

# Preliminary June 2023 Sales & Bed Tax Revenues

City Council Meeting  
August 22, 2023



# Preliminary Numbers

FY 2023 year-end adjustments to be made

FY 2022 year-end adjustments were approx. \$65k

Not expected to significantly alter this analysis



# Confidentiality Rules

Cannot disclose any information regarding individual taxpayers

- Not even whether or not they pay taxes

Cannot disclose any information about a segment of taxpayers where 10 or fewer represent a significant portion of the category

Only City employees with a need to know for tax collection purposes are allowed access

- Even CM is specifically identified as not having a need to know unless such a small city that the CM also serves as CFO



# Comparison to Prior Year and Budget

## 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	2,854,072	-9%	3,540,360	-19%
June	2,633,448	2,686,944	2%	3,280,330	-18%
<b>Totals</b>	<b>\$ 32,749,006</b>	<b>\$ 31,755,509</b>	<b>-3%</b>	<b>\$ 36,570,000</b>	<b>-13%</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	779,126	-22%	1,080,120	-28%
June	644,379	714,052	11%	869,520	-18%
<b>Totals</b>	<b>\$ 8,942,766</b>	<b>\$ 8,587,989</b>	<b>-4%</b>	<b>\$ 10,232,000</b>	<b>-16%</b>

### Possible impacts:

- Reopening of Europe
- Significant inflation
- Talk of a possible coming recession
- Hold on destination marketing





# Comparison to Pre-COVID

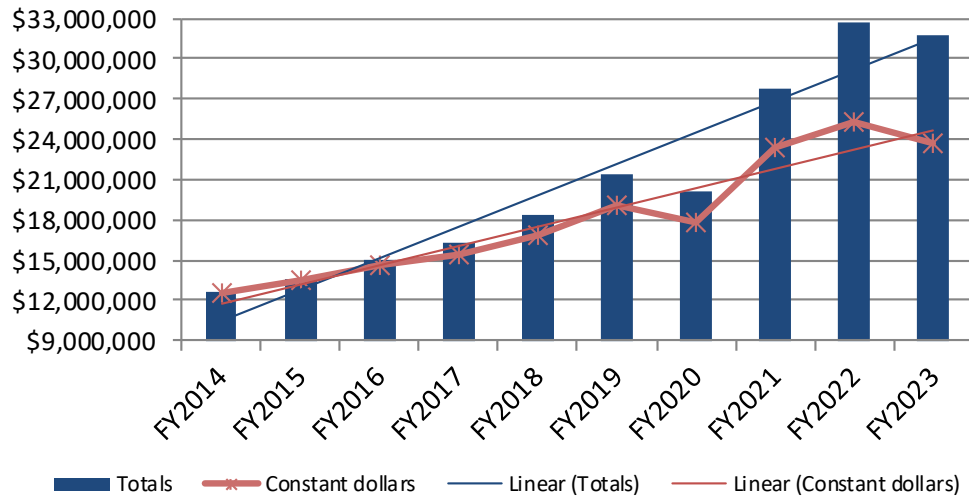
	June 2019	June 2023	% Change	FY 2019	FY 2023	% Change
Sales Tax	\$1,862,115	\$2,686,944	44%	\$21,381,693	\$31,755,509	49%
Bed Tax	\$380,099	\$714,052	88%	\$4,788,239	\$8,587,989	79%

NOTE: Western Region CPI increase from June 2019 to June 2023 was 20%.

