

**Action Minutes**  
**Special City Council Meeting – Budget Work Session**  
**City Council Chambers, Sedona City Hall,**  
**102 Roadrunner Drive, Sedona, Arizona**  
**Wednesday, June 14, 2022, 8:00 a.m. &**  
**Thursday, June 15, 2022, 8:00 a.m.**

**1. Call to Order/Pledge of Allegiance/Moment of Silence**

Mayor Jablow called the meeting to order at 8:00 a.m.

**2. Roll Call**

**Roll Call:** Mayor Scott Jablow, Vice Mayor Holli Ploog, Councilor Melissa Dunn, Councilor Brian Fultz, Councilor Pete Furman, Councilor Kathy Kinsella, Councilor Jessica Williamson.

**Staff Present:** City Manager Karen Osburn, Deputy City Manager Andy Dickey, City Attorney Kurt Christianson, Finance Director Cherie White, Parks and Recreation Manager Josh Frewin, Police Chief Stephanie Foley, Accounting Technician Kate Dutro, Wastewater Director Roxanne Holland, Human Resources Manager Brenda Tammarine, Public Relations Coordinator Kegn Moorcroft, Accounting Manager Renee Stanley, Executive Assistant Sherri O'Connor, Deputy Chief of Police Ryan Kwitkin, Lieutenant Karl Waak, Lieutenant Scott Martin, Communications/Records Supervisor Erin Loeffler, Magistrate Judge Paul Schlegel, Communications Manager Lauren Browne, Sustainability Manager Bryce Beck, Director of Engineering/Public Works Kurt Harris, Administrative Supervisor Katie Chadwick, Information Technology Director Chuck Hardy, Short-term Rental Specialist Teresah Arthur, Arts Coordinator Nancy Lattanzi, Jeanne Frieder Housing Coordinator, Web Content Manager Rob MacMullen, Housing Manager Shannon Boone, Senior Code Enforcement Officer Brian Armstrong, Community Development Director Steve Mertes, Administrative Assistant Donna Puckett, Principal Planner Cynthia Lovely, and City Clerk JoAnne Cook.

**3. Special Business**

**Work Session regarding City of Sedona budget for Fiscal Year 2023/2024. The Council may take action to give direction regarding amendments or changes to the proposed City budget or Capital Improvements Plan.**

- a. Public Comment: Public comment on all budget items will be taken at the outset of the meeting. Each person commenting will have a maximum of two minutes. The entire period for the public comment will not exceed thirty minutes – None.**
- b. An introduction to and overview of the 2023/2024 Fiscal Year Budget process will be presented and discussed.**

Presentation by Cherie White.

Questions and comments from Council throughout entire budget presentation.

Cherie White gave an overview of the budget calendar and how the budget is organized. The goals of the budget work session are to: ensure Council understands what is included in the budget, determine the amount of the budget cap, and discuss the City's financial capacity for addressing priorities. She thanked Sedona Chamber of Commerce CEO Michelle Conway and City of Sedona Planning Manager Cari Meyer for their input. She thanked Public Relations Coordinator Kegn Moorcroft and the public for their work and input on the Community Survey.

Cherie introduced the members of the Citizen's Budget Work Group in attendance. Mayor Jablow thanked the CBWG for their time and efforts during the process.

**An overview of departmental budgets will be presented and reviewed with any departments requested by the City Council.**

Introduction by Cherie White.

Presentation by members of the Citizen's Budget Work Group: Tracy Randall, Guy Lamunyon, James Cashin, Christian Eaton, and Pilisa Rainbow Lady.

Questions and comments from Council throughout the departmental presentations.

