP <sup>(13)</sup>                       | -                   | 100,000             | 505,000             | 605,000             |
| SIM-11v – Navoti Dr to Upper Red Rock Loop Rd SUP <sup>(14)</sup> | -                   | 120,000             | 505,000             | 625,000             |
| SIM-11w – Tranquil Ave to Madole Rd SUP <sup>(15)</sup>           | -                   | -                   | 121,200             | 121,200             |
| SIM-11x – Zane Grey Dr SUP  | -                   | -                   | 60,000              | 60,000              |
| <b>Totals for Projects within Funded Years</b>                    | <b>\$20,199,320</b> | <b>\$16,950,630</b> | <b>\$12,589,700</b> | <b>\$49,739,650</b> |

<sup>(11)</sup> Includes grant funding of \$500,000.

<sup>(12)</sup> Includes DIF funding of \$250,000.

<sup>(13)</sup> Includes capital reserve funding of \$505,000 for portion exceeding transportation sales tax balance.

<sup>(14)</sup> Includes capital reserve funding of \$505,000 for portion exceeding transportation sales tax balance.

<sup>(15)</sup> Includes capital reserve funding of \$121,200 for portion exceeding transportation sales tax balance.



# Storm Drainage CIP Projects<sup>(1)</sup>

(PW-34 to PW-37)

|  | FY2024           | FY2025           | FY2026             | Total              |
|--|------------------|------------------|--------------------|--------------------|
| <b>Carryover Project</b>   |                  |                  |                    |                    |
| SD-03 – Impr. to Back-O-Beyond Rd, Low Water Crossing <sup>(2)</sup> | \$ 622,700       | \$ -             | \$ -               | \$ 622,700         |
| SD-12 – Schnebly & Grove Impr. <sup>(3)</sup>                        | 313,100          | 242,400          | -                  | 555,500            |
| <b>Future Projects</b>   |                  |                  |                    |                    |
| SD-05 – Saddlerock Area Impr. <sup>(4)</sup>                         | -                | 175,000          | 1,310,000          | 1,485,000          |
| SD-08 – Mystic Hills Lift Station Access Impr. <sup>(5)</sup>        | -                | 40,000           | 300,000            | 340,000            |
| <b>Totals for Projects within Funded Years</b>                       | <b>\$935,800</b> | <b>\$417,400</b> | <b>\$1,350,000</b> | <b>\$2,703,200</b> |

<sup>(1)</sup> Additional projects and continuation of these projects in future years.

<sup>(2)</sup> Includes Yavapai County Flood Control funding of \$350,000. Also, includes request to increase appropriation by \$150,316.

<sup>(3)</sup> Includes request to increase appropriation by \$202,000.

<sup>(4)</sup> Includes Yavapai County Flood Control funding of \$475,000.

<sup>(5)</sup> Fully covered by Coconino County Flood Control funding.



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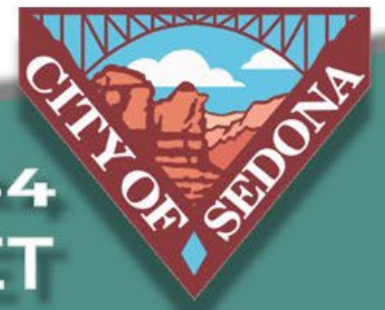
# Streets & Transportation CIP Projects

(PW-38 to PW-39)

|   | FY2024           | FY2025             | FY2026      | Total              |
|---|------------------|--------------------|-------------|--------------------|
| <b>Carryover Project</b>  |                  |                    |             |                    |
| ST-08 – Forest/Ranger/SR89A Intersection Impr. <sup>(1)</sup>     | \$450,000        | \$4,500,000        | \$ -        | \$4,950,000        |
| <b>New Project</b>  |                  |                    |             |                    |
| ST-07 – Back O’ Beyond Rd & Trailhead Safety Impr. <sup>(2)</sup> | 200,000          | 2,000,000          | -           | 2,200,000          |
| <b>Totals for Projects within Funded Years</b>                    | <b>\$650,000</b> | <b>\$6,500,000</b> | <b>\$ -</b> | <b>\$7,150,000</b> |

<sup>(1)</sup> Fully covered by grant funding. Also, includes request to increase appropriation by \$89,718. Subsequent to the proposed budget preparation, notification was received that the City will not be awarded the grant at this time. There may be a possibility to receive grant funding for the construction costs of \$4.5M. The change will be reflected in the tentative budget.

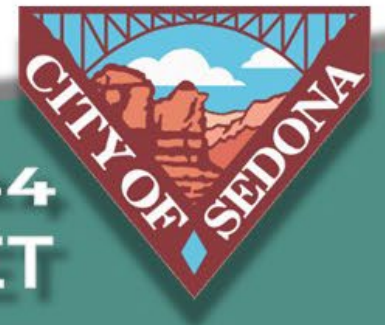
<sup>(2)</sup> Includes grant funding of \$1,760,000.





# Information Technology

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# Information Technology Summary Changes

|   | Direct Costs       |
|---|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                              | <b>\$2,237,860</b> |
| Decision Packages   | 43,230             |
| Increase in one-time costs  | 98,950             |
| Increase in wages and benefits                                    | 33,940             |
| Transfer ITS annual software license/support to Transit budget    | (49,800)           |
| Transfer software costs from multiple depts                       | 99,950             |
| Equipment replacement costs moved to one-time use of reserve      | (82,000)           |
| Copiers lease costs moved to one-time due to new account standard | (39,120)           |
| Miscellaneous increases   | 16,410             |
| <b>FY 2024 Budgeted Direct Costs</b>                              | <b>\$2,359,420</b> |
| % Change  | 5%                 |
| % Change (Ongoing Direct Costs Only)                              | -1%                |

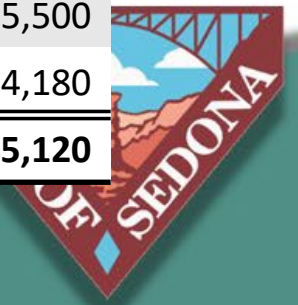


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# Information Technology One-Time

|   | FY 2024<br>One-Time Costs |
|---|---------------------------|
| Decision Packages   | \$ 43,230                 |
| School District Admin site lease  | 4,140                     |
| Copiers lease   | 39,120                    |
| Council Chambers microphone control   | 11,000                    |
| Refresh software for virtual server environment                             | 110,200                   |
| Refresh VMWare  | 20,000                    |
| Stackwise kit, network modules, enviro sensors                              | 2,500                     |
| ACJIS migration   | 6,250                     |
| Printer for CSAs  | 3,400                     |
| Refresh panic buttons   | 5,000                     |
| Swappable hard drives   | 1,100                     |
| Phones, monitors, docking station, laptop, MDT, RSA token, UPS replacements | 89,500                    |
| Security camera replacements  | 5,500                     |
| Computer for sign machine, wireless access point for maintenance yard       | 4,180                     |
| <b>Total One-Time Costs</b>   | <b>\$345,120</b>          |



# Information Technology Decision Packages

(IT-5 to IT-8)

|   | Priority | One-Time Costs  | Ongoing Costs    | Totals           | CM Recommendation | CBWG Recommendation |
|---|----------|-----------------|------------------|------------------|-------------------|---------------------|
| IT Communications, Cellular Boost                 | Medium   | \$36,230        | \$ -             | \$ 36,230        | Recommended       | Recommended         |
| IT HelpDesk Position                              | High     | 5,000           | 115,710          | 120,710          | Not recommended   | Not recommended     |
| Hardware/software for new position in Police Dept | High     | 7,000           | -                | 7,000            | Recommended       | Recommended         |
| <b>Total Wastewater Fund Requests</b>             |          | <b>\$36,230</b> | <b>\$ -</b>      | <b>\$ 36,230</b> |                   |                     |
| <b>Total Information Technology Fund Requests</b> |          | <b>\$12,000</b> | <b>\$115,710</b> | <b>\$127,710</b> |                   |                     |
| <b>Recommended</b>                                |          | <b>\$43,230</b> | <b>\$ -</b>      | <b>\$ 43,230</b> |                   |                     |
| <b>Not Recommended</b>                            |          | <b>\$ 5,000</b> | <b>\$115,710</b> | <b>\$120,710</b> |                   |                     |



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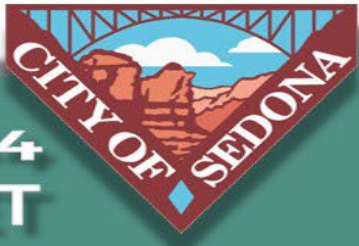




# Information Technology CIP Project (IT-9)

|   | FY2024    | FY2025      | FY2026    | Total       |
|---|-----------|-------------|-----------|-------------|
| <b>Carryover Project</b>                        |           |             |           |             |
| IT-01 Citywide Business Software <sup>(1)</sup> | \$600,000 | \$1,100,000 | \$600,000 | \$2,300,000 |

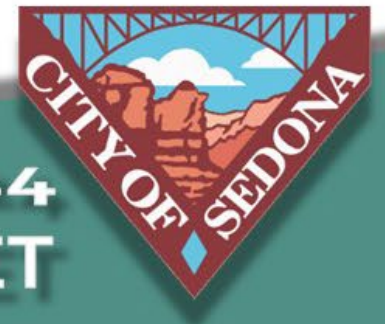
<sup>(1)</sup> Includes request to increase appropriation by \$1,300,000.





# City Manager's Office

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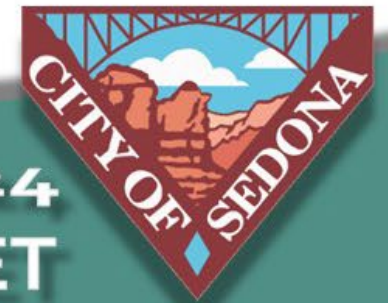


# City Manager's Office Summary Changes

|  | Direct Costs       |
|--|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                                 | <b>\$3,097,080</b> |
| Transfer Housing to stand-alone dept                                 | (537,290)          |
| Transfer Sustainability to stand-alone dept                          | (960,850)          |
| Transfer citywide training to HR                                     | (10,000)           |
| Transfer portion of vacancy savings offset from General Services     | (79,480)           |
| Decrease in wages and benefits (includes transfer of 1.1 FTEs)       | (83,050)           |
| Legislative advocate moved to ongoing and increased from \$75k       | 100,000            |
| Decrease in one-time costs (including one-time legislative advocate) | (103,960)          |
| Miscellaneous decreases  | (40,700)           |
| <b>FY 2024 Budgeted Direct Costs</b>                                 | <b>\$1,381,750</b> |
| % Change   | -55%               |
| % Change (Ongoing Direct Costs Only)                                 | -45%               |



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# CMO Admin Summary Changes

|   | Direct Costs     |
|---|------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                                    | <b>\$869,140</b> |
| Decrease in wages and benefits (includes transfer of 1.0 FTE to ComDev) | (98,560)         |
| Decrease in one-time costs (one-time legislative advocate)              | (75,000)         |
| Transfer portion of vacancy savings offset from General Services        | (79,480)         |
| Legislative advocate moved to ongoing and increased from \$75k          | 100,000          |
| Transfer citywide training to HR  | (10,000)         |
| Miscellaneous decreases   | (3,400)          |
| <b>FY 2024 Budgeted Direct Costs</b>                                    | <b>\$702,700</b> |
| % Change  | -19%             |
| % Change (Ongoing Direct Costs Only)                                    | -12%             |



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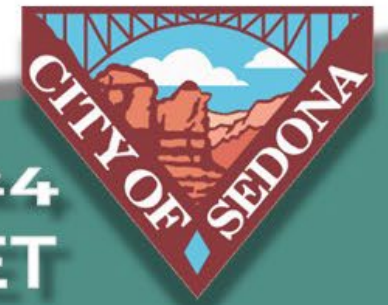


# CMO Communications Summary Changes

|   | Direct Costs     |
|---|------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                                  | <b>\$456,780</b> |
| Increase in wages and benefits (includes transfer of 0.1 FTEs to TEI) | 16,060           |
| Decrease in one-time costs (including National Citizen Survey)        | (22,000)         |
| Transfer software costs to IT   | (1,800)          |
| Miscellaneous increases   | 200              |
| <b>FY 2024 Budgeted Direct Costs</b>                                  | <b>\$449,240</b> |
| % Change  | -2%              |
| % Change (Ongoing Direct Costs Only)                                  | 3%               |



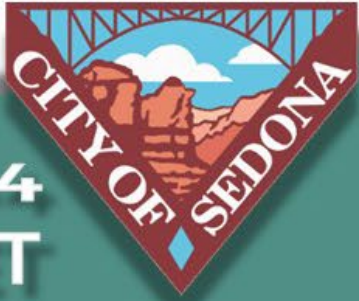
FY 23-24  
ANNUAL BUDGET





# CMO Arts & Culture Summary Changes

|                                      | Direct Costs     |
|--------------------------------------|------------------|
| <b>FY 2023 Budgeted Direct Costs</b> | <b>\$135,500</b> |
| Decrease in wages and benefits       | (430)            |
| <b>FY 2024 Budgeted Direct Costs</b> | <b>\$135,070</b> |
| % Change                             | <1%              |
| % Change (Ongoing Direct Costs Only) | <1%              |





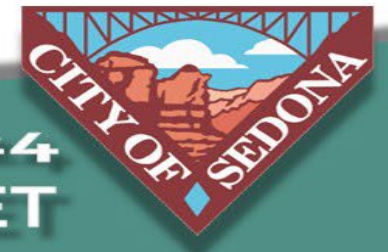


# CMO Arts & Culture CIP Project

(CMO-14)

|   | FY2024    | FY2025 | FY2026 | Total     |
|---|-----------|--------|--------|-----------|
| <b>Carryover Project</b>                      |           |        |        |           |
| AC-02 – Art in the Roundabouts <sup>(1)</sup> | \$232,000 | \$ -   | \$ -   | \$232,000 |

<sup>(1)</sup> Includes request to increase appropriation by \$1,345. Project paid with restricted 1% for Arts funding and donations.

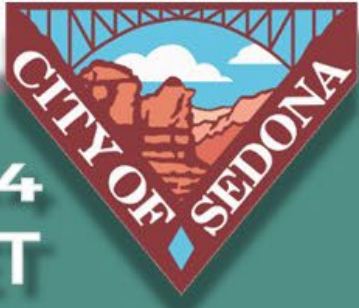


# CMO STR Monitoring/Admin Summary Changes

|                                      | Direct Costs     |
|--------------------------------------|------------------|
| <b>FY 2023 Budgeted Direct Costs</b> | <b>\$137,520</b> |
| Decrease in wages and benefits       | (120)            |
| Decrease in one-time costs           | (6,960)          |
| Transfer software costs to IT        | (40,000)         |
| Miscellaneous increases              | 4,300            |
| <b>FY 2024 Budgeted Direct Costs</b> | <b>\$94,740</b>  |
| % Change                             | -31%             |
| % Change (Ongoing Direct Costs Only) | -27%             |



**FY 23-24  
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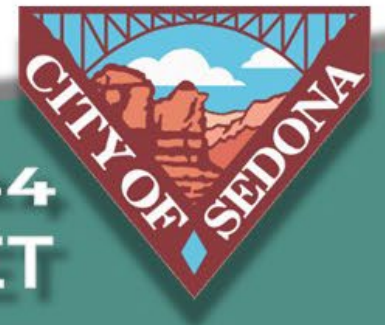




# Tourism & Economic Initiatives<sup>(1)</sup>

<sup>(1)</sup> Formerly Economic Development.