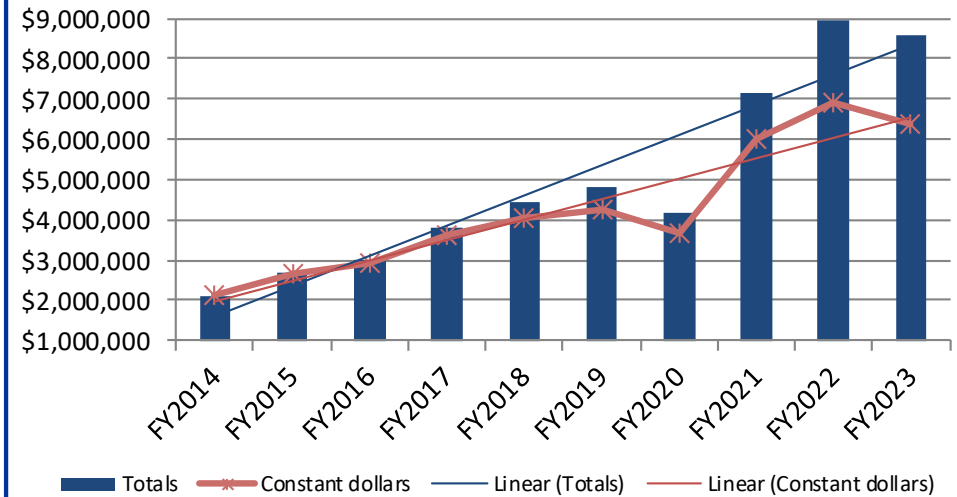


# Compared to Constant Dollars

## Total City Sales Tax Revenues



## Total Bed Tax Revenues

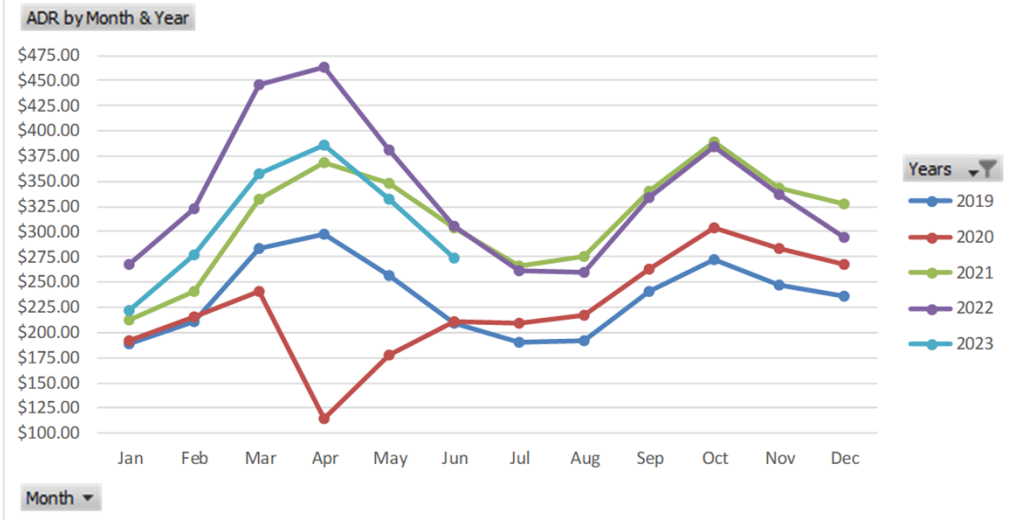
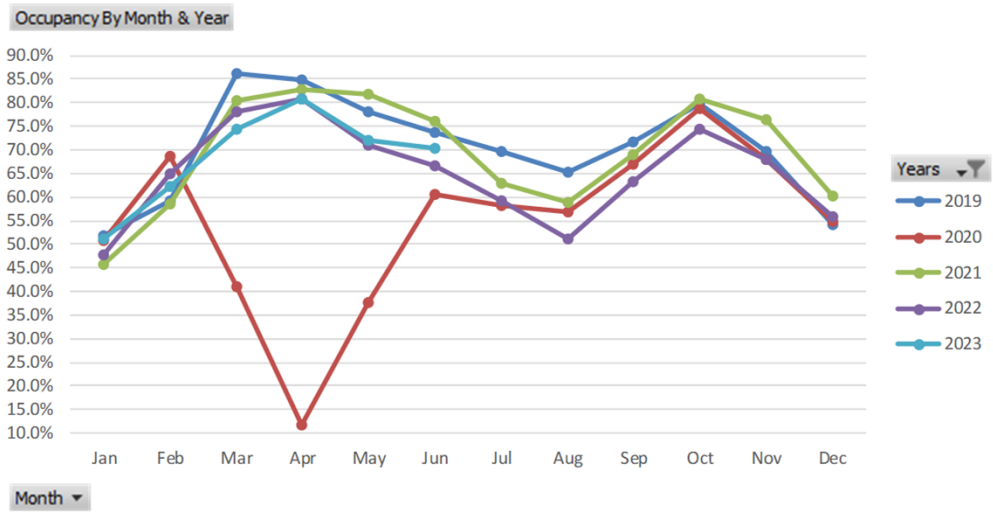


	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Sales actual change	8%	10%	8%	13%	16%	-6%	38%	18%	-3%
Sales constant \$ change	7%	8%	6%	9%	13%	-7%	31%	8%	-6%
Bed actual change	27%	13%	27%	16%	8%	-13%	72%	25%	-4%
Sales constant \$ change	25%	11%	24%	12%	5%	-14%	63%	15%	-7%