**c. Recommendations of the Citizen's Budget Work Group –**

- Narrow the scope and focus of Council priorities and projects
- Look at incentives for employee retention
- Invest more resources to the trail systems
- Single trash/recycling hauler be reconsidered
- Consider what can be done to increase completion percentage of CIP projects (i.e., staff to project ratio)
- Consider merge of the Magistrate Court with another agency
- Continue the relationship building and cooperation activities.
- Allocate more resources to help keep watershed clean
- Sustainable tourism signage, dog waste containers, recycling containers installed at trail heads

Cherie introduced Accounting Manager Renee Stanley, Accounting Technician Katie Dutro, and future new hire Budget & Financial Analyst Sterling West.

**d. An overview of departmental budgets will be presented and reviewed with any departments requested by the City Council-**

**Wastewater** – presentation by Cherie White and Roxanne Holland. Direct costs reflect an increase of 7% over FY23. FY24 one-time cost total \$419,630. There is no decision package.

**Parks & Recreation** – presentation by Cherie White, Josh Frewin, Karen Osburn, and Andy Dickey. Direct costs reflect an increase of 20% over FY23. FY24 one-time cost total \$60,570. There is no decision package.

**By majority consensus, Council agreed to keep \$55,320 in budget for dog park improvements.**

**Break at 11:01 a.m. Reconvened at 11:10 a.m.**

**Police** – presentation by Cherie White, Chief Foley, Lieutenant Waak, and Erin Loeffler. Direct costs reflect a decrease of 9% over FY23. FY24 one-time cost total \$432,460. Decision package includes: \$133,460 for new position and dedicated second motor officer; \$1,200 for DUI enforcement (CM & CBWG recommended if grant funding received); \$1,200 for Speed & Traffic Enforcement (CM & CBWG recommended if grant funding received).

**Break at 12:02 a.m. Reconvened at 12:39 p.m.**

**Public Transit** – presentation by Cherie White and Robert Weber. Direct costs reflect an increase of 15% over FY23. FY24 one-time cost total \$427,010. Decision package includes: \$64,500 for Hanover Multimedia TFT screens (CM recommended from Tourism contingency, CWBD not

recommended).

**Municipal Court** – presentation by Cherie White, Judge Schlegel, Karen Osburn, and Andy Dickey. Direct costs reflect an increase of 13% over FY23. FY24 one-time cost total \$100,100. Decision package includes: \$78,510 for new Court Clerk position (CM not recommended, CBWG not recommended); \$49,040 for Temporary Court Clerk (CM and CBWG recommended); \$50,250 to increase Court Security Officer hours (CM and CBWG not recommended). CIP Project request include: increase appropriation by \$152K for Phase 2.

**Sustainability** – presentation by Cherie White, Bryce Beck, and Andy Dickey. Direct costs reflect a decrease of 19% over FY23. FY24 one-time cost total \$9,660. Decision package includes: \$15,000 for community garden project (CM not recommended, CBWG not recommended).

**Break at 2:22 p.m. Reconvened at 2:35 p.m.**

**Public Works** – presentation by Cherie White, Kurt Harris, and Andy Dickey. Direct costs reflect a decrease of 9% over FY23. FY24 one-time cost total \$632,980. There is no decision package.

**Information Technology** – presentation by Cherie White and Chuck Hardy. Direct costs reflect a 5% over FY23. FY24 one-time cost total \$345,120. Decision package includes: \$36,230 for IT Communications, Cellular Boost (CM and CBWG recommended); \$12,710 IT HelpDesk Position (CM and CBWG not recommended); \$7,000 Hardware/software for new position in PD (CM and CBWG recommended). Carryover Project includes: request to increase appropriation by \$1.3 million.

**Tourism & Economic Initiatives** – presentation by Cherie White and Karen Osburn. Direct costs reflect an increase of 35%. Decision package includes: \$200,000 for Tourism Data Collection Project.

**Council unanimously supported the Tourism & Economic Initiatives Decision Package.**

**Break at 4:02 p.m. Reconvened at 4:15 p.m.**

**Break at 4:42 p.m. on Wednesday afternoon. Will reconvene Thursday, June 15, 2023 at 8:00 a.m.**

**Reconvened on Thursday, June 15, 2023 at 8:00 a.m. Special Budget Work Session Meeting.**

**City Manager's Office** – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of 55% over FY23 due largely to transferring Housing and Sustainability to stand alone departments and the transfer of a 1.FTE to Community Development.