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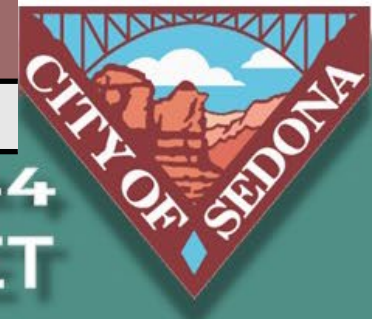
# Tourism & Economic Initiatives Summary Changes & One-Time<sup>(1)</sup>



|   | Direct Costs                          |
|---|---------------------------------------|
| <b>FY 2023 Budgeted Direct Costs</b>              | <b>\$313,870</b>                      |
| Decision Package                                  | 200,000                               |
| Decrease in one-time costs                        | (1,940)                               |
| Decrease in wages and benefits                    | (18,180)                              |
| Eliminate Moonshot program                        | (20,000)                              |
| Eliminate Placer Labs program                     | (11,000)                              |
| Eliminate economic diversification marketing plan | (36,300)                              |
| Miscellaneous decreases                           | (2,010)                               |
| <b>FY 2024 Budgeted Direct Costs</b>              | <b>\$424,440</b>                      |
| % Change  | 35%                                   |
| % Change (Ongoing Direct Costs Only)              | -28%                                  |
|   | <b>FY 2024<br/>One-Time<br/>Costs</b> |
| Decision Package                                  | \$200,000                             |

<sup>(1)</sup> Possible carryover of broadband consultant costs not yet included and may be added in the tentative budget.

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ANNUAL BUDGET**



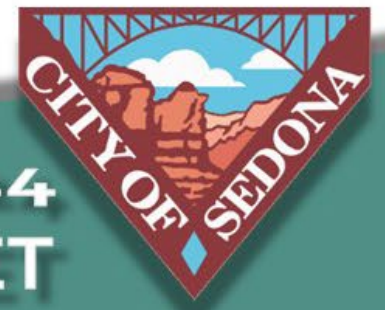
# Tourism & Economic Initiatives Decision Package

(TEI-4 to TEI-5)

|                                    | Priority | One-Time Costs   | Ongoing Costs | Totals           | CM Recommendation                    | CBWG Recommendation                  |
|------------------------------------|----------|------------------|---------------|------------------|--------------------------------------|--------------------------------------|
| Tourism Data Collection Project    | High     | \$200,000        | \$ -          | \$200,000        | Recommended from tourism contingency | Recommended from tourism contingency |
| <b>Total General Fund Requests</b> |          | <b>\$200,000</b> | <b>\$ -</b>   | <b>\$200,000</b> |                                      |                                      |
| <b>Recommended</b>                 |          | <b>\$ -</b>      | <b>\$ -</b>   | <b>\$ -</b>      |                                      |                                      |
| <b>Not Recommended</b>             |          | <b>\$ -</b>      | <b>\$ -</b>   | <b>\$ -</b>      |                                      |                                      |



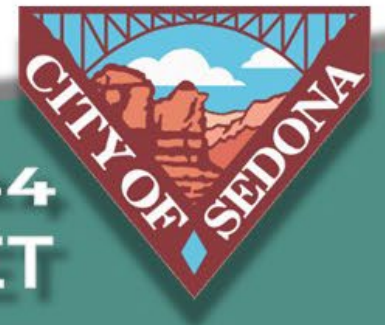
FY 23-24  
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# General Services

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ANNUAL BUDGET





# General Services Summary Changes

|  | Direct Costs        |
|--|---------------------|
| <b>FY 2023 Budgeted Direct Costs</b>   | <b>\$14,252,190</b> |
| Decrease in one-time costs   | (342,040)           |
| Increase in contingencies  | 1,669,250           |
| Decrease in debt service   | (387,680)           |
| Transfer Sustainable Tourism Contract to contingency for tourism initiatives | (1,670,000)         |
| Increase in service contracts  | 466,130             |
| Transfer vacancy savings offset to depts                                     | 500,000             |
| Transfer postage meter and parking lot leases to one-time                    | (22,350)            |
| Miscellaneous decreases  | (10,580)            |
| <b>FY 2024 Budgeted Direct Costs<sup>(1)</sup></b>                           | <b>\$14,454,920</b> |
| % Change   | 1%                  |
| % Change (Ongoing Direct Costs Only)   | 10%                 |

<sup>(1)</sup> Does not include contribution toward Visitor Center operations or administration for the Red Rock Trail Fund. If approved, amount will be allocated from the tourism contingency.



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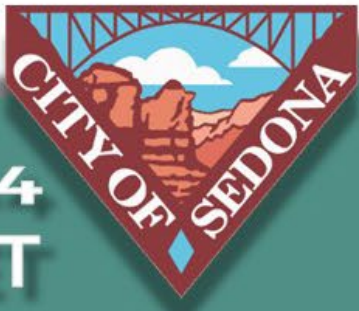




# General Services One-Time<sup>(1)</sup>

|  | FY 2024<br>One-Time<br>Costs |
|--|------------------------------|
| Bond payments                              | \$7,425,280                  |
| Carryover – DIF fee study update           | 45,000                       |
| Additional cost for DIF fee study update   | 33,000                       |
| Vehicle lease                              | 7,420                        |
| School District Admin site lease           | 15,180                       |
| Parking lot leases                         | 26,760                       |
| Postage meter lease                        | 4,620                        |
| Carryover – Evaluation of airport transfer | 80,000                       |
| <b>Total One-Time Costs</b>                | <b>\$8,123,840</b>           |

<sup>(1)</sup> A portion of the evacuation modeling project will carryover to FY2024. An estimated \$12,000 will be added in the tentative budget version.



# Small Grants Budget

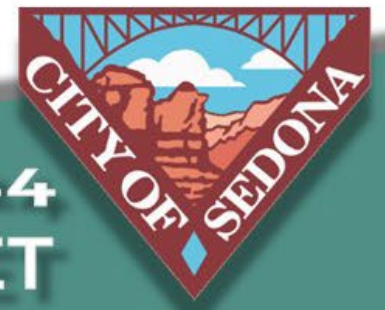
(GS-2)

|                                  | FY 2024<br>Projection | FY 2023<br>Actual        | FY 2022<br>Actual     | FY 2021<br>Actual     |
|----------------------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Number of small grants awarded   | 20                    | 28                       | 25 <sup>(2)</sup>     | 8 <sup>(3)</sup>      |
| Average small grant award amount | \$9,000               | \$6,796                  | \$10,810              | \$5,650               |
| Total small grants awarded       | \$200,000             | \$190,275 <sup>(1)</sup> | \$270,256             | \$45,200              |
| Range of small grant awards      | \$3,500 -<br>\$25,000 | \$1,800 -<br>\$15,000    | \$3,500 -<br>\$25,000 | \$1,000 -<br>\$10,200 |

<sup>(1)</sup> The full FY 2023 amount budgeted of \$200,000 was awarded; however, one grant was returned due to inability to fulfill the grant obligation.

<sup>(2)</sup> FY 2022 included a one-time carryover of \$121,300 for small grants funding not spent during FY 2021; however, only \$103,756 of this amount was spent and all eligible applications were awarded.

<sup>(3)</sup> Many programs typically supported were cancelled due to COVID-19, so funding was not needed.



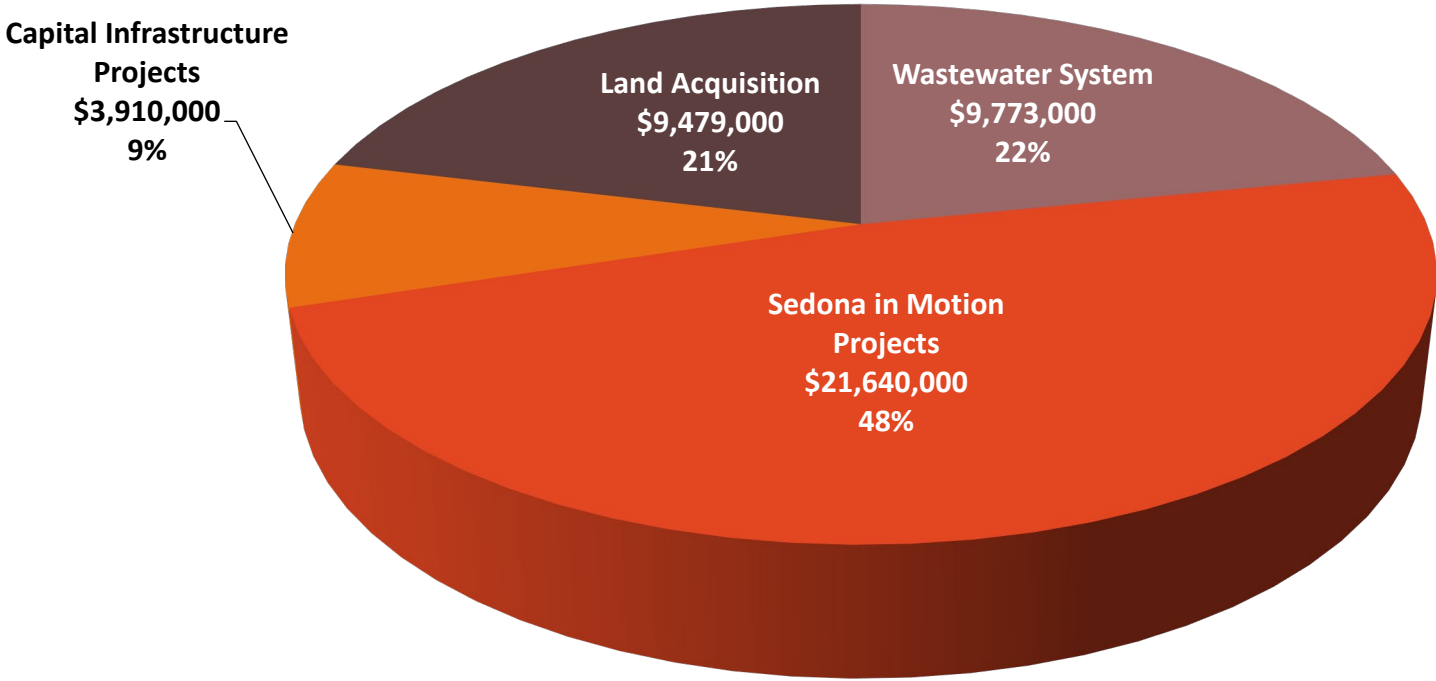




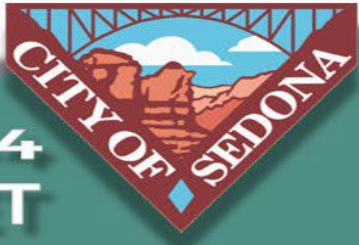
# Outstanding Bonds as of July 1, 2023

## \$44,802,000

(GS-5)



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# Pledged Revenues

(GS-7 and GS-9)

| Fiscal Year | Governmental Funds | Wastewater Fund | Total Debt Service Payments | Pledged Revenues | Estimated Coverage <sup>(1)</sup> |
|-------------|--------------------|-----------------|-----------------------------|------------------|-----------------------------------|
| FY 2024     | \$2,872,920        | \$4,567,259     | \$7,410,179                 | \$40,156,870     | 5.42                              |
| FY 2025     | 2,879,074          | 4,331,786       | 7,210,859                   | 38,194,650       | 5.30                              |
| FY 2026     | 2,880,859          | 4,332,683       | 7,213,541                   | 38,199,880       | 5.30                              |
| FY 2027     | 3,816,287          | -               | 3,816,287                   | 40,250,900       | 10.55                             |
| FY 2028     | 2,779,456          | -               | 2,779,456                   | 41,304,500       | 14.86                             |

<sup>(1)</sup> Bond covenants require pledged revenues to be at least 1.5x annual payment amount.

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ANNUAL BUDGET



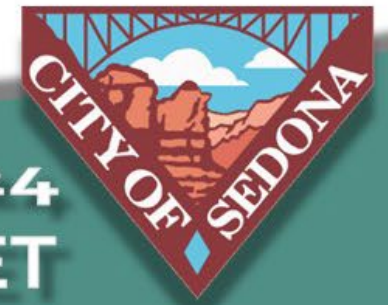
# Outstanding Bonds

(GS-11)

| Bond Issue                 | Remaining Payment Dates | Interest Rate | Remaining Principal | Remaining Interest | Status   |
|----------------------------|-------------------------|---------------|---------------------|--------------------|--|
| Series 1998 <sup>(1)</sup> | 7/1/2024                | 5.24%         | \$ 1,130,000        | \$ 3,180,000       | Not subject to call prior to stated maturity date    |
| Second Series 2015         | 7/1/2024-2027           | 1.94%         | 3,910,000           | 191,575            | Eligible to be called without premium                |
| Series 2021                | 7/1/2024-2026           | 1.16%         | 8,643,000           | 248,727            | Prepayment penalty                                   |
| Series 2022                | 7/1/2027-2042           | 4.0%-5.0%     | 21,640,000          | 12,526,700         | Callable 7/1/2032 without premium                    |
| Second Series 2022         | 7/1/2024-2037           | 4.21%         | 9,479,000           | 3,258,961          | Callable anytime with 30-days notice without premium |

<sup>(1)</sup> 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.

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# FY 2024 Contingencies Totals

(in Thousands)

|                                    | General Fund   | Grants, Donations, & Restricted Funds | Wastewater Enterprise Fund |
|------------------------------------|----------------|---------------------------------------|----------------------------|
| General operating contingency      | \$ 200         | \$ -                                  | \$100                      |
| ARPA funding                       | -              | 1,875                                 | -                          |
| Unknown grants and donations       | -              | 500                                   | -                          |
| Judgments                          | 100            | -                                     | -                          |
| Tourism initiatives <sup>(1)</sup> | 1,406          |                                       |                            |
| <b>Total Budgeted</b>              | <b>\$1,706</b> | <b>\$2,375</b>                        | <b>\$100</b>               |

<sup>(1)</sup> Adjusted by \$264,500 for Decision Packages to be funded by the base budget contingency of \$1,670,220. If Council approves funding for the Visitor Center operations, that amount will be allocated from this contingency.