# Traditional Hotel Occupancy & ADR

Monthly Hotel Occupancy & Average Daily Room Rate



**SCTC Section 8-100. General Definitions.**

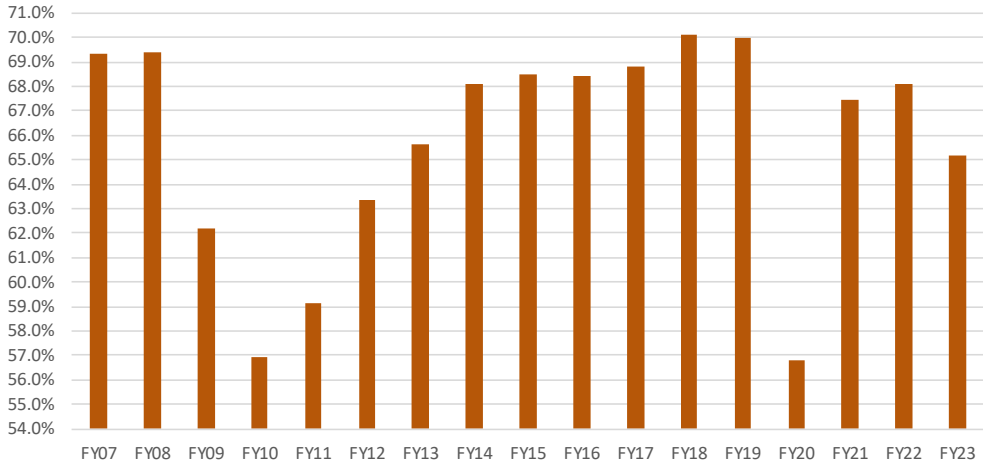
"Hotel" means any public or private hotel, inn, hostelry, tourist home, house, motel, rooming house, apartment house, trailer, or other lodging place within the City offering lodging, wherein the owner thereof, for compensation, furnishes lodging to any transient, except foster homes, rest homes, sheltered care homes, nursing homes, or primary health care facilities.

"Lodging (Lodging Space)" means any room or apartment in a hotel or any other provider of rooms, trailer spaces, or other residential dwelling spaces; or the furnishings or services and accommodations accompanying the use and possession of said dwelling space, including storage or parking space for the property of said tenant.

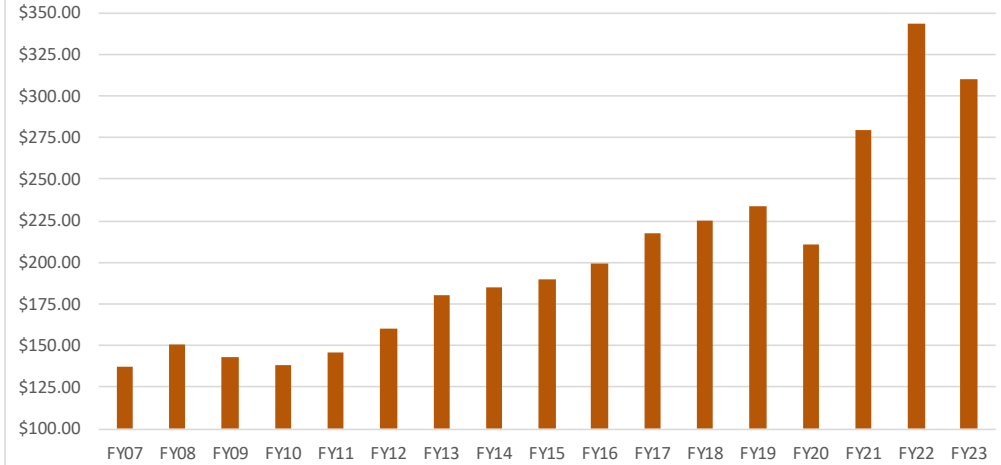


# Average Annual Traditional Hotel Occupancy & ADR

Average Annual Hotel Occupancy YTD



Average Annual Hotel Room Rate YTD



2017 National Citizen Survey – Q. To what extent would you support or oppose the City of Sedona encouraging growth in the following types of businesses/industries? A. For tourism, 43% support, 57% oppose.

2020 National Citizen Survey – Q. In the future, how much of a role would you like to see tourism have in Sedona's economy? A. 6% more of a role, 38% about the same role, 57% less of a role.

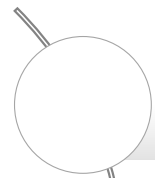
2022 National Citizen Survey – Q. In the future, how much of a role would you like to see tourism have in Sedona's economy? A. 3% more of a role, 35% about the same role, 62% less of a role.