**City Manager Admin** – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease 19% largely due to transfer of 1 FTE to Comm Dev., decrease in one-time costs for legislative advocate, and transfer of a portion of vacancy savings offset from General Services.

Karen requested the position of Economic Development Director be converted to an additional Deputy City Manager position and requested this be added to the CMO Admin Summary Changes.

**By consensus, Council agreed with the addition of 1 FTE for an additional Deputy City Manager position.**

**City Manager Communications** – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of 2% largely due to a decrease in one-time costs including National Citizen Survey. There is no decision package.

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**City Manager Arts & Culture** – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of <1%. There is no decision package. Carryover project includes: \$232,000 for Art in the Roundabouts. A \$65K donation was received to support the Art in the Roundabouts.

**City Manager STR Monitoring/Admin** – presentation by Cherie White and Karen Osburn. Direct costs reflect a decrease of 31% largely due to transfer of software costs to IT. There is no decision package.

**General Services** – presentation by Cherie White. Direct costs reflect a decrease of 1%. One-time services include: \$80,000 carryover funds for Evaluation of Airport Transfer, \$45,000 for DIF fees and additional cost for DIF Fee Study Update, and \$7.4 million for Bond Payments. Evacuation modeling costs of \$12K will be carried over for FY24. Decision packages include: reduction of contingency of \$64,500 for Hanover Multimedia TFT Screens (CM recommended, CBWG not recommended); reduction of reduction of contingency of \$200,000 for Tourism Data Collection Project CM and CBWG).

- **Small Grants** The total of small grants awarded for FY23 was \$190,000 with \$200,000 projected for FY24.
- **Outstanding Bonds** – As of July 1, 2023 equal \$44.8 million and pledged revenues for FY24 equal \$40.156 million.
- **FY Contingencies Totals** – General Fund \$1.7 million; Grants, Donations, & Restricted Funds \$2.375 million; Wastewater enterprise Fund \$1 million.

**Financial Services** – presentation by Cherie White. Direct costs reflect an increase of 6%. FY24 total one-time costs is \$99,710. Decision package includes: \$90,000 for Investment Advisory & Consulting Services (CM recommended, CBWG recommended without ESG component); \$50,000 for Internal Control Audit (CM and CBWG not recommended).

**Break at 10:05 a.m. Reconvened at 10:18 a.m.**

**Community Development** – presentation by Cherie White and Steve Mertes. Direct costs reflect a decrease of 12%. FY24 total one-time costs is \$238,280. Decision package includes: \$125,000 for Cultural Park Area Master Plan (CM and CBWG recommended); \$11,200 for Temporary Planner position converted to full-time position (CM and CBWG recommended).

**Housing** – presentation by Cherie White, Shannon Boone, and Karen Osburn. Direct costs reflect a decrease of 12%. FY24 total one-time costs decrease of \$240,000 for transfer of rent incentives program to ongoing costs and decrease to \$100,000. Decision package includes: \$600,000 for Safe Place to Park (CM's initial recommendation changed to recommended and CBWG not recommended at this time-strategic plan first); \$54,000 for Strategic Plan to Address Homelessness (CM and CBWG recommended); \$15,000 for Cold/Wet Weather Emergency Fund (CM recommended and CBWG recommended with reliance on partner organization first); \$2 million for Purchasing Deed Restrictions (CM not recommended and CBWG recommended but no cost to City). There is a total of \$6.9 million reserved for loans for Shelby Drive, Sunset Lofts, and the Down Payment Assistance Program.

**Human Resources** – presentation by Cherie White, Brenda Tammarine, and Karen Osburn. Direct costs reflects a 17% increase from FY23 largely due to the transfer of \$25,000 for citywide training costs from the city manager's department and \$increase in recruitment/relocation. No one-time costs. Decision package: \$10,000 for Tuition Reimbursement Program (CM and CBWG recommended).