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ANNUAL BUDGET



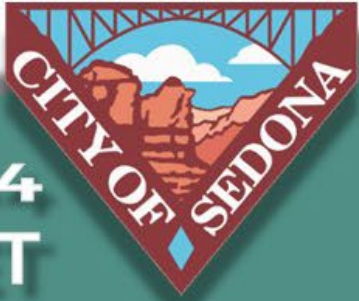
# General Services Decision Packages

(PT-5 to PT-6, TEI-4 to TEI-5)

|  | Priority | One-Time Costs     | Ongoing Costs | Totals             | CM Recommendation | CBWG Recommendation |
|--|----------|--------------------|---------------|--------------------|-------------------|---------------------|
| Reduction of Contingency for Hanover Multimedia TFT Screens  | Medium   | \$ (64,500)        | \$ -          | \$ (64,500)        | Recommended       | Not recommended     |
| Reduction of Contingency for Tourism Data Collection Project | High     | (200,000)          | -             | (200,000)          | Recommended       | Recommended         |
| <b>Total General Fund Requests</b>                           |          | <b>\$(264,500)</b> | <b>\$ -</b>   | <b>\$(264,500)</b> |                   |                     |
| <b>Recommended</b>   |          | <b>\$(264,500)</b> | <b>\$ -</b>   | <b>\$(264,500)</b> |                   |                     |
| <b>Not Recommended</b>                                       |          | <b>\$ -</b>        | <b>\$ -</b>   | <b>\$ -</b>        |                   |                     |



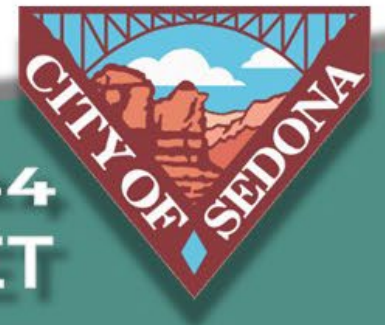
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# Financial Services

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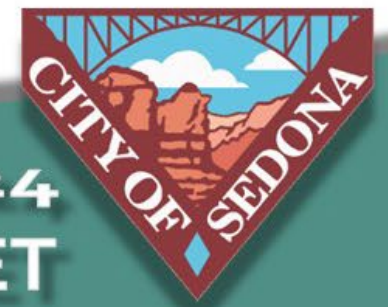


# Financial Services Summary Changes

|   | Direct Costs       |
|---|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>  | <b>\$1,686,840</b> |
| Decision Package  | 90,000             |
| Increase in ongoing wages and benefits  | 16,890             |
| Decrease in one-time costs (includes increase of 0.32 FTEs for one-time temp) | (14,490)           |
| Transfer portion of vacancy savings offset from General Services              | (37,370)           |
| Increase in merchant service fees   | 28,700             |
| Increase in cluster system septic tank reimbursements                         | 10,000             |
| Miscellaneous increases   | 5,990              |
| <b>FY 2024 Budgeted Direct Costs</b>  | <b>\$1,786,560</b> |
| % Change  | 6%                 |
| % Change (Ongoing Direct Costs Only)  | 5%                 |



**FY 23-24  
ANNUAL BUDGET**

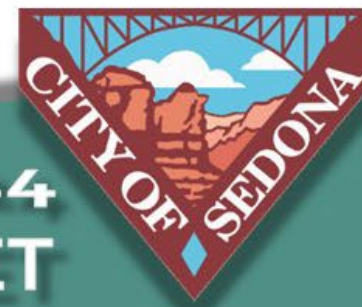




# Financial Services One-Time

|                             | FY 2024<br>One-Time<br>Costs |
|-----------------------------|------------------------------|
| Decision Package            | \$40,000                     |
| Temporary employees         | 29,610                       |
| Wastewater rate study       | 30,100                       |
| <b>Total One-Time Costs</b> | <b>\$99,710</b>              |

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ANNUAL BUDGET



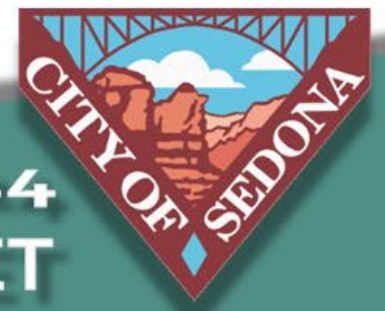
# Financial Services Decision Packages

(FIN-4 to FIN-6)

|   | Priority | One-Time Costs  | Ongoing Costs   | Totals           | CM Recommendation            | CBWG Recommendation                               |
|---|----------|-----------------|-----------------|------------------|------------------------------|---|
| Investment Advisory & Consulting Services | Medium   | \$40,000        | \$50,000        | \$ 90,000        | Recommended                  | Recommended without ESG component                 |
| Internal Control Audit                    | Low      | 50,000          | -               | 50,000           | Not recommended at this time | Not recommended and recommend removing from goals |
| <b>Total General Fund Requests</b>        |          | <b>\$90,000</b> | <b>\$50,000</b> | <b>\$140,000</b> |                              |   |
| <b>Recommended</b>                        |          | <b>\$40,000</b> | <b>\$50,000</b> | <b>\$ 90,000</b> |                              |   |
| <b>Not Recommended</b>                    |          | <b>\$50,000</b> | <b>\$ -</b>     | <b>\$ 50,000</b> |                              |   |



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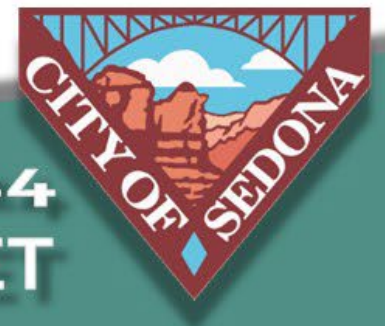






# Community Development

FY 23-24  
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# Community Development Summary Changes

|  | Direct Costs       |
|--|--------------------|
| <b>FY 2023 Budgeted Direct Costs</b>   | <b>\$1,980,210</b> |
| Decision Packages  | 136,200            |
| Increase in ongoing wages and benefits (includes transfer of 1.0 FTE from one-time, transfer of 1.0 FTE from CMO, and transfer of 2.0 FTEs to Police) <sup>(1)</sup> | 28,650             |
| Decrease in one-time costs (includes transfer of 1.0 FTE to ongoing and decrease of 0.56 one-time temp FTEs)   | (222,150)          |
| Transfer portion of vacancy savings offset from General Services   | (87,360)           |
| Transfer operating costs for Code Enforcement to Police <sup>(1)</sup>   | (26,070)           |
| Decrease outsourced plan reviews adjusted due to vacancies   | (50,000)           |
| Miscellaneous decreases  | (7,040)            |
| <b>FY 2024 Budgeted Direct Costs</b>   | <b>\$1,752,440</b> |
| % Change   | -12%               |
| % Change (Ongoing Direct Costs Only)   | -8%                |

<sup>(1)</sup> Transfer of positions to Police will be reversed in the tentative budget version.



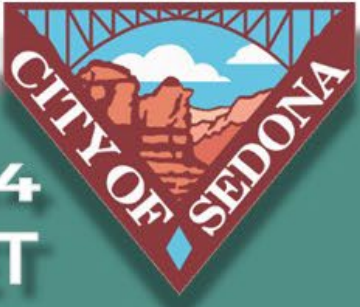
**FY 23-24  
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# Community Development One-Time

|   | FY 2024<br>One-Time<br>Costs |
|---|------------------------------|
| Decision Package                                | \$125,000                    |
| Vehicle leases                                  | 10,510                       |
| Community Plan Update (includes 0.27 temp FTEs) | 102,770                      |
| <b>Total One-Time Costs</b>                     | <b>\$238,280</b>             |

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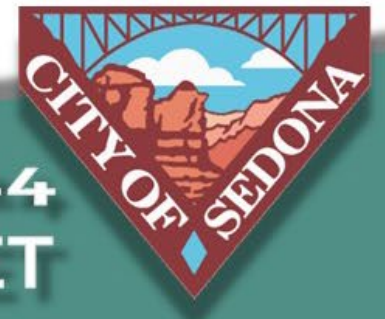
# Community Development Decision Packages

(CD-13 to CD-15)

|                                    | Priority | One-Time Costs   | Ongoing Costs   | Totals           | CM Recommendation | CBWG Recommendation |
|------------------------------------|----------|------------------|-----------------|------------------|-------------------|---------------------|
| Cultural Park Area Master Plan     | High     | \$125,000        | \$ -            | \$125,000        | Recommended       | Recommended         |
| Temp Planner to Full-Time          | High     | -                | 11,200          | 11,200           | Recommended       | Recommended         |
| <b>Total General Fund Requests</b> |          | <b>\$125,000</b> | <b>\$11,200</b> | <b>\$136,200</b> |                   |                     |
| <b>Recommended</b>                 |          | <b>\$125,000</b> | <b>\$11,200</b> | <b>\$136,200</b> |                   |                     |
| <b>Not Recommended</b>             |          | <b>\$ -</b>      | <b>\$ -</b>     | <b>\$ -</b>      |                   |                     |



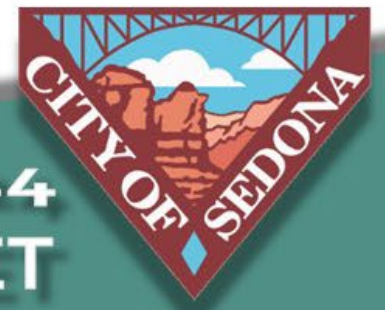
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# Housing

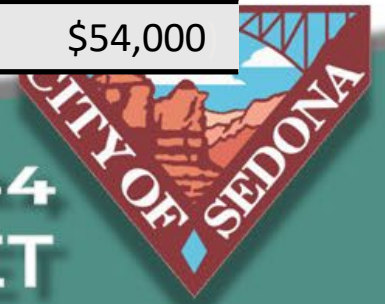
FY 23-24  
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# Housing Summary Changes & One-Time

|   | Direct Costs                      |
|---|-----------------------------------|
| <b>FY 2023 Budgeted Direct Costs</b>  | <b>\$537,290</b>                  |
| Decision Packages   | 69,000                            |
| Increase in wages and benefits  | 16,370                            |
| Decrease in one-time costs (transfer of rent incentives program to ongoing) | (240,000)                         |
| Transfer rent incentives program from one-time and reduce to \$100k         | 100,000                           |
| Decrease marketing costs  | (10,000)                          |
| Miscellaneous increases   | 2,500                             |
| <b>FY 2024 Budgeted Direct Costs</b>  | <b>\$475,160</b>                  |
| % Change  | -12%                              |
| % Change (Ongoing Direct Costs Only)  | 42%                               |
|   | <b>FY 2024<br/>One-Time Costs</b> |
| Decision Package  | \$54,000                          |

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# Housing Balance Sheet Items

| Loans   |                    |
|---|--------------------|
| <b>Loans Made To Date</b>                     |                    |
| Sunset Lofts <sup>(1)</sup>                   | \$1,929,630        |
| Down Payment Assistance Program               | 25,000             |
| <b>Subtotal Loans Made to Date</b>            | <b>1,954,330</b>   |
| <b>Balances Reserved for Additional Loans</b> |                    |
| Sunset Lofts <sup>(1) (2)</sup>               | 4,270,370          |
| 2250 Shelby Drive <sup>(1)</sup>              | 300,000            |
| Down Payment Assistance Program               | 375,000            |
| <b>Subtotal Balances Reserved</b>             | <b>4,945,670</b>   |
| <b>Total Reserved for Loans</b>               | <b>\$6,900,000</b> |

(1) Corrected for loan amount incorrectly attributed to 2250 Shelby Dr instead of Sunset Lofts.

(2) Includes balance of \$4.2M loan approved, plus additional \$2M for increase costs related to the project in case Council wants to approve an increase.

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ANNUAL BUDGET



# Housing Decision Packages

(Housing-3 to Housing-10)

|  | Priority | One-Time Costs   | Ongoing Costs      | Totals             | CM Recommendation            | CBWG Recommendation                                     |
|--|----------|------------------|--------------------|--------------------|------------------------------|---|
| Safe Place to Park                     | High     | \$600,000        | \$ -               | \$600,000          | Not recommended at this time | Not recommended at this time – strategic plan first     |
| Strategic Plan to Address Homelessness | Medium   | 54,000           | -                  | 54,000             | Recommended                  | Recommended   |
| Cold/Wet Weather Emergency Fund        | Medium   | -                | 15,000             | 15,000             | Recommended                  | Recommended with reliance on partner organization first |
| Purchasing Deed Restrictions           | Low      | -                | 2,000,000          | 2,000,000          | Not recommended              | Recommended but no cost to City                         |
| <b>Total General Fund Requests</b>     |          | <b>\$654,000</b> | <b>\$2,015,000</b> | <b>\$2,669,000</b> |                              |   |
| <b>Recommended</b>                     |          | <b>\$ 54,000</b> | <b>\$ 15,000</b>   | <b>\$ 69,000</b>   |                              |   |
| <b>Not Recommended</b>                 |          | <b>\$600,000</b> | <b>\$2,000,000</b> | <b>\$2,600,000</b> |                              |   |

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# Human Resources

FY 23-24  
ANNUAL BUDGET

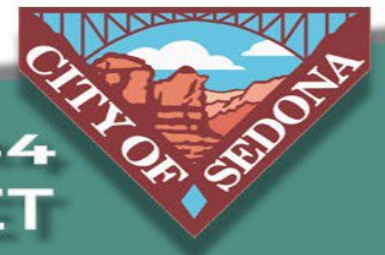






# Human Resources Summary Changes

|   | Direct Costs     |
|---|------------------|
| <b>FY 2023 Budgeted Direct Costs</b>                      | <b>\$330,060</b> |
| Decision Package  | 10,000           |
| Increase in wages and benefits                            | 10,450           |
| Transfer software costs to IT                             | (6,000)          |
| Transfer citywide training from CMO and increase to \$25k | 25,000           |
| Increase recruitment/relocation                           | 20,000           |
| Reduce employment exams                                   | (7,000)          |
| Budget error  | 10,000           |
| Miscellaneous decreases                                   | (5,700)          |
| <b>FY 2024 Budgeted Direct Costs</b>                      | <b>\$386,810</b> |
| % Change  | 17%              |
| % Change (Ongoing Direct Costs Only)                      | 17%              |



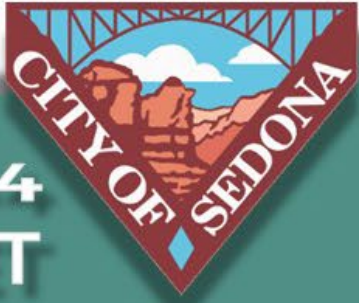
# Human Resources Decision Package

(HR-4 to HR-5)

|                                    | Priority | One-Time Costs | Ongoing Costs   | Totals          | CM Recommendation | CBWG Recommendation |
|------------------------------------|----------|----------------|-----------------|-----------------|-------------------|---------------------|
| Tuition Reimbursement Program      | Medium   | \$ -           | \$10,000        | \$10,000        | Recommended       | Recommended         |
| <b>Total General Fund Requests</b> |          | <b>\$ -</b>    | <b>\$10,000</b> | <b>\$10,000</b> |                   |                     |
| <b>Recommended</b>                 |          | <b>\$ -</b>    | <b>\$10,000</b> | <b>\$10,000</b> |                   |                     |
| Not Recommended                    |          | \$ -           | \$ -            | \$ -            |                   |                     |



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# Turnover History & Comparisons<sup>(1)</sup>

| Fiscal Year | Historical Turnover |
|-------------|---------------------|
| 2017        | 16%                 |
| 2018        | 5%                  |
| 2019        | 10%                 |
| 2020        | 11%                 |
| 2021        | 12%                 |
| 2022        | 22%                 |
| 2023 est.   | 22%                 |

| Comparison <sup>(2)</sup>          | Turnover Rate |
|------------------------------------|---------------|
| Camp Verde                         | 23%           |
| Clarkdale                          | 10%           |
| Cottonwood                         | 14%           |
| Jerome                             | 15%           |
| ICMA 2016-2021 (all)               | 6.8%          |
| ICMA 2016-2021<br>(under 30k pop.) | 7.1%          |

<sup>(1)</sup> Also, estimated 15 retirements within the next 3-5 years.

<sup>(2)</sup> Data requests from local municipalities were as of early April. Sedona's turnover as of early April was 19% for the year-to-date.