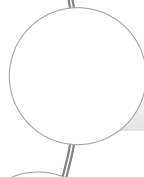


# June 2023 Revenues by Period End Date

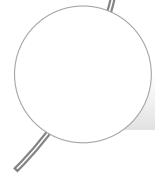
Period End Date	Amount
2003	1.00
2007	(19.56)
2008	0.03
2009	(0.13)
2010	57.98
2012	(339.60)
2017	482.51
2018	(0.96)
2019	785.28
2020	129.57
2021	5,487.54
2022	3,942.07
<b>2023:</b>	
Jan	(484.69)
Feb	1,276.24
Mar	2,353.12
Apr	14,030.31
May	101,223.95
Jun	3,265,455.65
Jul	6,374.71
Aug	6.29
Sep	128.81
Dec	106.01
<b>Grand Total</b>	<b>\$3,400,996.13</b>



Taxes due by 20<sup>th</sup> of following month



ADOR closes month by early to middle of following month



Data based on how taxpayer reported



# Reported Categories<sup>(1)</sup>

## Retail

- Retail sales, excluding food for home consumption (groceries)<sup>(2)</sup>
- Medical and adult use marijuana
- Online marketplace
- Use tax

## Restaurant & Bar

## Hotel/Motel

## Construction

- Prime contracting
- Speculative builders
- Owner/builder contracting
- Maintenance, repair, replacement and alteration (MRRRA) construction activities

## Leasing<sup>(3)</sup>

- Commercial rental/leasing of real property
- Rental/leasing of tangible personal property

## Communications & Utilities

- Utilities
- Communications

## Amusements & Other

- Amusements
- Transporting
- Publication
- Job printing
- Collections of tax due prior to 2015 not applicable in current categories
- License fees

<sup>(1)</sup>See the [Sedona City Tax Code](#) for detailed explanations of each category. Sedona does charge tax on food.

<sup>(2)</sup>Sedona does charge tax on food.

<sup>(3)</sup>Sedona does not charge tax on long-term residential rentals (30 or more days).



Month	Retail	Restaurant & Bar	Hotel/Motel	Construction <sup>(1)</sup>	Leasing	Communications & Utilities	Amusements & Other	Totals
<b>City Sales Tax Revenues by Category and by Month</b>								
July 2021	838,054	\$ 433,735	\$ 548,655	\$ 217,070	\$ 144,246	\$ 66,645	\$ 122,765	\$ 2,371,170
August 2021	816,112	407,527	567,906	116,831	142,622	68,876	117,481	2,237,355
September 2021	905,499	513,583	737,029	139,929	184,095	69,151	131,091	2,680,377
October 2021	1,025,419	576,025	922,123	133,049	190,939	65,184	160,526	3,073,265
November 2021	917,977	499,249	812,224	126,890	170,352	56,451	135,092	2,718,235
December 2021	1,032,105	481,518	679,453	137,907	171,397	62,690	95,083	2,660,153
January 2022	799,129	388,620	554,271	200,460	161,413	66,789	72,631	2,243,313
February 2022	837,596	455,020	774,763	182,213	163,634	61,950	114,206	2,589,382
March 2022	1,039,427	613,199	861,929	163,309	191,733	61,955	190,819	3,122,371
April 2022	1,020,634	638,121	1,042,841	133,182	146,074	64,545	228,550	3,273,947
May 2022	992,513	594,144	999,727	176,456	181,003	54,141	148,004	3,145,988
<b>June 2022</b>	<b>902,002</b>	<b>472,025</b>	<b>680,996</b>	<b>217,241</b>	<b>167,822</b>	<b>69,234</b>	<b>124,129</b>	<b>2,633,449</b>
<b>Total FY 2022</b>	<b>\$ 11,126,467</b>	<b>\$ 6,072,766</b>	<b>\$ 9,181,917</b>	<b>\$ 1,944,537</b>	<b>\$ 2,015,330</b>	<b>\$ 767,611</b>	<b>\$ 1,640,377</b>	<b>\$ 32,749,005</b>
July 2022	\$ 759,167	\$ 406,269	\$ 517,128	\$ 139,987	\$ 155,542	\$ 48,705	\$ 122,342	\$ 2,149,140
August 2022	797,223	369,186	502,766	195,095	156,688	96,617	80,318	2,197,893
September 2022	874,790	486,767	650,976	131,089	173,564	69,253	105,658	2,492,097
October 2022	1,053,822	582,764	868,383	161,238	177,348	39,266	139,165	3,021,986
November 2022	914,839	492,347	744,020	138,314	152,930	83,081	106,366	2,631,897
December 2022	896,682	424,843	586,451	134,064	168,411	67,347	83,243	2,361,041
January 2023	764,648	378,813	644,950	124,431	149,910	70,888	72,280	2,205,920
February 2023	792,929	463,351	765,546	138,808	163,484	68,826	97,392	2,490,336
March 2023	990,262	595,699	984,599	200,709	175,427	75,155	169,033	3,190,884
April 2023	1,113,347	691,082	1,011,113	216,734	174,942	58,701	207,381	3,473,300
May 2023	966,539	592,166	803,577	130,357	172,080	61,165	128,187	2,854,071
<b>June 2023</b>	<b>881,226</b>	<b>534,000</b>	<b>730,408</b>	<b>171,859</b>	<b>161,429</b>	<b>76,532</b>	<b>131,490</b>	<b>2,686,944</b>
<b>Total Year-to-Date FY 2023</b>	<b>\$ 10,805,474</b>	<b>\$ 6,017,287</b>	<b>\$ 8,809,917</b>	<b>\$ 1,882,685</b>	<b>\$ 1,981,755</b>	<b>\$ 815,536</b>	<b>\$ 1,442,855</b>	<b>\$ 31,755,509</b>
<b>Current Month Comparison to Same Month Last Year</b>								
<b>June 2022 vs. June 2023</b>	<b>\$ (20,776)</b>	<b>\$ 61,975</b>	<b>\$ 49,412</b>	<b>\$ (45,382)</b>	<b>\$ (6,393)</b>	<b>\$ 7,298</b>	<b>\$ 7,361</b>	<b>\$ 53,495</b>
<b>Change from June to June</b>	<b>-2%</b>	<b>13%</b>	<b>7%</b>	<b>-21%</b>	<b>-4%</b>	<b>11%</b>	<b>6%</b>	<b>2%</b>
<b>Year-to-Date Comparison to Year-to-Date Last Year</b>								
<b>Difference in YTD</b>	<b>\$ (320,993)</b>	<b>\$ (55,479)</b>	<b>\$ (372,000)</b>	<b>\$ (61,852)</b>	<b>\$ (33,575)</b>	<b>\$ 47,925</b>	<b>\$ (197,522)</b>	<b>\$ (993,496)</b>
<b>% Change from Prior YTD</b>	<b>-3%</b>	<b>-1%</b>	<b>-4%</b>	<b>-3%</b>	<b>-2%</b>	<b>6%</b>	<b>-12%</b>	<b>-3%</b>