**City Attorney's Office** – presentation by Cherie White and Kurt Christianson. Direct costs reflects a 5% increase from FY23. No one-time costs and no decision package.

**City Council** – presentation by Cherie White. Direct costs reflects a 25% increase from FY23 largely related to the addition of communication support contract of \$20,000. No one-time costs or decision package.

**By majority consensus, Council agreed to remove \$20,000 for the communications support contract.**

**City Clerk's Office** – presentation by Cherie White and JoAnne Cook. The budget reflects a 13% decrease from FY23 largely related to the decrease in election costs. FY24 one-time costs \$300 for elections advertising/publications. There is no decision package.

**Break at 12:30 p.m. Reconvened at 1:09 p.m.**

**e. An overview of the overall City budget and strategic budget issues for FY 2023/2024 will be presented and discussed.**

Presentation by Cherie White, Karen Osburn, and Kurt Christianson.

Questions and comments from Council throughout presentation.

**Budget Overview** – Estimated July 1 fund balances total \$99.1 million; estimated \$67 million proposed revenues total; estimated \$110 million of total resources available. Excess resources available total \$25.8 million. Estimated ending fund balances total approximately \$81.6 million.

Salary & Benefit Changes – FY23 \$18.9 million, FY24 \$18.7 million

PSPRS Unfunded Liability – Increase of \$63,000

Changes to Operations – FY23 \$18.361 million, FY24 \$18.575 million

Capital Improvement Project (CIP) changes: FY23 56.541 million, FY24 \$34.164 million.

Debt Service changes: FY23 \$7.813 million, FY24 \$7.425 million

Contingencies changes: FY23 \$2.512 million, FY24 \$4.181 million

Council Priorities funded in the budget include: Traffic/transportation improvements FY24 \$20.4 million; CIP/Operations Public transit system total \$4.619 million; Sustainability/climate action totals 17.5 million; Trailhead congestion/impact to neighborhoods (staff time only); Improve citizen communications/relations total \$534K; Manage impact from short-term rentals \$193K; Economic Diversification (Tourism & Economic Initiatives \$266K; Emergency preparedness (staff time only); Community Plan update \$228K; Other property acquisitions (none FY24); Accelerate Brewer Road Park build-out \$2.260 million; Airport \$80K; environmental impact study on OHVs/USFS trail access based on capacity analysis (staff time only); Pickleball Courts \$1.5 million; Enterprise Resource Planning (ERP) system \$600K; Revisit Land Development Code (staff time only).

Revenues changes: FY23 \$70.6 million, FY24 \$67 million.

Transfers between funds are budgeted as follows: Streets Fund \$2.3 million; Housing Fund 2.422 million; Capital Improvements Fund \$6.767 million; Dev. Impact Fees Fund \$4.5 million; Art in Public Places Fund \$4.5 million; Public Transit Enterprise Fund \$3.3 million; Wastewater Enterprise Fund \$3.3 million; Info. Tech Internal Service Fund \$44K; for a total of \$22.7 million.

**f. An overview of the Fund Summaries will be presented and discussed.**

Presentation by Cherie White and Karen Osburn.

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**General Fund** – Ongoing revenues are budgeted at \$42.9 million, less \$24M for ongoing expenditures; less \$2.2M in debt services; Less \$7.9M in ongoing transfers to other funds for a net of \$8.4 million.

**Reserves are as follows:** Operating Reserve \$7.6M; Equipment Replacement Reserve \$1.8M; Net Paid Parking Balance \$0; Loan to Arts Fund \$62K; Loan to DIF Funds \$1.4M. Balance available after reserves \$23.8M.

**Streets Fund Reserves-** Operating Reserve \$742K; Rehab/Preservation Reserve \$300K; Equipment Replacement Reserve \$37K.