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# City Attorney's Office

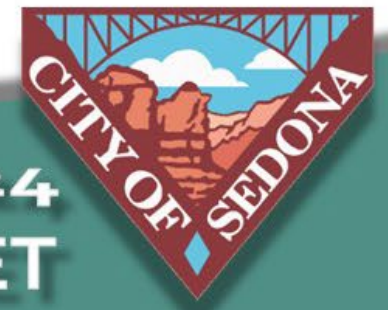
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# City Attorney's Office Summary Changes

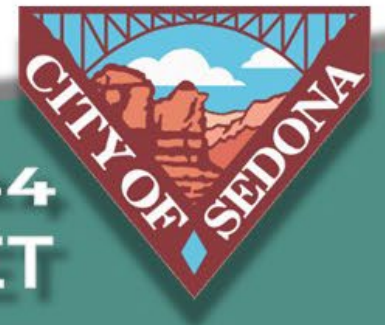
|   | Direct Costs     |
|---|------------------|
| <b>FY 2023 Budgeted Direct Costs</b>      | <b>\$784,670</b> |
| Increase in wages and benefits            | 28,140           |
| Increase outside/specialty legal services | 4,500            |
| Miscellaneous increases                   | 2,700            |
| <b>FY 2024 Budgeted Direct Costs</b>      | <b>\$820,010</b> |
| % Change                                  | 5%               |
| % Change (Ongoing Direct Costs Only)      | 5%               |





# City Council

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# City Council Summary Changes

|                                      | Direct Costs     |
|--------------------------------------|------------------|
| <b>FY 2023 Budgeted Direct Costs</b> | <b>\$ 80,590</b> |
| Increase in stipends and benefits    | 5,240            |
| Decrease in one-time costs           | (1,910)          |
| Add communications support contract  | 20,000           |
| Add digital countdown timer          | 800              |
| Reduction of League conference costs | (3,300)          |
| Miscellaneous increases              | 310              |
| <b>FY 2024 Budgeted Direct Costs</b> | <b>\$100,730</b> |
| % Change                             | 25%              |
| % Change (Ongoing Direct Costs Only) | 28%              |

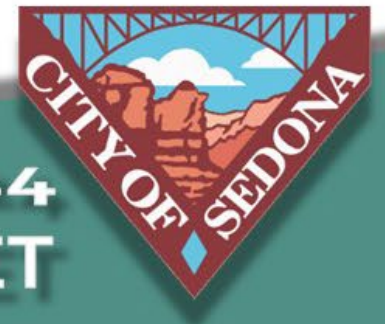
FY 23-24  
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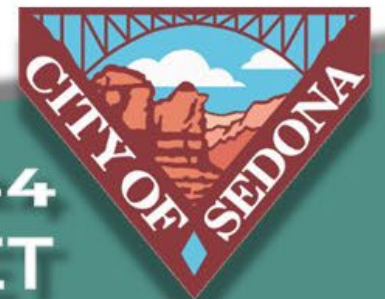
# City Clerk's Office

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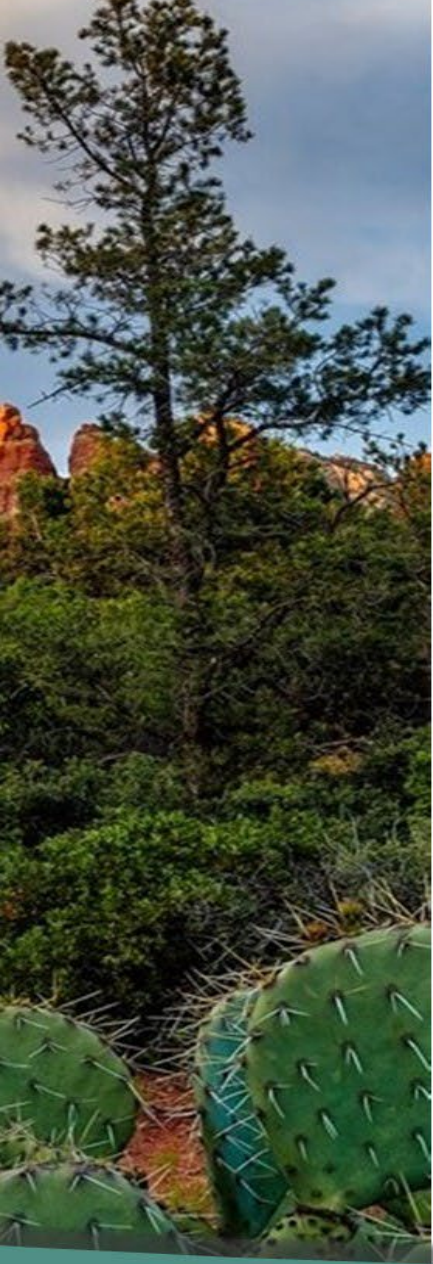


# City Clerk's Office Summary Changes & One-Time

|   | Direct Costs                      |
|---|-----------------------------------|
| <b>FY 2023 Budgeted Direct Costs</b>  | <b>\$346,350</b>                  |
| Increase in ongoing wages and benefits  | 13,290                            |
| Decrease in one-time costs (includes decrease of 0.04 FTEs for one-time temp) | (46,830)                          |
| Eliminate publications not required by statute                                | (12,500)                          |
| Miscellaneous decreases   | (560)                             |
| <b>FY 2024 Budgeted Direct Costs</b>  | <b>\$299,750</b>                  |
| % Change  | -13%                              |
| % Change (Ongoing Direct Costs Only)  | <1%                               |
|   | <b>FY 2024<br/>One-Time Costs</b> |
| Elections advertising/publication   | \$300                             |

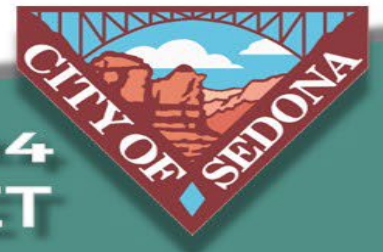






# Overall Budget and Strategic Issues

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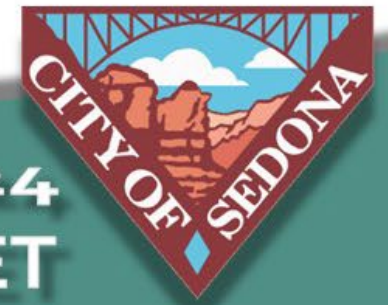
# FY 2024 Budget is Balanced<sup>(1)</sup>

| All Funds   | FY 2024 Budget<br>(in millions) |
|---|---------------------------------|
| Estimated July 1, 2023 Fund Balances                | \$ 99.1                         |
| Estimated Revenues                                  | 67.0                            |
| Less Estimated Policy Reserves as of June 30, 2024: |                                 |
| Operating Reserves <sup>(2)</sup>                   | (10.2)                          |
| Capital Reserves                                    | (27.3)                          |
| Equipment Replacement Reserves                      | (4.3)                           |
| Major Maintenance Reserve                           | (0.4)                           |
| Streets Rehab/Preservation Reserve                  | (0.3)                           |
| Future Transit System Implementation                | (5.0)                           |
| Reserve for Loans                                   | (8.3)                           |
| <b>Total Resources Available</b>                    | <b>\$110.2</b>                  |
| Budgeted Expenditures                               | (84.5)                          |
| <b>Excess Resources Available</b>                   | <b>\$25.8</b>                   |

<sup>(1)</sup> Based on Arizona definition of adequate available resources to cover budgeted expenditures.

<sup>(2)</sup> Reserves fully funded in accordance with policy, except Wastewater Fund.

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# Comparison to Prior Years

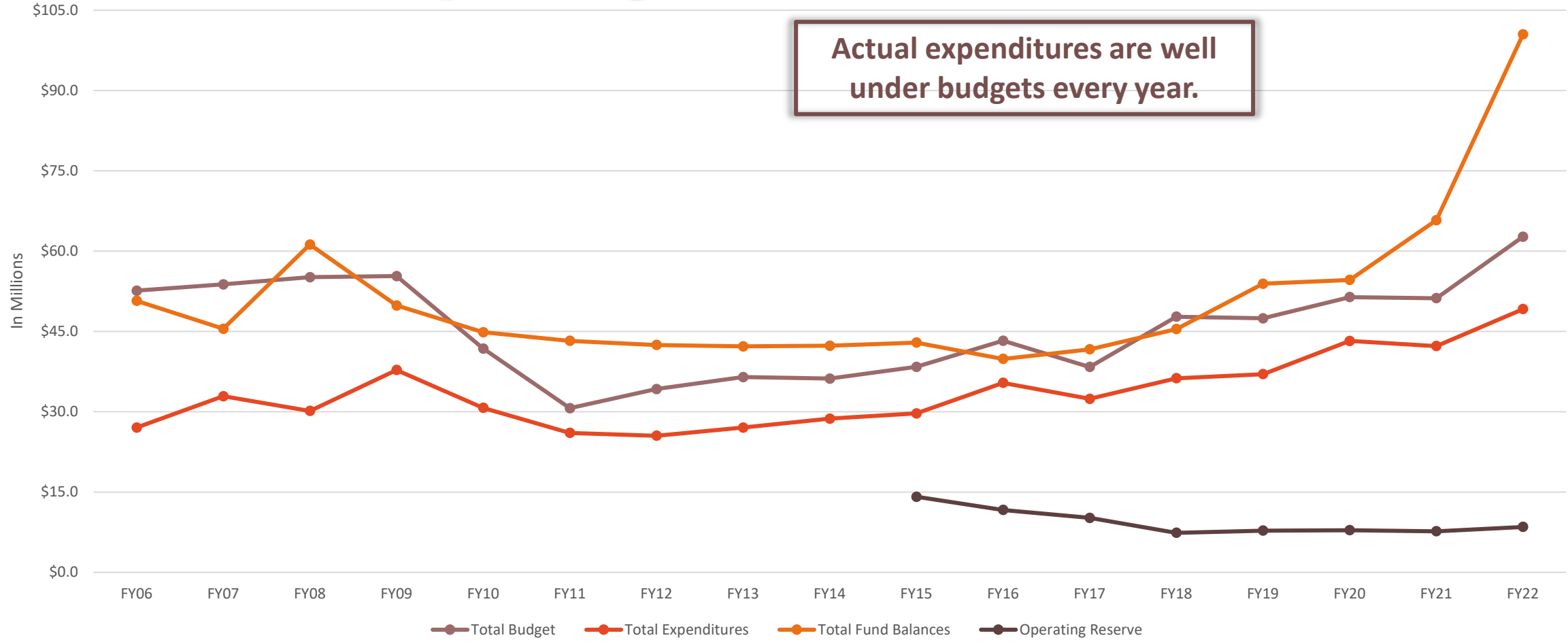
(In Millions)

| All Funds                                     | FY 2019<br>Budget | FY 2020<br>Budget | FY 2021<br>Budget <sup>(1)</sup> | FY 2022<br>Budget | FY 2023<br>Budget | FY 2024<br>Proposed |
|---|-------------------|-------------------|----------------------------------|-------------------|-------------------|---------------------|
| Estimated July 1 Fund Balances                | \$41.6            | \$50.3            | \$50.0                           | \$65.2            | \$103.7           | \$99.1              |
| Estimated Revenues                            | 43.9              | 45.1              | 40.5                             | 55.9              | 70.6              | 67.0                |
| Estimated Other Financing Sources             | -                 | -                 | -                                | 9.0               | 10.0              | -                   |
| Less Estimated Policy Reserves as of June 30: |                   |                   |                                  |                   |                   |                     |
| Operating Reserves                            | (7.7)             | (8.1)             | (7.6)                            | (8.2)             | (9.3)             | (10.2)              |
| Debt Service Reserves                         | (4.4)             | -                 | -                                | -                 | -                 | -                   |
| Capital Reserves                              | (12.2)            | (13.1)            | (11.6)                           | (10.6)            | (19.4)            | (27.3)              |
| Equipment Replacement Reserves                | (1.2)             | (2.3)             | (2.2)                            | (3.4)             | (3.6)             | (4.3)               |
| Major Maintenance Reserve                     | (0.1)             | (0.2)             | (0.1)                            | (0.1)             | (0.5)             | (0.4)               |
| Streets Rehab/Preservation Reserve            | (0.1)             | (0.1)             | (0.1)                            | (0.3)             | (0.3)             | (0.3)               |
| Future Transit System Implementation          | -                 | -                 | -                                | -                 | -                 | (5.0)               |
| Reserve for Loans                             | -                 | -                 | -                                | -                 | (7.3)             | (8.3)               |
| <b>Total Resources Available</b>              | <b>\$60.0</b>     | <b>\$71.7</b>     | <b>\$68.9</b>                    | <b>\$107.5</b>    | <b>\$143.9</b>    | <b>\$110.2</b>      |
| Budgeted Expenditures                         | (47.5)            | (51.4)            | (51.2)                           | (58.0)            | (105.7)           | (84.5)              |
| Budgeted Other Financing Uses                 | -                 | -                 | -                                | (9.0)             | -                 | -                   |
| <b>Excess Resources Available</b>             | <b>\$12.5</b>     | <b>\$20.2</b>     | <b>\$17.7</b>                    | <b>\$40.6</b>     | <b>\$38.2</b>     | <b>\$25.8</b>       |
| <b>Total Estimated June 30 Fund Balances</b>  | <b>\$38.0</b>     | <b>\$44.0</b>     | <b>\$39.3</b>                    | <b>\$63.2</b>     | <b>\$78.5</b>     | <b>\$81.6</b>       |

<sup>(1)</sup> Included assumptions for revenue losses and expenditure cuts in response to anticipated impacts of COVID-19.



# Historical Budget vs. Actual Expenditures, Fund Balances, Operating Reserves – All Funds



Actual expenditures are well under budgets every year.

**Difference between budget to actual (in millions)**

| 2006   | 2007   | 2008   | 2009   | 2010   | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018 <sup>(1)</sup> | 2019   | 2020  | 2021  | 2022   |
|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|---------------------|--------|-------|-------|--------|
| \$25.6 | \$20.9 | \$25.0 | \$17.5 | \$11.1 | \$4.6 | \$8.7 | \$9.4 | \$7.5 | \$8.7 | \$7.9 | \$6.0 | \$11.5              | \$10.4 | \$8.2 | \$9.0 | \$13.5 |
| 49%    | 39%    | 45%    | 32%    | 27%    | 15%   | 25%   | 26%   | 21%   | 23%   | 18%   | 16%   | 24%                 | 22%    | 16%   | 17%   | 22%    |

<sup>(1)</sup> Budgeting for SIM projects began in FY2018; however, many projects did not start incurring significant construction costs until FY2020.

# FY 2023 Budget & Estimates

| All Funds            | FY 2023 Budget | FY 2023 Estimates <sup>(1)</sup> | Difference | %   |
|----------------------|----------------|----------------------------------|------------|-----|
| Total Expenditures   | \$105.7M       | \$75.8M                          | \$29.9M    | 28% |
| CIP Expenditures     | 56.5M          | 32.6M                            | 23.9M      | 42% |
| Non-CIP Expenditures | 49.2M          | 43.2M                            | 6.0M       | 12% |

<sup>(1)</sup> Historically, estimates tend to be higher than actual due to conservative practices.

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# FY 2024 Significant Changes & Discussion Topics

Significant CIP costs

FY22 surplus of \$8.6M to be allocated

FY23 and FY24 estimated surpluses

Decreases in sales and bed taxes

Inflation

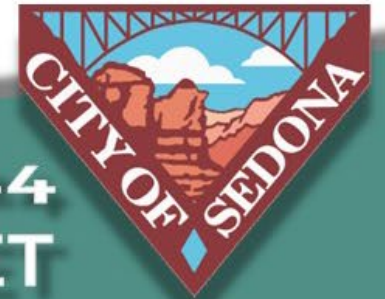
Loans to cover deficits

Insufficient WW Fund reserves<sup>(1)</sup>

Significant community input

<sup>(1)</sup> Two CIP projects have been proposed for deferral to FY26 to stay within reserve requirements.