<sup>(1)</sup>In June 2022, Construction included significant delinquencies. Excluding delinquent collections, it is estimated that June 2023 would have been 13% less than June 2022.



## Comparison to Pre-COVID by Category

	June 2019	June 2023	% Change	FY 2019	FY 2023	% Change
Retail	\$590,382	\$881,226	49%	\$7,104,613	\$10,805,474	52%
Restaurant & Bar	\$377,501	\$534,000	41%	\$4,366,956	\$6,017,287	38%
Hotel/Motel	\$390,862	\$730,408	87%	\$4,839,928	\$8,809,917	82%
Construction	\$151,109	\$171,859	14%	\$1,449,767	\$1,882,685	30%
Leasing	\$159,996	\$161,429	1%	\$1,621,589	\$1,981,755	22%
Communications & Utilities	\$58,414	\$76,532	31%	\$718,813	\$815,536	13%
Amusements & Other	\$133,851	\$131,490	-2%	\$1,280,028	\$1,442,855	13%



# Increase in Estimated Taxable Sales

	FY 2019	FY 2023	Increase
Retail	\$202,988,943	\$308,727,829	\$105,738,886
Restaurant & Bar	\$124,770,171	\$171,922,486	\$47,152,314
Hotel/Motel	\$138,283,657	\$251,711,914	\$113,428,257
Construction	\$41,421,914	\$53,791,000	\$12,369,086
Leasing	\$46,331,114	\$56,621,571	\$10,290,457
Communications & Utilities	\$20,537,514	\$23,301,029	\$2,763,514
Amusements & Other	\$36,572,229	\$41,224,429	\$4,652,200



# Increase/(Decrease) in Revenues

	Over (Under) Prior Year	Over (Under) Budget <sup>(1)</sup>
Sales Tax	\$ (993,497)	\$(4,814,491)
Bed Tax	(354,777)	(1,644,011)
<b>Total</b>	<b>\$(1,348,274)</b>	<b>\$(6,458,502)</b>

<sup>(1)</sup>During FY 2024 budget process, the total FY 2023 sales and bed tax revenue was estimated as \$7.2M under budget and still generating a General Fund surplus of \$11.5M. Final year-end adjustments for both revenues and expenditures will impact the calculation of the actual surplus, but the final amount should still be close to the estimate or potentially higher.





# Questions?



# Amendments to Chapter 13.50 (Storm Water Discharge)

---

Hanako Ueda, CFM, EIT  
Assistant Engineer

&

Sandy Phillips, P.E., CFM, ENV SP  
Asst. Public Works Director/Asst. City Engineer



# Sedona OHV Commitments

Based upon recent discussions, below are commitments to be made by the local OHV rental companies to enhance the on-pavement vehicle safety completed in a timely manner:

1. Install turn signal indicators on most of our fleet within 90 days from the date of the agreement with 100% within 180 days. This does take time to complete and we pledge to work hard on getting them installed within the timeframe. Please note that while some vehicles are held for short durations, we pledge to do our best to keep our new vehicles up to date with turn signals indicators.