**Housing Fund** – Ongoing revenues are budgeted at \$122K; Ongoing Transfers budgeted at \$500K. Less ongoing expenditures are budgeted at \$490K. \$6.2 million reserved for Sunset Lofts loan and \$300K reserved for 2250 Shelby Dr. loan; \$400K reserved for Down Payment Assistance loans. Net total is \$132K. There are no reserve requirements for this fund.

**Grants, Donations & Restricted Funds** – Court restricted \$109K; Police programs \$14K; \$66K various donations purposes; \$45K Prop 207 designated for payment toward unfunded PSPRS liability for a total of \$235K.

**Transportation Sales Tax Fund** – Capital Reserve of \$6.3M set aside to meet anticipated capital project costs in FY24 and is fully funded at \$7.4M. Revenues project for FY25 is sufficient to cover costs.

**Capital Improvements Fund Reserves** – Fully funded with \$6.5M budgeted. Balance available after reserves total \$7.2M. Staff's recommendation is to retain for future capital project costs.

**Development Impact Fees Funds Reserves-** Capital Reserves, \$0. This is insufficient to cover FY24 costs of \$1.4 M and FY25 capital of \$2.6M, loans may be necessary.

**Art in Public Places Fund Reserves** – \$62K deficit balance, loan will be needed.

**Public Transit Enterprise Fund Reserves**– Future system implementation \$5M; Equipment Replacement Reserve \$237K (proposed reserve requirement).

**Wastewater Enterprise Fund Reserves-** ongoing revenues are budgeted at \$7.448 million. Ongoing expenditures are budgeted at \$5.731 million. Transfers from other funds \$3.1M, less ongoing expenditures \$5.731M and Debt service \$4.541M for a net of \$276K.

**Information Technology Internal Service Fund Reserves** - Equipment Replacement Reserve is \$1.0M and fully funded based on policy reserve requirement. Balance available after reserves is \$703K. Staff recommended to retain the balance as addition to equipment replace reserve.

**Break at 3:54 p.m. Reconvened at 4:07 p.m.**

**An overview of the Capital Improvements Plan will be presented and discussed.**

Presentation by Cherie White and Karen Osburn.

Questions and comments from Council throughout presentation.

**g. An overview of the Capital Improvements Plan will be presented and discussed.**

Capital Improvement Projects (CIP) have been prioritized in the following categories: Imperative (must do), Essential (should do), Important (could do), and Desirable (other year). There is a total \$34.6M in budgeted expenditures with \$3.057M covered by Unrestricted Capital Reserves. Community Facilities Districts funding (CFD) as follows: Sedona in Motion \$20.2M; Wastewater \$5.6M million; Public Transit \$1.8 million; Storm Drainage \$936K; Streets & Transportation

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\$650K; Information Technology \$600K; Sustainability \$452K; Arts & Culture \$232K; Police \$216K; Parks & Recreation \$3.8M; and Municipal Court \$79K.

Carryover expenditures total \$25.8 million and New Appropriation expenditures total \$8.8 million for including 1% arts transfers and CFD finding for total of \$34.6 million.

CIP Budget Changes are as follows: Project Budget total as of FY24 \$123 million, original project budget total \$70 million, increase over original \$53 million, increase over FY23 total \$22.6 million.

**h. Recap and review of overall budget, decision packages, capital improvement projects, and financial impacts will be presented and discussed.**

Available Surplus Balances in the General Fund ; FY22 \$8.6 million; FY23 \$12.3 million; FY24 \$2.9 million; and total estimated surpluses of \$23.8 million.

**By majority consensus, Council agreed to the following surplus allocations:**

Loan for DIF Funds to cover capital reserve balance for FY25 – \$0

Set up reserve for future purchase of School District Admin site – \$0

Future Transit Fund needs – \$0

Future Housing Fund needs – \$12M

Future CIP Fund needs – \$0

Other priorities – Streets Fund \$0

Additional contribution to PSPRS unfunded liability of \$5.2M – \$1.2M

Additional reserve in case of recession – \$0

Other ideas – none

**Unanimously, Council agreed no changes need to be made to CBWG/Community Survey Input and to CIP projects.**

**i. Items not completed on Wednesday, June 14, 2023, will be carried over to Thursday, June 15, 2023 beginning at 8:00 a.m.**

Questions and comments from Council throughout presentation.