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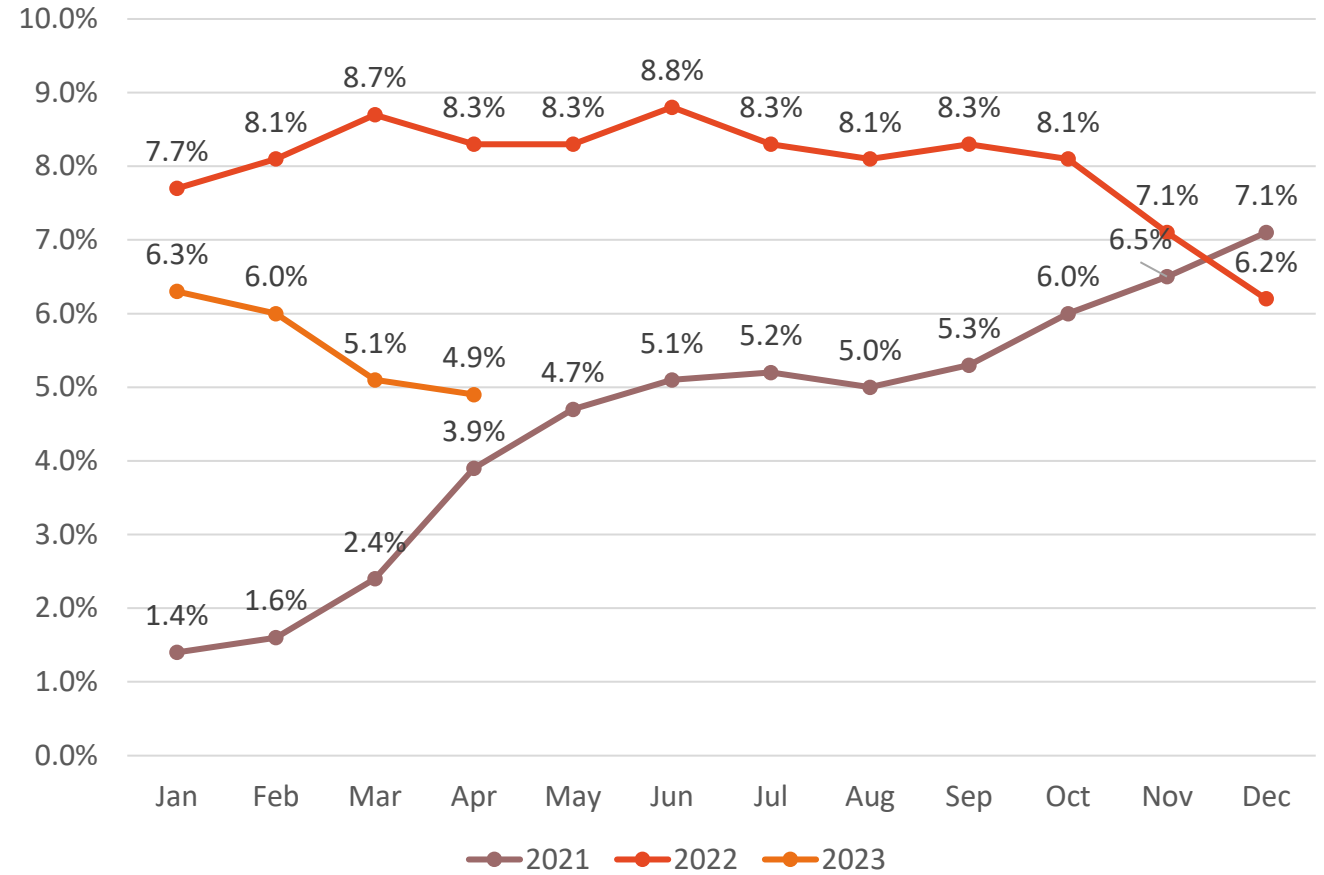




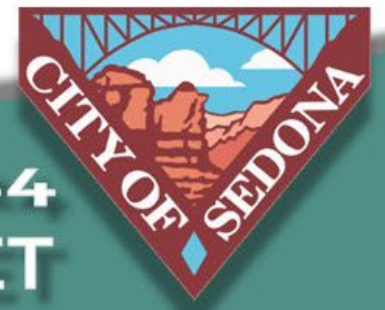


# Historical Western Region CPI

| December | Rate |
|----------|------|
| 2014     | 1.3% |
| 2015     | 1.8% |
| 2016     | 2.5% |
| 2017     | 3.1% |
| 2018     | 3.1% |
| 2019     | 2.8% |
| 2020     | 1.5% |
| 2021     | 7.1% |
| 2022     | 6.2% |

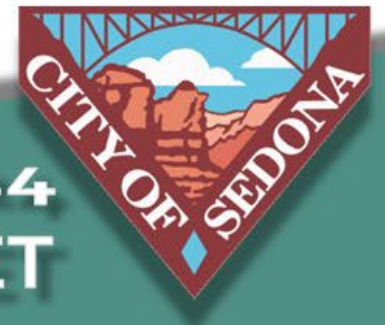


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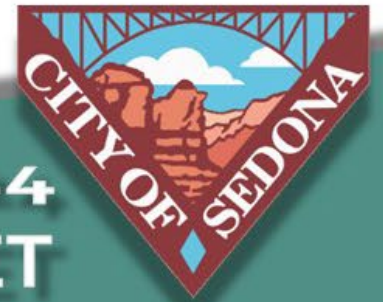
**FY 23-24  
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# Overall Proposed Budget

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# Expenditures by Type

(in Thousands)

|  | FY2023<br>Budget | FY2024<br>Base  | Increase/<br>(Decrease) | % Change     | Decision<br>Packages | Total FY2024<br>Proposed |
|--|------------------|-----------------|-------------------------|--------------|----------------------|--------------------------|
| <b>Ongoing:</b>                              |                  |                 |                         |              |                      |                          |
| Personnel                                    | \$ 17,702        | \$18,493        | \$ 791                  | 4%           | \$109                | \$ 18,602                |
| Operations                                   | 16,642           | 16,358          | (283)                   | (2%)         | 99                   | 16,457                   |
| <b>Subtotal Operational Costs - Ongoing</b>  | <b>34,344</b>    | <b>34,851</b>   | <b>507</b>              | <b>1%</b>    | <b>208</b>           | <b>35,059</b>            |
| <b>One-Time:</b>                             |                  |                 |                         |              |                      |                          |
| Personnel                                    | 1,198            | 65              | (1,113)                 | (95%)        | 51                   | 116                      |
| Operations                                   | 1,719            | 2,010           | 292                     | 17%          | 108                  | 2,118                    |
| <b>Subtotal Operational Costs – One-Time</b> | <b>2,917</b>     | <b>2,075</b>    | <b>(842)</b>            | <b>(29%)</b> | <b>159</b>           | <b>2,235</b>             |
| <b>Subtotal All Operational Costs</b>        | <b>37,261</b>    | <b>36,927</b>   | <b>(334)</b>            | <b>(1%)</b>  | <b>367</b>           | <b>37,293</b>            |
| Debt Service                                 | 7,813            | 7,425           | (388)                   | (5%)         | -                    | 7,425                    |
| Contingencies                                | 2,512            | 4,446           | 1,934                   | 77%          | (264)                | 4,181                    |
| <b>Subtotal Operating Budget</b>             | <b>49,205</b>    | <b>49,787</b>   | <b>582</b>              | <b>1%</b>    | <b>526</b>           | <b>50,313</b>            |
| Capital Improvement Projects <sup>(1)</sup>  | 56,541           | 34,164          | (22,376)                | (40%)        | -                    | 34,164                   |
| <b>Totals</b>                                | <b>\$105,745</b> | <b>\$83,951</b> | <b>\$(21,794)</b>       | <b>(21%)</b> | <b>\$526</b>         | <b>\$84,478</b>          |

<sup>(1)</sup> Does not include projects funded by the Community Facilities Districts. Those projects will be included in the budget proposals for those separate entities.



# Salary & Benefit Changes

(in Thousands)

|  |                 |
|--|-----------------|
| <b>FY 2023 Budget</b>  | <b>\$18,900</b> |
| Decision Packages  | 160             |
| Wage adjustments   | 443             |
| Health insurance 7% rate increase                                  | 110             |
| ASRS 1% rate increase  | 63              |
| One-time PSPRS contribution in FY 2023                             | (1,000)         |
| Increase for Prop 207 contribution toward PSPRS unfunded liability | 28              |
| Increase to other benefits   | 14              |
| <b>FY 2024 Budget</b>  | <b>\$18,718</b> |

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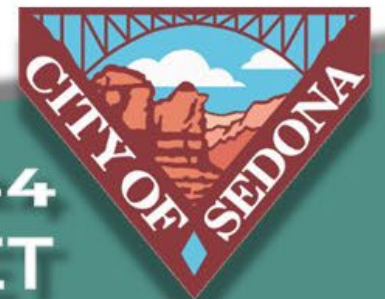


# PSPRS Unfunded Liability (Tiers 1 & 2)

|                                      | As of<br>6/30/2016 | As of<br>6/30/2017 | As of<br>6/30/2018 | As of<br>6/30/2019 | As of<br>6/30/2020 | As of<br>6/30/2021 | As of<br>6/30/2022 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Estimated Liabilities <sup>(1)</sup> | \$10.7M            | \$11.8M            | \$12.3M            | \$13.7M            | \$14.7M            | \$15.3M            | \$17.1M            |
| Assets <sup>(2)</sup>                | 6.3M               | 6.9M               | 7.8M               | 8.7M               | 9.6M               | 10.7M              | \$11.9M            |
| Unfunded Liability                   | \$ 4.4M            | \$ 4.9M            | \$ 4.5M            | \$ 5.0M            | \$ 5.1M            | \$ 4.6M            | \$5.2M             |
| Funded Status                        | 59%                | 58%                | 63%                | 64%                | 65%                | 70%                | 70%                |

<sup>(1)</sup>Discounted to present value at assumed rate of return on assets. Represents cumulative effect of previous costs not funded.

<sup>(2)</sup>Market value of assets as of actuarial date.

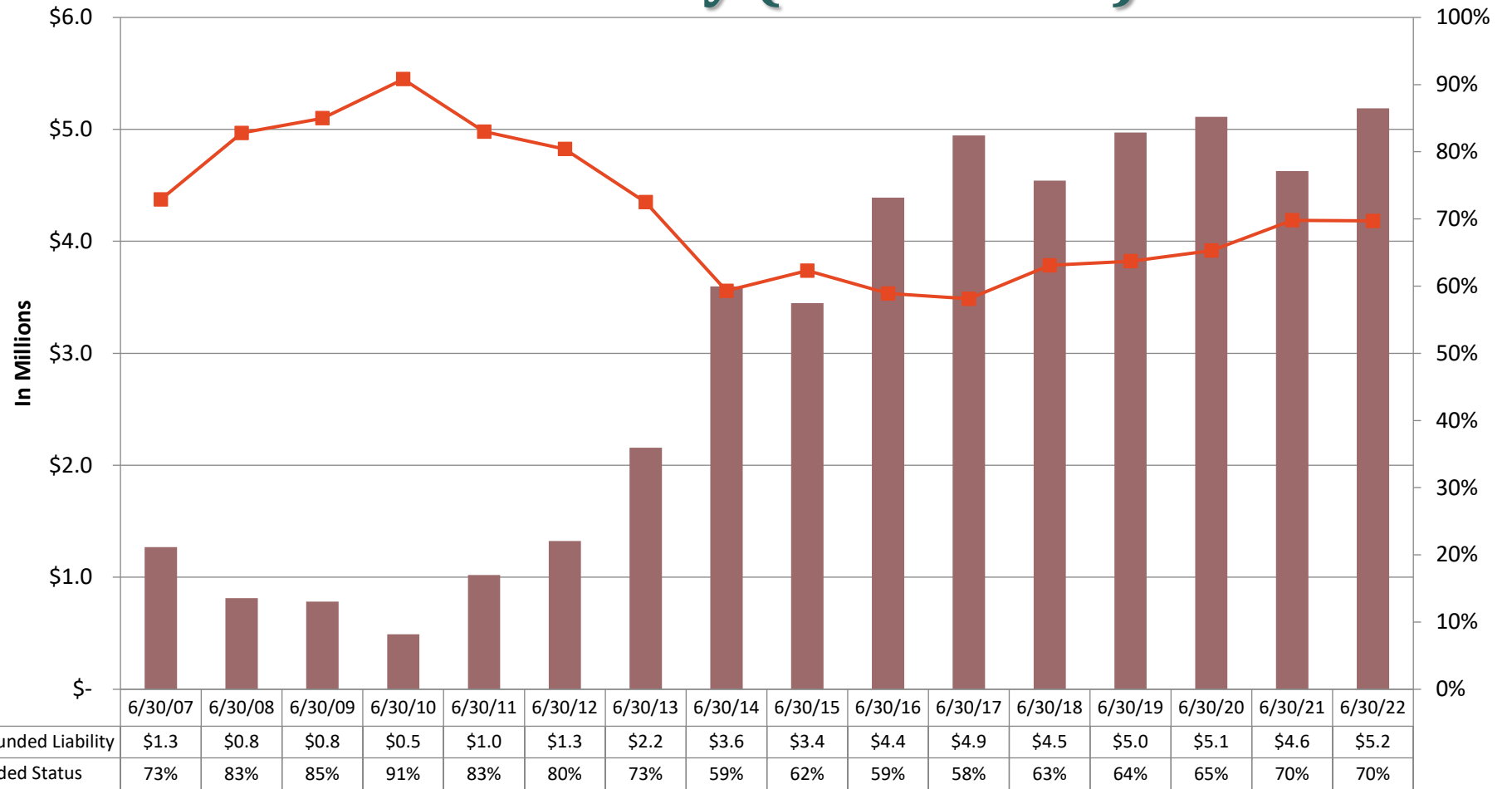


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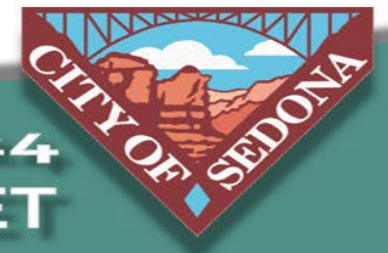




# PSPRS History (Tiers 1 & 2)

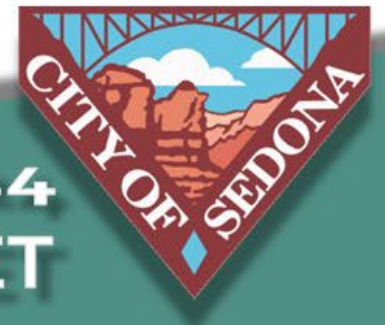


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# Operations Changes

(in Thousands)

|  |                 |
|--|-----------------|
| <b>FY 2023 Budget</b>  | <b>\$18,361</b> |
| Decision Packages  | 207             |
| Increase for service provider agreements                         | 466             |
| SCC&TB contract reallocated to tourism contingency               | (1,670)         |
| Increase for streets maintenance                                 | 335             |
| Add Community Development Block Grant                            | 406             |
| Increase to indirect cost allocations for Information Technology | 246             |
| Miscellaneous increases  | 224             |
| <b>FY 2024 Budget<sup>(1)</sup></b>                              | <b>\$18,575</b> |

<sup>(1)</sup> Does not include contribution toward Visitor Center operations. If approved, amount will be allocated from the tourism contingency.

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# CIP Changes

(in Thousands)

|                                   |                 |
|-----------------------------------|-----------------|
| <b>FY 2023 Budget</b>             | <b>\$56,541</b> |
| Housing decrease                  | (1,500)         |
| Arts & Culture decrease           | (129)           |
| Information Technology increase   | 600             |
| Municipal Court decrease          | (261)           |
| Parks & Recreation increase       | 2,422           |
| Police decrease                   | (910)           |
| Public Transit increase           | 350             |
| Public Works decrease             | (20,160)        |
| Sedona in Motion decrease         | (1,063)         |
| Storm Drainage decrease           | (120)           |
| Streets & Transportation decrease | (61)            |
| Sustainability increase           | 330             |
| Wastewater decrease               | (1,875)         |
| <b>FY 2024 Budget</b>             | <b>\$34,164</b> |

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# Debt Service Changes

(in Thousands)

|   |                |
|---|----------------|
| <b>FY 2023 Budget</b>                     | <b>\$7,813</b> |
| Change in Second Series 2015 bond payment | (8)            |
| Change in Series 2022 bond payment        | (290)          |
| Change in Second Series 2022 bond payment | (90)           |
| <b>FY 2024 Budget</b>                     | <b>\$7,425</b> |

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# Contingency Changes

(in Thousands)

|   |                |
|---|----------------|
| <b>FY 2023 Budget</b>                               | <b>\$2,512</b> |
| Add tourism initiatives contingency <sup>(1)</sup>  | 1,406          |
| Adjust ARPA contingency based on available balance  | 435            |
| Reinstate unknown grants contingency <sup>(2)</sup> | 79             |
| Eliminate SCC&TB contingency                        | (250)          |
| <b>FY 2024 Budget</b>                               | <b>\$4,181</b> |

<sup>(1)</sup> \$1.7M SCC&TB contract amount transferred to contingency and adjusted by Decision Packages to be allocated from this contingency amount. If funding for the Visitor Center operations is approved, the amount will be allocated from this contingency.