2. We commit to continue to implement education for each customer including use on paved and public road travel. We have and will continue to work directly with GSRC, RROCC and USFS with trail maintenance, signage and behavioral trends in a positive manner.

3. We commit to govern the speed of vehicles to 35 mph within our fleet as much as possible based upon the type and age of the vehicle immediately as technology, economically and feasible. We will work towards having all vehicles monitored by GPS systems within 180 days.

- Sedona ATV/Red Rock – 20% of vehicles are currently speed restricted. 60% of vehicles to be speed restricted by 12/01/2023.
- Safari Jeep/ATV – 80% currently speed restricted with 100% speed restricted when newer vehicles added within the next 6 months.
- Sedona CanAm – 100% of vehicles currently restricted.
- Outback ATV – 4 vehicles currently restricted and 25% of vehicles will be restricted by 11/01/2023. All new vehicles will be speed restricted which will be completed over the next six months.

4. We commit to installing quieter mufflers on all OHVs in our fleets as they become available by the manufacture. The mufflers are only available on certain model vehicles and cannot be installed on all vehicles. We pledge to acquire and install quieter mufflers where applicable. Current timeline per company:

- Sedona ATV/Red Rock – 1 vehicle installed with quieter muffler currently with approximately 50% of fleet to have quieter mufflers installed by 12/01/2023.
- Safari Jeep /ATV – Most of the fleet of vehicles have quieter mufflers (Honda) and will install quieter mufflers on any new inventory by 12/01/2023.
- Sedona CanAm – Entire fleet is currently CanAm vehicles and are quieter than most UTVs
- Outback ATV – Currently has 1 vehicle with a quieter muffler installed and will have 70% of the current fleet by 12/01/2023 with quieter mufflers.

5. We will continue to limit our usage and discourage the use of Morgan Dr to a bare minimum and will not promote their usage. However, there may be environmental conditions such as wildfire, snow or rain that would temporarily increase usage only for those days. We will support collaborating with the City of Sedona and the forest service on a use system for forest access roads. (i.e. permit systems, entry gates and daily limits per trail).

6. All outfitters will install tall, distinctive flags or other distinctive markings to differentiate the private OHV owners from the OHV business operators. Photo attached for each company color of current in use flags.

Color Code:

Outback ATV - Green flags, Sedona ATV - Blue flags, Red Rock ATV - Red flags, Vortex ATV - Yellow flags

7. We have asked to be included in the discussion on forest trail usage in the Red Rock District now and in the future with the GSRC, USFS and RROCC. We are willing to collaborate based upon the current recommendations

and provide our feedback. We commit to work in unison with the city to promote safe use of OHVs within the city limits and on forest trails. We will continue to explore options for changing traffic patterns on paved roads used to access the forest to limit paved road usage.

Our pledge is to continue to update the city in our regular quarterly meeting and be held to our commitments for the above actions to be taken by all four Stakeholders. This way the actions can be measured and confirmed. We are asking for the city ordinance to be tabled indefinitely to continue implementing these safety updates.

Thank you for taking the time to review our commitment proposal and feel free to contact any of us with any questions you may have.

Thank You,

Dan Candler [dan@outbackatv.com](mailto:dan@outbackatv.com) 760-807-3224 Dave Swartout [dave@safarijeeptours.com](mailto:dave@safarijeeptours.com) 928-300-2955

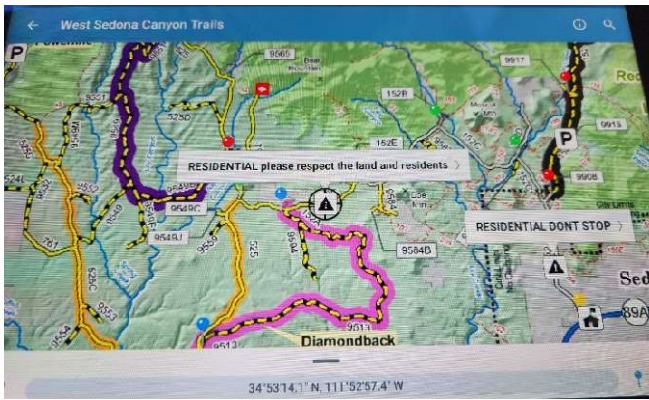
Jimmy Custer [stcuster@gmail.com](mailto:stcuster@gmail.com) 928-853-8737 Andrew Rippy [sedonacanam@gmail.com](mailto:sedonacanam@gmail.com) 928-821-6691