**By majority consensus, Council supported all decision packages as indicated below:**

Description	Council Direction	One-Time	Ongoing	Total
<b>General Fund</b>				
PD - New position & Dedicated Second Motor Officer	Recommended	\$12,000	\$121,460	\$133,460
Court - New Court Clerk Position	Not recommended	-	\$78,510	\$78,510
Court - Temporary Court Clerk Position	Recommended	\$49,040	-	\$49,040
Court - Increase Court Security Officer Hours	Not recommended	-	\$50,250	\$50,250

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Description	Council Direction	One-Time	Ongoing	Total
Sustainability - Sedona Community Garden Project	Not recommended	\$13,500	\$1,500	\$15,000
Tourism & Economic Initiatives – Tourism Data Collection Project	Recommended	\$200,000	-	\$200,000
FS - Investment Advisory & Consulting Services	Recommended	\$40,000	\$50,000	\$90,000
FS -Internal Control Audit	Not recommended	\$50,000	-	\$50,000
CD - Cultural Park Area Master Plan	Recommended	\$125,000	-	\$125,000
CD - Transfer a Temporary Planner Position to Full-Time	Recommended	-	\$11,200	\$11,200
HR – Tuition Reimbursement Program	Recommended		\$10,000	\$10,000
<b>General Fund Total</b>		<b>\$426,040</b>	<b>\$192,660</b>	<b>\$618,700</b>
<b>Affordable Housing Fund</b>				
Housing- Safe Place to Park	Recommended	\$400,000	-	\$400,000
Housing - Strategic Plan to Address Homelessness	Recommended	\$54,000	-	\$54,000
Cold/Wet Weather Emergency Fund	Recommended	-	\$15,000	\$15,000
<b>Affordable Housing Fund Total</b>		<b>\$454,000</b>	<b>\$15,000</b>	<b>\$469,000</b>
<b>Grants &amp; Donations Fund</b>				
PD - DUI Enforcement	Recommended	\$1,200	-	\$1,200
PD - Speed & Traffic Enforcement	Recommended	\$1,200	-	\$1,200
<b>Grants &amp; Donations Fund Total</b>		<b>\$4,200</b>	<b>-</b>	<b>\$4,200</b>
<b>Info Tech Internal Service Fund</b>				
IT- HelpDesk Position	Not recommended	\$5,000	\$115,710	\$120,710
<b>Info Tech Internal Service Fund Total</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Public Transit Fund</b>				
Transit - Hanover Multimedia TFT Screens	Recommended	\$64,500	-	\$64,500
<b>Public Transit Fund Total</b>		<b>\$64,000</b>	<b>-</b>	<b>\$64,000</b>
<b>Wastewater Enterprise Fund</b>				
IT- IT Communications, Cellular Boost	Recommended	\$36,230	-	\$36,230

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<b>Wastewater Enterprise Fund Total</b>		<b>\$36,230</b>	<b>-</b>	<b>\$36,230</b>
<b>Grand Total</b>				

Meeting was carried over from 8:00 a.m. to 6:08 p.m. on Thursday, June 15, 2023, and actions are reflected above.

**4. Executive Session**

**Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:**


- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).**
- b. Return to open session. Discussion/possible action on executive session items.**

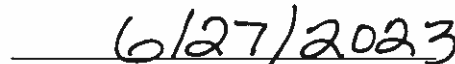
No Executive Session was held.

**5. Adjournment.**

Mayor Jablow adjourned the meeting at 6:08 p.m. on Thursday, June 15, 2023.

**I certify that the above are the true and correct actions of the Special City Council Meeting held on June 14 & 15, 2023.**

  
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 JoAnne Cook, CMC, City Clerk

  
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 Date