<sup>(2)</sup> \$79k used for grant-funded message boards and drones.

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# Council Priorities Included

| Priority Item                                | Budget Location         | FY2024 Budget Amount <sup>(1)</sup>                           |
|--|-------------------------|---|
| Traffic/transportation improvements          | CIP                     | \$20,399,420  |
| Public transit system                        | CIP                     | \$1,781,370   |
|  | <u>Operations</u>       | <u>\$2,837,550</u>  |
|  | Total                   | \$4,618,920   |
| Affordable/workforce housing & homelessness  | Housing Fund            | \$544,370 in operations<br>\$6,900,000 in balance sheet loans |
| Sustainability/climate action                | CIP                     | \$16,161,020  |
|  | Sustainability          | \$ 902,950  |
|  | PW                      | \$ 121,960  |
|  | <u>General Services</u> | <u>\$ 362,000</u>   |
|  | Total                   | \$17,547,930  |
| Trailhead congestion/impact to neighborhoods | Transit<br>PW/PD        | See above<br>Staff time only                                  |
| Improve citizen communications/relations     | CMO                     | \$534,230   |
| Manage impact from short-term rentals        | CMO                     | \$192,970   |

<sup>(1)</sup> Only includes costs for program staff time. Other city staff time not included.

# Council Priorities Included

| Priority Item   | Budget Location                | FY2024 Budget Amount <sup>(1)</sup> |
|---|--------------------------------|-------------------------------------|
| Economic diversification  | Tourism & Economic Initiatives | \$265,560                           |
| Emergency preparedness  | CMO/PD                         | Staff time only                     |
| Community Plan update   | Community Development          | \$227,770                           |
| Other property acquisitions   | CIP                            | None in FY2024                      |
| Accelerate Brewer Road Park build-out   | CIP                            | \$2,260,000 <sup>(2)</sup>          |
| Airport   | General Services               | \$80,000                            |
| Environmental impact study on OHVs/USFS trail access based on capacity analysis | CMO/Sustainability             | Staff time only                     |
| Pickleball courts   | CIP                            | \$1,500,000                         |
| Enterprise Resource Planning (ERP) system                                       | CIP                            | \$600,000                           |
| Revisit Land Development Code   | Community Development          | Staff time only                     |

<sup>(1)</sup> Only includes costs for program staff time. Other city staff time not included.

<sup>(2)</sup> Includes \$315,000 paid by Community Facilities Districts and not included in the City's budget.

# Revenues & Other Financing Sources by Type

(in Thousands)

|                                   | FY 2024<br>Proposed | FY 2023<br>Budget | Increase/<br>(Decrease) | %            |
|-----------------------------------|---------------------|-------------------|-------------------------|--------------|
| <b>Ongoing Revenues</b>           |                     |                   |                         |              |
| City Sales Taxes                  | \$30,384            | \$36,570          | \$(6,186)               | (17%)        |
| Bed Taxes                         | 8,025               | 10,232            | (2,207)                 | (22%)        |
| State Shared Revenues             | 5,830               | 5,301             | 529                     | 10%          |
| Other Intergovernmental           | 793                 | 584               | 208                     | 36%          |
| Wastewater Charges for Services   | 6,270               | 6,248             | 22                      | <1%          |
| Other Miscellaneous               | 9,078               | 8,150             | 928                     | 11%          |
| <b>Subtotal Ongoing Revenues</b>  | <b>\$60,379</b>     | <b>\$67,085</b>   | <b>\$(6,706)</b>        | <b>(10%)</b> |
| <b>One-Time Revenues</b>          |                     |                   |                         |              |
| Other Intergovernmental           | 4,419               | 2,398             | 2,021                   | 84%          |
| Other Miscellaneous               | 1,657               | 610               | 1,048                   | 172%         |
| Contingent Revenues               | 500                 | 500               | -                       | 0%           |
| <b>Subtotal One-Time Revenues</b> | <b>\$ 6,577</b>     | <b>\$ 3,507</b>   | <b>\$ 3,070</b>         | <b>88%</b>   |
| <b>Subtotal All Revenues</b>      | <b>\$66,956</b>     | <b>\$70,592</b>   | <b>\$(3,636)</b>        | <b>(5%)</b>  |
| <b>Other Financing Sources</b>    |                     |                   |                         |              |
| Bonds Issued                      | \$ -                | \$10,000          | (10,000)                | (100%)       |
| <b>Grand Totals</b>               | <b>\$66,956</b>     | <b>\$80,592</b>   | <b>\$(13,636)</b>       | <b>(17%)</b> |

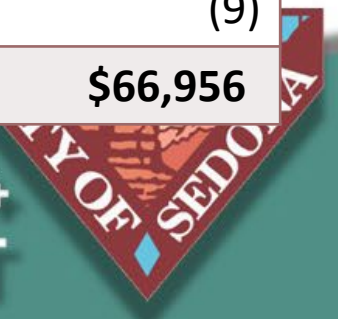


# Revenues Changes

(in Thousands)

|  |                 |
|--|-----------------|
| <b>FY 2023 Budget</b>  | <b>\$70,592</b> |
| City sales tax decrease  | (6,186)         |
| Bed tax decrease   | (2,207)         |
| State shared income tax (urban revenue sharing) increase                       | 856             |
| HURF decrease  | (299)           |
| One-time grants increase (CDBG, RRPL, transit, ARPA, Congressionally directed) | 2,021           |
| Add micro-transit operations grant   | 154             |
| Add STR permit fees  | 236             |
| Development impact fees increase   | 415             |
| Information Technology internal charges increase                               | 246             |
| Investment earnings increase   | 1,137           |
| Miscellaneous decreases  | (9)             |
| <b>FY 2024 Budget</b>  | <b>\$66,956</b> |

FY 23-24  
ANNUAL BUDGET



# Sales & Bed Tax Revenues

As of April 30, 2023

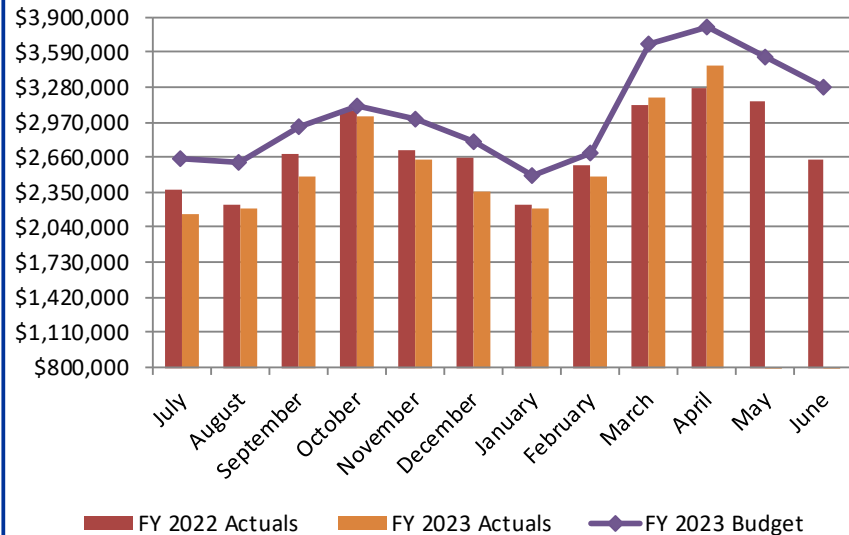
## City Sales Tax Revenues

| Month         | FY 2022 Actuals      | FY 2023 Actuals      | Actual Variance | FY 2023 Budget       | Budget Variance |
|---------------|----------------------|----------------------|-----------------|----------------------|-----------------|
| July          | \$ 2,371,171         | \$ 2,149,138         | -9%             | \$ 2,645,660         | -19%            |
| August        | 2,237,356            | 2,197,897            | -2%             | 2,614,650            | -16%            |
| September     | 2,680,378            | 2,492,094            | -7%             | 2,937,390            | -15%            |
| October       | 3,073,265            | 3,021,987            | -2%             | 3,103,800            | -3%             |
| November      | 2,718,236            | 2,631,897            | -3%             | 2,990,220            | -12%            |
| December      | 2,660,152            | 2,361,041            | -11%            | 2,799,530            | -16%            |
| January       | 2,243,313            | 2,205,919            | -2%             | 2,495,980            | -12%            |
| February      | 2,589,382            | 2,490,337            | -4%             | 2,704,410            | -8%             |
| March         | 3,122,370            | 3,190,884            | 2%              | 3,653,750            | -13%            |
| April         | 3,273,947            | 3,473,299            | 6%              | 3,803,920            | -9%             |
| May           | 3,145,989            | -                    | -               | 3,540,360            | -               |
| June          | 2,633,448            | -                    | -               | 3,280,330            | -               |
| <b>Totals</b> | <b>\$ 32,749,006</b> | <b>\$ 26,214,493</b> | <b>-3%</b>      | <b>\$ 36,570,000</b> | <b>-12%</b>     |

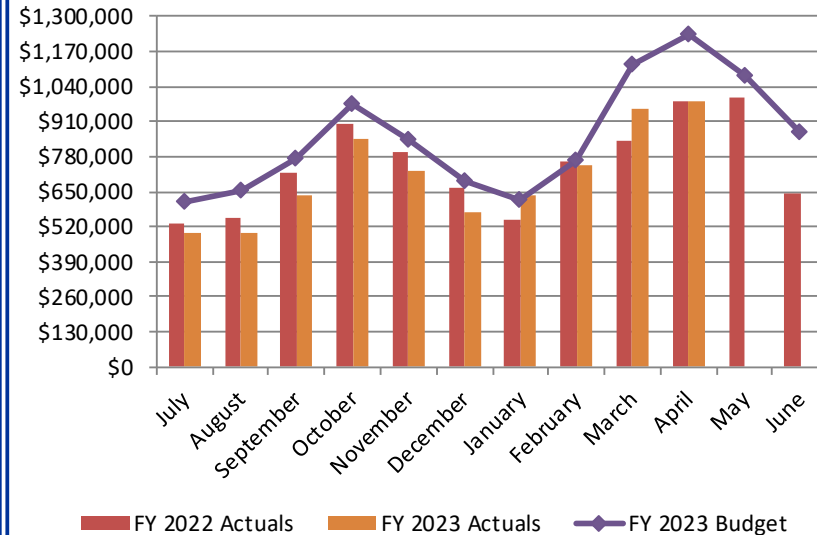
## Bed Tax Revenues

| Month         | FY 2022 Actuals     | FY 2023 Actuals     | Actual Variance | FY 2023 Budget       | Budget Variance |
|---------------|---------------------|---------------------|-----------------|----------------------|-----------------|
| July          | \$ 534,113          | \$ 499,299          | -7%             | \$ 610,160           | -18%            |
| August        | 555,700             | 498,556             | -10%            | 656,110              | -24%            |
| September     | 721,023             | 633,082             | -12%            | 771,040              | -18%            |
| October       | 898,777             | 844,792             | -6%             | 973,790              | -13%            |
| November      | 793,202             | 724,025             | -9%             | 842,810              | -14%            |
| December      | 666,066             | 571,961             | -14%            | 690,250              | -17%            |
| January       | 543,480             | 633,341             | 17%             | 620,690              | 2%              |
| February      | 760,338             | 748,220             | -2%             | 763,200              | -2%             |
| March         | 837,639             | 959,154             | 15%             | 1,121,550            | -14%            |
| April         | 985,921             | 982,381             | 0%              | 1,232,760            | -20%            |
| May           | 1,002,126           | -                   | -               | 1,080,120            | -               |
| June          | 644,379             | -                   | -               | 869,520              | -               |
| <b>Totals</b> | <b>\$ 8,942,766</b> | <b>\$ 7,094,811</b> | <b>-3%</b>      | <b>\$ 10,232,000</b> | <b>-14%</b>     |

### City Sales Tax Revenues



### Bed Tax Revenues



# FY 2024 Inter-Fund Transfers

(SUM-3 to SUM-5)

| Transfers In                         |                            |                            |                           |                        |                           |                                |                            |                                   |                     |
|--------------------------------------|----------------------------|----------------------------|---------------------------|------------------------|---------------------------|--------------------------------|----------------------------|-----------------------------------|---------------------|
|                                      | Streets Fund               | Housing Fund               | Capital Improvements Fund | Dev. Impact Fees Funds | Art in Public Places Fund | Public Transit Enterprise Fund | Wastewater Enterprise Fund | Info. Tech. Internal Service Fund | Totals              |
| <b>Transfers Out</b>                 |                            |                            |                           |                        |                           |                                |                            |                                   |                     |
| General Fund                         | \$2,296,880 <sup>(1)</sup> | \$2,422,520 <sup>(2)</sup> | \$2,500,000               | \$ -                   | \$ -                      | \$ 239,460 <sup>(3)</sup>      | \$3,100,000                | \$44,450                          | <b>\$10,603,310</b> |
| Grants, Donations & Restricted Funds |                            |                            |                           |                        |                           |                                | 184,400                    |                                   | <b>184,400</b>      |
| Transportation Sales Tax Fund        | -                          | -                          | 4,267,760                 |                        |                           | 3,113,580                      | -                          | -                                 | <b>7,381,340</b>    |
| Capital Improvements Fund            | -                          | -                          | -                         | 4,507,280              | 19,130                    | -                              | -                          | -                                 | <b>4,526,410</b>    |
| <b>Totals</b>                        | <b>\$2,296,880</b>         | <b>\$2,422,520</b>         | <b>\$6,767,760</b>        | <b>\$4,507,280</b>     | <b>\$19,130</b>           | <b>\$3,252,040</b>             | <b>\$3,284,400</b>         | <b>\$44,450</b>                   | <b>\$22,695,460</b> |

<sup>(1)</sup> Includes one-time \$741,810 to establish a Streets Fund operating reserve.

<sup>(2)</sup> Includes one-time \$1,922,520 in case Council chooses to increase the total amount to be loaned for the Sunset Lofts project.

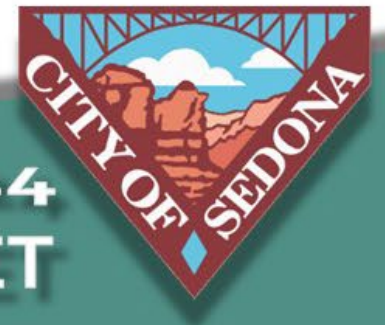
<sup>(3)</sup> Does not include the increase for the Verde Shuttle of \$56,520. Adjustment will be made in the tentative budget.