Left rear blinker lights



Turn Signal Switch



GPS Tablet in each car with local area warnings



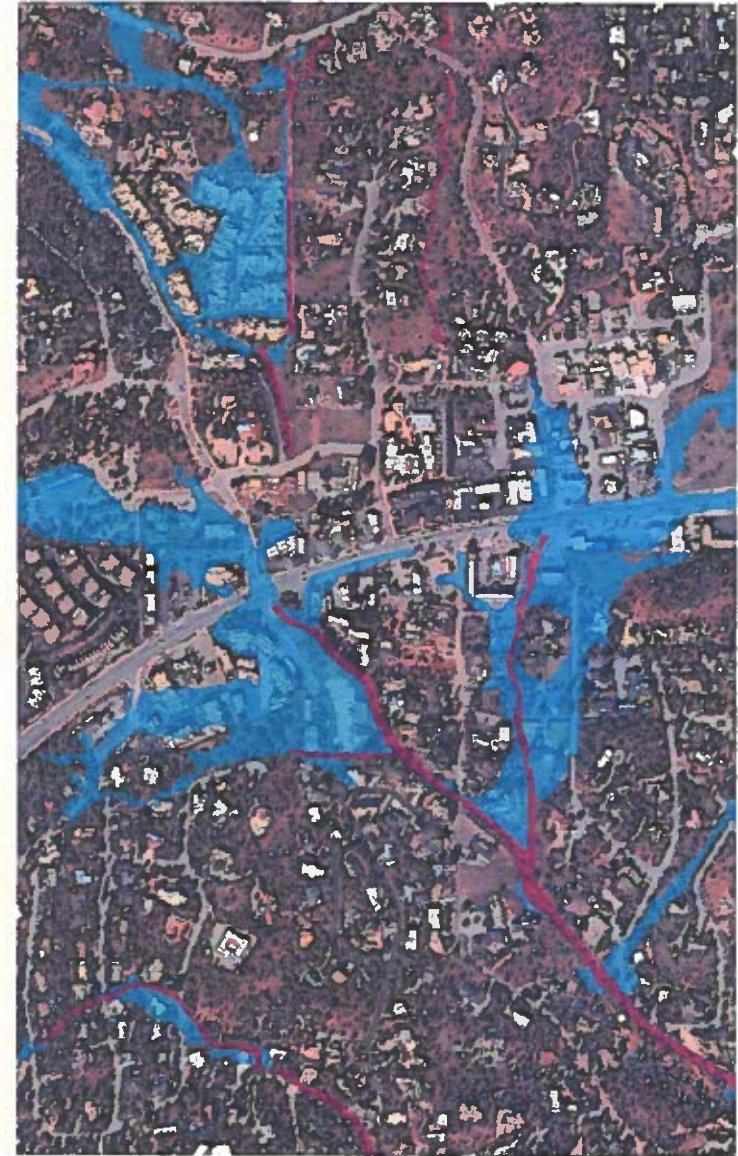
New Quieter Muffler





## History - Lot to Lot Drainage

- Increase in complaints regarding private lot-to-lot drainage changes.
- Chapter 13.50 currently focuses on quality.
- ARS 48-3615 states “It is unlawful for a person to engage in any development or to divert, retard or obstruct the flow of waters in a watercourse if it creates a hazard to life or property without securing the written authorization...”.
- Staff reviews IF a permit application is submitted. However, most watercourses are private/inaccessible.
- Civil matter between private property owners.





# Changes to 13.50.020

---

## **13.50.020 Purpose and intent.**

A. The purposes of this chapter are:

**13.50.021** To provide for health, safety, and general welfare within the city through the regulation of non-storm water discharges to the MS4 to the maximum extent practicable (“MEP”) as required by federal and state law. To this end this chapter requires that unless expressly authorized or exempted by this chapter, no person shall cause, participate in, or allow the discharge to a public right-of-way or public storm drain system of any substance that is not composed entirely of storm water. To further this end, this chapter establishes authority to conduct and require inspection, monitoring, reporting, and enforcement activities to address the prevention, identification, and remediation of illicit discharges to the MS4.

**13.50.022** To provide for health, safety, and general welfare within the city through the regulation of stormwater runoff and lot drainage.

Clarifies that stormwater is reviewed for both chemical AND PHYSICAL characteristics and on private land.

# Changes to 13.50.070

---

## **13.50.070 Lot Drainage.**

13.50.071 It shall be unlawful for any person or entity to alter any natural drainage course, topography, or existing drainage facility in such a way as to damage or endanger by flooding, erosion, nuisance water or any other means, any public or private property or improvements without written approval of the City Engineer. For purposes of this subsection, "alter" includes to change any **surface sheet flow** by obstruction or diversion through the erection of fences, berms, curbs, or any other excavation, fill or structure, if such modification will change flow in any existing drainage course or facility.