# Fund Summaries

FY 23-24  
ANNUAL BUDGET

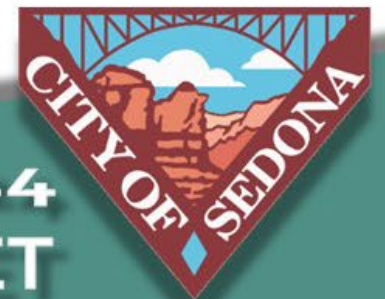




# General Fund

(FUNDS-1 to FUNDS-3)

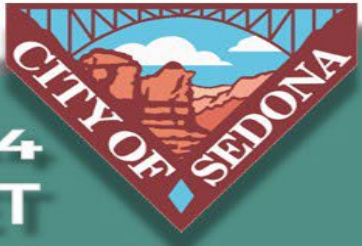
FY 23-24  
ANNUAL BUDGET



# General Fund Ongoing Revenues vs. Ongoing Expenditures

(in Thousands)

|                                  | FY2024<br>Proposed | FY2023<br>Budget |
|----------------------------------|--------------------|------------------|
| Ongoing Revenues                 | \$42,905           | \$49,001         |
| Less:                            |                    |                  |
| Ongoing Expenditures             | 24,280             | 22,905           |
| Debt Service                     | 2,293              | 2,658            |
| Ongoing Transfers to Other Funds | 7,939              | 6,927            |
| <b>Net</b>                       | <b>\$8,393</b>     | <b>\$16,511</b>  |







## Operating Reserve - \$7.+M

- Fully funded

## Equipment Replacement Reserve - \$1.8M

- Fully funded based on policy requirement

**Balance available after reserves - \$23.8M**

**FY22 Surplus = \$8.6M**

**Est. FY23 Surplus = \$12.3M**

**Est. FY24 Surplus = \$2.9M**

**FY 23-24  
ANNUAL BUDGET**

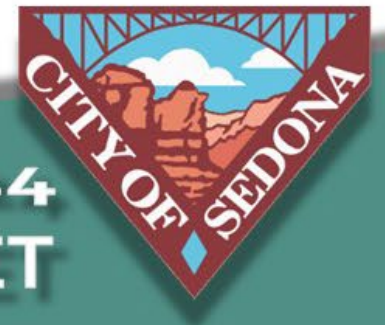




# Streets Fund

(FUNDS-4)

FY 23-24  
ANNUAL BUDGET



# Streets Fund Reserves

Operating Reserve - \$742k

- Proposed reserve requirement – 30% of operating costs other than rehab/preservation



FY 23-24  
ANNUAL BUDGET



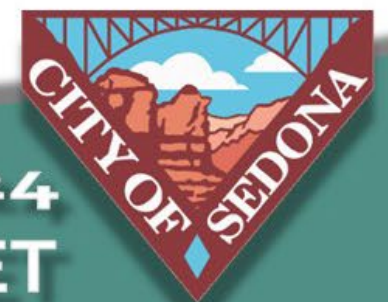




# Housing Fund

(FUNDS-5)

FY 23-24  
ANNUAL BUDGET



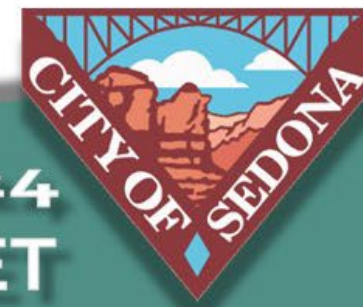
# Housing Fund Ongoing Revenues vs. Ongoing Expenditures

(in Thousands)

|                      | FY2024<br>Proposed | FY2023<br>Budget |
|----------------------|--------------------|------------------|
| Ongoing Revenues     | \$122              | \$ 87            |
| Ongoing Transfers    | 500                | 500              |
| Less:                |                    |                  |
| Ongoing Expenditures | 490                | 352              |
| <b>Net</b>           | <b>\$132</b>       | <b>\$235</b>     |

<sup>(1)</sup> Ongoing expenditures are approximately the same as the ongoing transfers. If Cottonwood chooses to no longer split the Housing Manager position with Sedona, the ongoing revenues will decrease significantly and the transfer from General Fund may be the main funding source. The Council may wish to consider increasing the annual ongoing transfer of \$500k to a higher amount.

FY 23-24  
ANNUAL BUDGET



# Housing Fund Reserves/Restricted Balances

No policy reserve requirement

- Once housing program more fully developed, recommendations for reserve policies may be made if deemed appropriate

Sunset Lofts loan - \$6.2M

- Includes additional \$2M in case Council chooses to approve the increase

2250 Shelby Dr loan - \$300k

Down payment assistance loans - \$400k

FY 23-24  
ANNUAL BUDGET



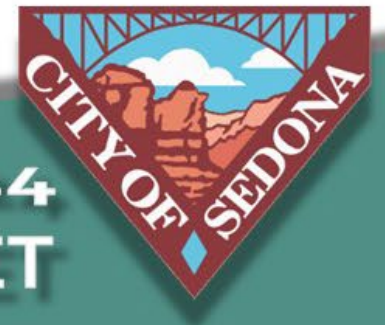




# Grants, Donations & Restricted Funds

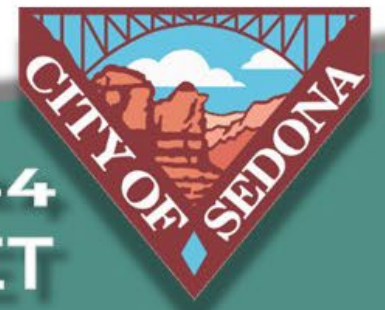
(FUNDS-6 to FUNDS-7)

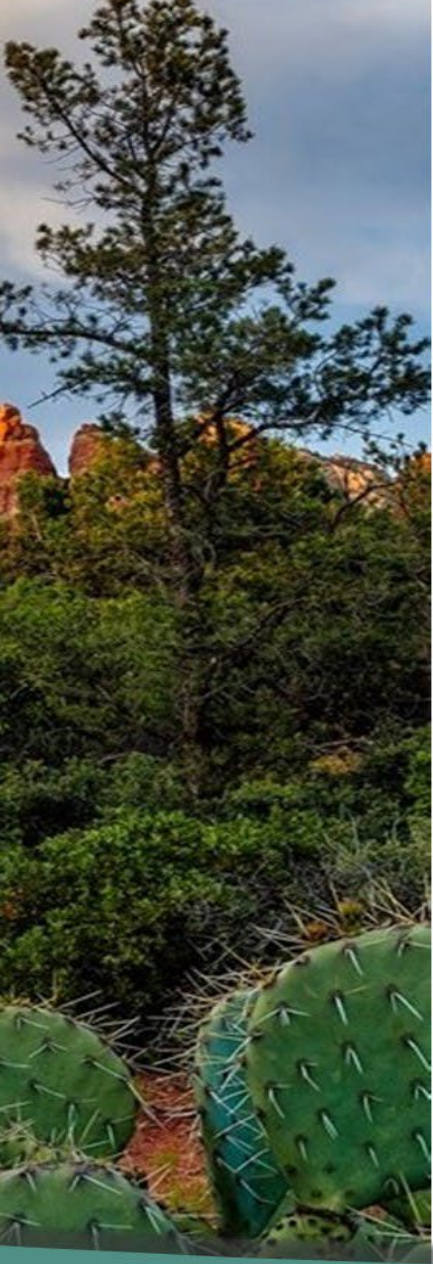
FY 23-24  
ANNUAL BUDGET





**FY 23-24  
ANNUAL BUDGET**

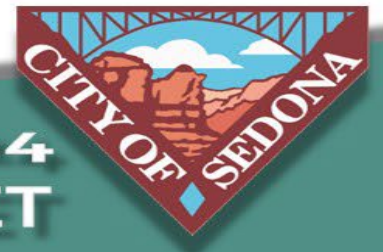




# Transportation Sales Tax Fund

(FUNDS-8)

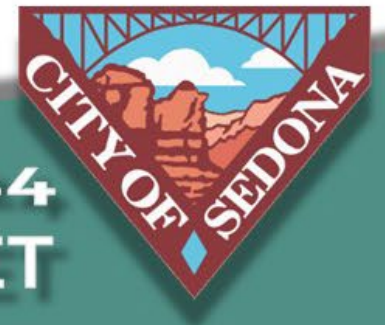
FY 23-24  
ANNUAL BUDGET







**FY 23-24  
ANNUAL BUDGET**

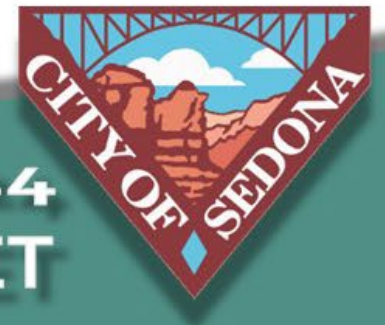




# Capital Improvements Fund

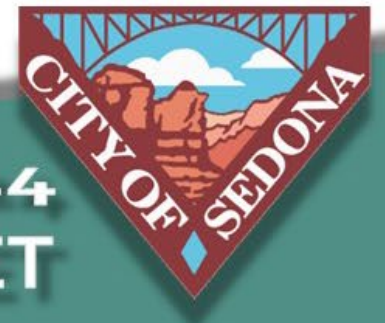
(FUNDS-9)

FY 23-24  
ANNUAL BUDGET





**FY 23-24  
ANNUAL BUDGET**







# Development Impact Fees Funds

(FUNDS-10)

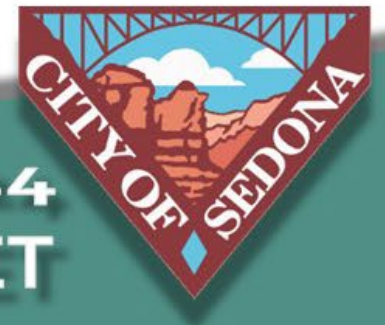
FY 23-24  
ANNUAL BUDGET



# Development Impact Fees Funds Reserves



FY 23-24  
ANNUAL BUDGET

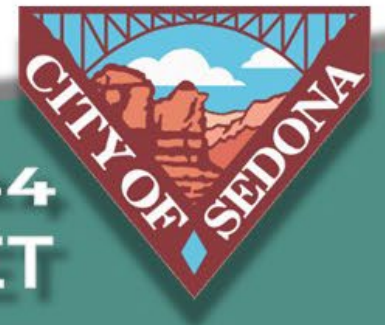




# Art in Public Places Fund

(FUNDS-11)

FY 23-24  
ANNUAL BUDGET





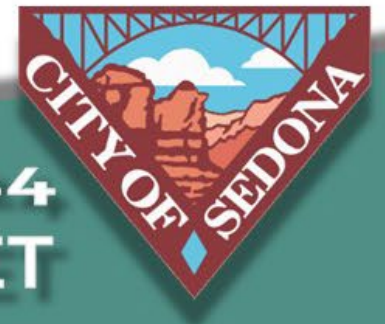
# Art in Public Places Fund Reserves

Deficit Balance- \$62k

- Loan will be needed



FY 23-24  
ANNUAL BUDGET

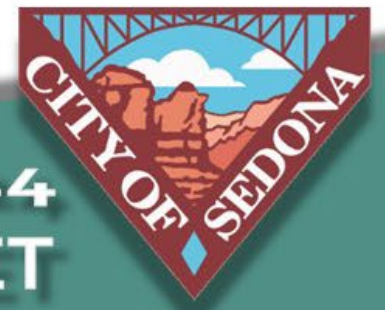




# Public Transit Enterprise Fund

(FUNDS-12 to FUNDS-13)

FY 23-24  
ANNUAL BUDGET

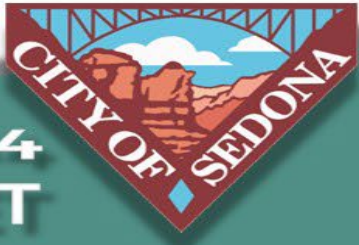


# Public Transit Enterprise Fund Reserves

Future System Implementation - \$5M

Equipment Replacement Reserve - \$237k

- Fully funded based on policy requirement







# Wastewater Enterprise Fund

(FUNDS-14 to FUNDS-15)

FY 23-24  
ANNUAL BUDGET





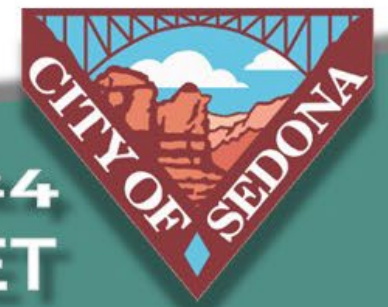
# Wastewater Enterprise Fund

## Ongoing Revenues vs. Ongoing Expenditures

(in Thousands)

|                           | FY2024<br>Proposed | FY2023<br>Budget |
|---------------------------|--------------------|------------------|
| Ongoing Revenues          | \$7,448            | \$7,861          |
| Transfer from Other Funds | 3,100              | 3,200            |
| Less:                     |                    |                  |
| Ongoing Expenditures      | 5,731              | 5,484            |
| Debt Service              | 4,541              | 4,541            |
| <b>Net</b>                | <b>\$ 276</b>      | <b>\$1,036</b>   |

FY 23-24  
ANNUAL BUDGET





# Wastewater Enterprise Fund Reserves

Operating Reserve - \$1.4M-\$1.9M

- Shortfall \$585k-\$1.1M

Capital Reserve - \$10.7M

- Fully funded based on policy requirement, but options to be reviewed to keep within policy requirements for all reserves<sup>(1)</sup>

Equipment Replacement Reserve - \$1.2M

- Fully funded based on policy requirement

Major Maintenance Reserve - \$386k

- Fully funded based on policy requirement

<sup>(1)</sup> Two CIP projects have been proposed for deferral to FY26 to stay within reserve requirements.



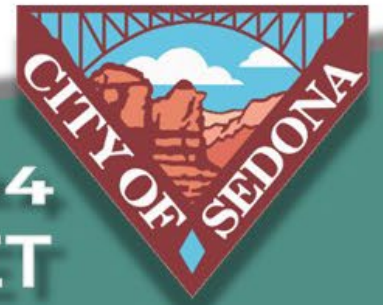




# Information Technology Internal Service Fund

(FUNDS-16)

FY 23-24  
ANNUAL BUDGET



# Information Technology Fund Reserves

Equipment Replacement Reserve - \$1.0M

- Fully funded based on policy reserve requirement

**Balance available after reserves - \$703k**

**Recommendation:** Retain as addition to equipment replacement reserve

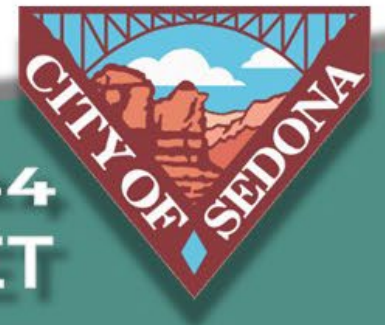
FY 23-24  
ANNUAL BUDGET





# Capital Improvements Plan

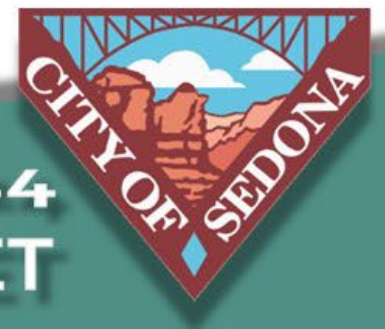
FY 23-24  
ANNUAL BUDGET







**FY 23-24  
ANNUAL BUDGET**





# CIP Prioritization<sup>(1)</sup>

(CIP-1)

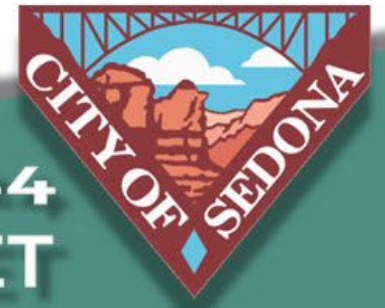
**IMPERATIVE (Must-Do)** – Projects that cannot reasonably be postponed in order to avoid harmful or otherwise undesirable consequences.

**ESSENTIAL (Should-Do)** – Projects that address clearly demonstrated needs or objectives.

**IMPORTANT (Could-Do)** – Projects that benefit the community but may be delayed without detrimental effects to basic services.

**DESIRABLE (Other Year)** – Desirable projects that are not included within the 3-year funded timeframe because of funding limitations.

<sup>(1)</sup> The CBWG suggested changing the words Imperative and Essential to be more distinctive of the category since they are so close in meaning. This will be considered for the next budget process.



# Capital Improvements by Category

(including 1% Arts Transfers and CFD Funding)

(In Thousands)

(CIP-2 to CIP-7)

| Category                           | Carryover       | New<br>Appropriation | FY 2024<br>Proposed |
|------------------------------------|-----------------|----------------------|---------------------|
| Sedona in Motion <sup>(1)(2)</sup> | \$13,709        | \$ 6,490             | \$20,199            |
| Wastewater                         | 4,970           | 647                  | 5,617               |
| Parks & Recreation                 | 3,661           | 166                  | 3,827               |
| Public Transit <sup>(1)</sup>      | 1,411           | 370                  | 1,781               |
| Storm Drainage                     | 785             | 150                  | 936                 |
| Streets & Transportation           | 360             | 290                  | 650                 |
| Information Technology             | 500             | 100                  | 600                 |
| Sustainability                     | 120             | 332                  | 452                 |
| Arts & Culture                     | 231             | 1                    | 232                 |
| Police                             | 66              | 150                  | 216                 |
| Municipal Court                    | -               | 79                   | 79                  |
| <b>Total</b>                       | <b>\$25,813</b> | <b>\$8,775</b>       | <b>\$34,588</b>     |

<sup>(1)</sup> Spent on SIM/PT projects to date = \$25.4M (FY18-FY22 actual plus FY23 estimate)

<sup>(2)</sup> The carryover offset is included in the SIM category.

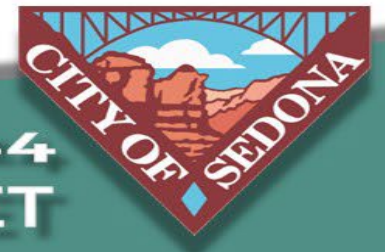


# CIP Budget Changes<sup>(1)</sup>

(In Thousands)  
(CIP-8 to CIP-9)

|                                   |           |
|-----------------------------------|-----------|
| Project Budget Total as of FY2024 | \$123,387 |
| Original Project Budget Total     | \$70,024  |
| Increase over Original            | \$53,363  |
| Project Budget Total as of FY2023 | \$100,788 |
| Increase over FY2023              | \$22,599  |

<sup>(1)</sup> Excludes projects with 1<sup>st</sup> appropriation in FY2024, excludes future estimates.



# Capital Improvements by Funding Source

(pg. CIP-5)

| Funding Source                                    | FY 2024 Proposed |
|---|------------------|
| Unrestricted:                                     |                  |
| Capital Reserves                                  | \$ 3,057         |
| Restricted:                                       |                  |
| Debt Financing <sup>(1)</sup>                     | 15,522           |
| Wastewater Revenues/Equipment Replacement Reserve | 5,546            |
| Transportation Sales Tax                          | 4,984            |
| Development Impact Fees Funds                     | 4,242            |
| Grants and Donations                              | 2,246            |
| Community Facilities Districts                    | 405              |
| Yavapai County Flood Control                      | 350              |
| 1% for Arts                                       | 167              |
| Court Restricted Revenues                         | 68               |
| Unidentified <sup>(2)</sup>                       | (2,000)          |
| <b>Total</b>                                      | <b>\$34,588</b>  |

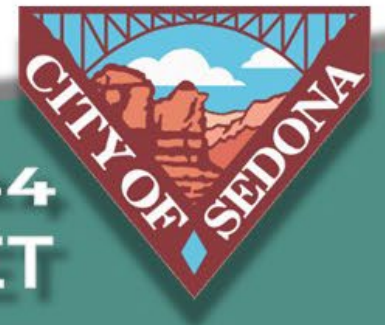
(1) Assumed the \$25M bond proceeds will be fully spent by 6/30/24.

(2) The carryover offset was labeled as unidentified since it will depend on the projects delayed and the funding sources for those projects.



# Recap & Review

FY 23-24  
ANNUAL BUDGET







# General Fund Surpluses

| Fiscal Year         | Surplus<br>(in millions) |
|---------------------|--------------------------|
| 2015                | \$ 2.9                   |
| 2016                | \$ 3.1                   |
| 2017                | \$ 2.8                   |
| 2018                | \$ 1.0                   |
| 2019                | \$ 2.3                   |
| 2020                | \$ 3.5                   |
| 2021                | \$12.2                   |
| 2022 <sup>(1)</sup> | \$13.8                   |
| 2023 est.           | \$12.3                   |
| 2024 prelim         | \$ 2.9                   |

What is a surplus





# Available Surplus Balances

|                                  | General Fund        |
|----------------------------------|---------------------|
| <b>Actual Surplus:</b>           |                     |
| FY 2022                          | \$8,634,278         |
| <b>Estimated Surpluses:</b>      |                     |
| FY 2023                          | 12,281,866          |
| FY 2024                          | 2,920,278           |
| <b>Total Estimated Surpluses</b> | <b>\$23,836,422</b> |

FY 23-24  
ANNUAL BUDGET





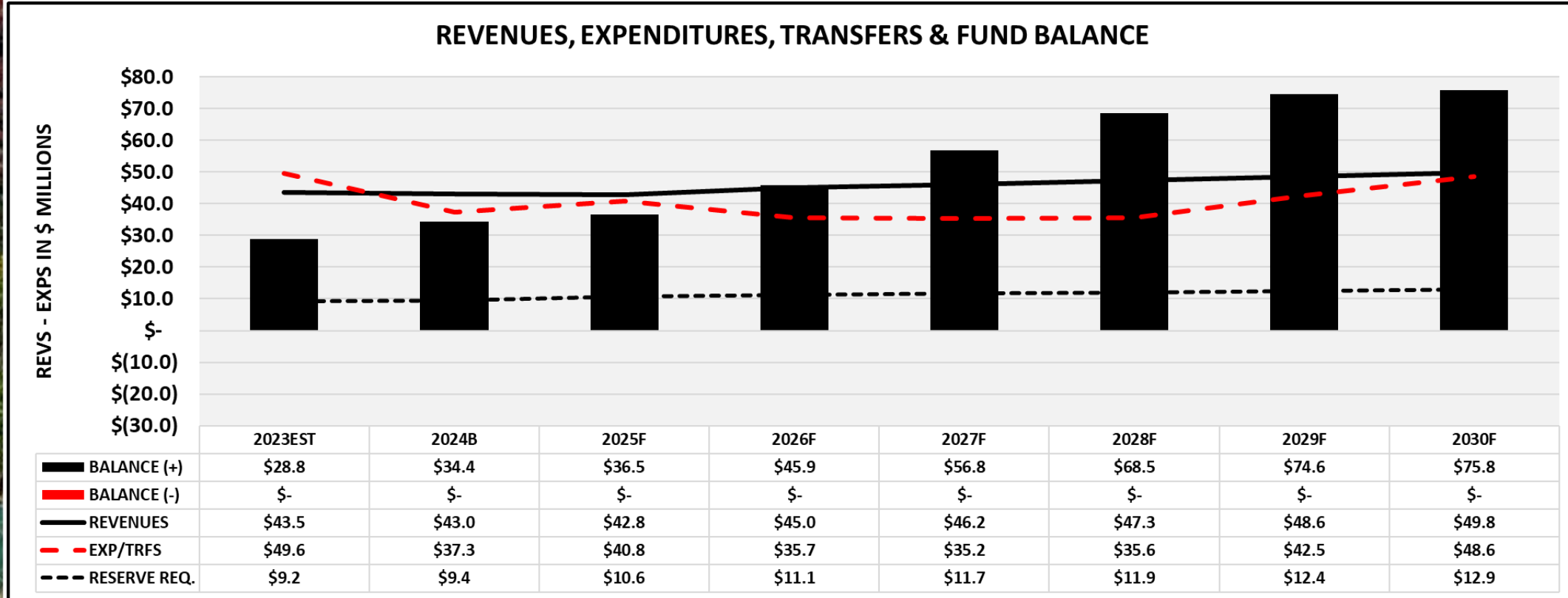
# Included in Baseline Long-Range Forecast

- Bonds issued for transit system implementation
- Bonds issued for Uptown parking garage
- No bonds issued for purchase of School District Admin site
- Two identified wastewater CIP projects moved to FY26
- Cover future gaps in Transportation Sales Tax Fund with General Fund monies
- Cover future gaps in Capital Improvements Fund with General Fund monies
- Cover future gaps in Development Impact Fees Funds with General Fund monies

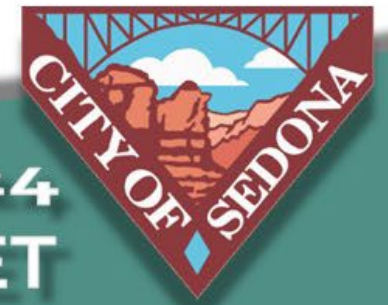




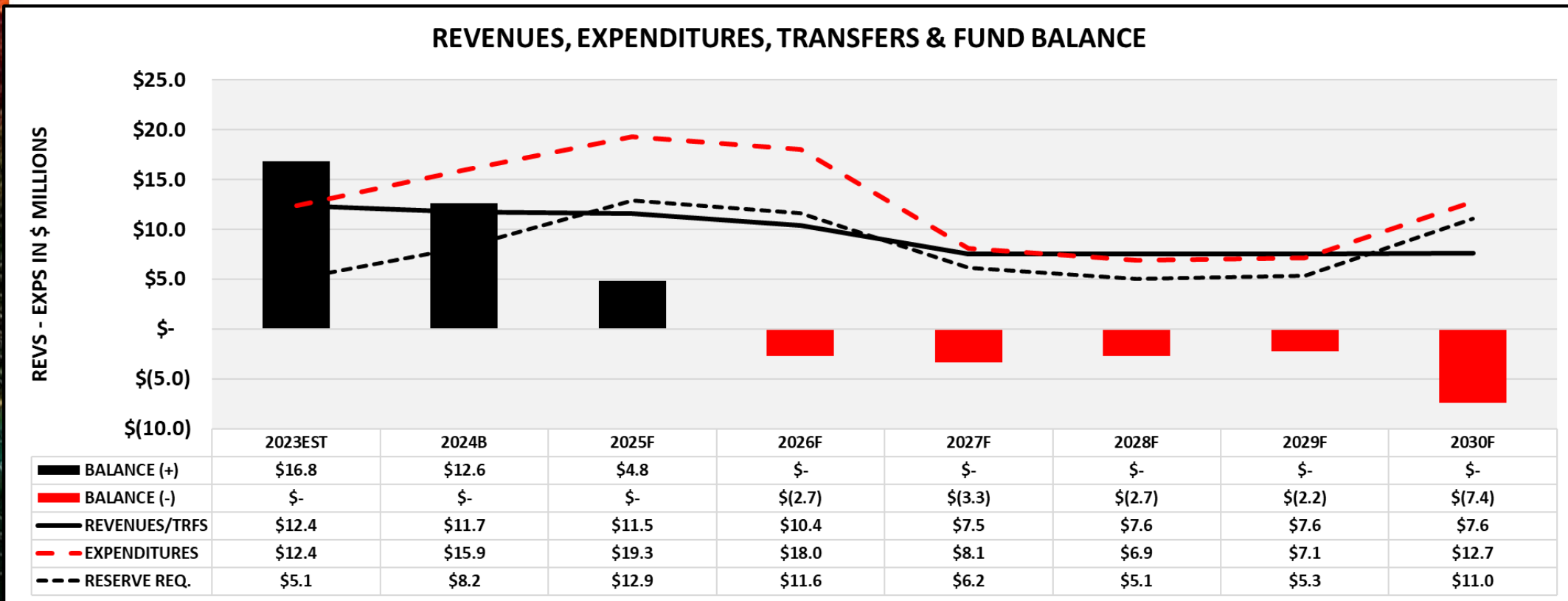
# Baseline Long-Range Forecast – General Fund



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ANNUAL BUDGET



# Baseline Long-Range Forecast – Wastewater Fund



FY 23-24  
ANNUAL BUDGET

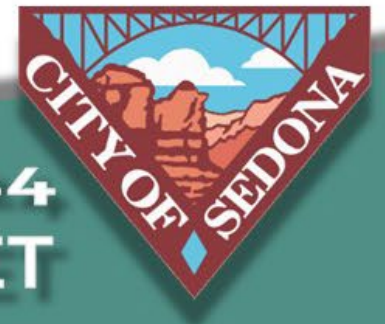




# Interactive Forecast Model<sup>(1)</sup>

<sup>(1)</sup> Optional scenarios represent “what would happen if” and do not necessarily represent the decisions that will be made. The City has a long history of taking a proactive approach to financial decisions and recessionary effects to ensure the City’s financial position remains strong.

FY 23-24  
ANNUAL BUDGET







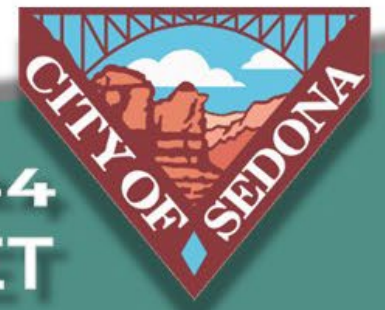
# Considerations for Surplus Allocation

(In Thousands)

|   | Suggested Amount |
|---|------------------|
| Loan for DIF Funds to cover capital reserve balance                             | \$2.6M           |
| Set up reserve for future purchase of School District Admin site <sup>(1)</sup> | \$8M???          |
| Future Transit Fund needs   | ???              |
| Future Housing Fund needs   | ???              |
| Future CIP Fund needs   | ???              |
| Other priorities  | ???              |
| Additional contribution to PSPRS unfunded liability of \$5.2M                   | ???              |
| Additional reserve in case of recession   | ???              |
| Other ideas? <sup>(2)</sup>   | ???              |

<sup>(1)</sup> Earliest option to purchase is 7/26/2029.

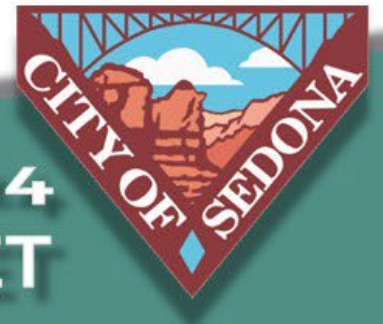
<sup>(2)</sup> The prepayment consideration for ASRS discussed in the Council Retreat is not an option at this time. ASRS will be starting the program for those wanting to build up a balance first and then look at options for how to implement prepayments later.





# CBWG/Community Survey Input

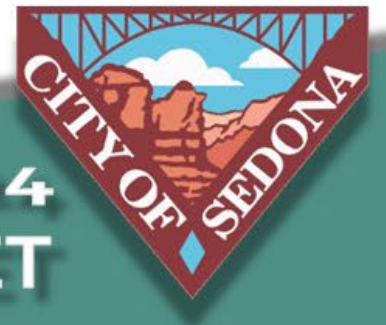
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# Changes to CIP Projects?

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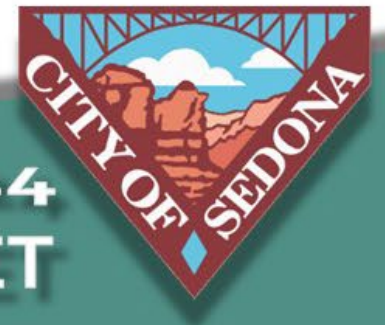






# Decision Packages?

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# Other Changes?

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# Impact of Budget Changes to Total

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# **Next Step – Tentative Budget Adoption July 11, 2023**

**FY 23-24  
ANNUAL BUDGET**