13.50.072 It shall be unlawful to change the **quality, flow rates or flow patterns of surface runoff where it enters or exits a parcel**, unless authorized in writing by the City Engineer.

Goes 1 step beyond ARS by specifying changes in sheet flow as an "alteration".

Adds redundancy and clarification for quality AND quantity.

## Changes to 13.50.100 (Plan review, inspections, access, and reports)

---

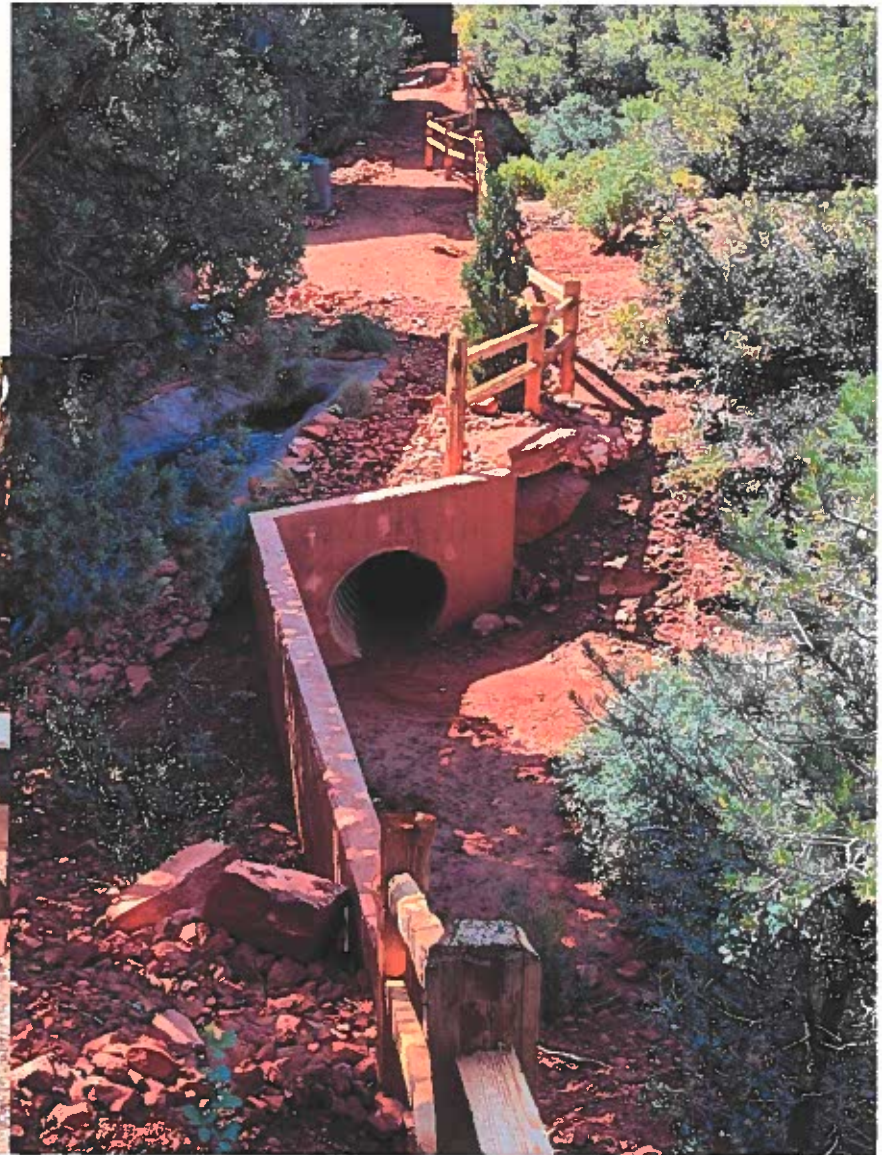
G. Drainage reports and construction plans for development and/or improvement of properties within the City of Sedona are reviewed and approved by the City for general conformance with the City's Ordinances, policies and standards. The City assumes no responsibility or liability for insufficient design and/or improper construction. Review and approval by the City does not absolve the owner, developer, design engineer, or contractor of liability for inadequate design or poor construction. The design engineer has the responsibility to design graded Improvements and drainage facilities that meet the standards of practice for the industry and promote public safety. Compliance with the regulatory elements, policies, and design standards documented herein, does not imply a guarantee that properties will be free from flood, geologic, and geotechnical related damage and failures. The City and its officials, employees, and contract reviewers, assume no liability for information, data, or conclusions prepared by private engineers and makes no warranty expressed or implied in its review/approval of grading and drainage projects.

Liability waiver for improper design & construction, emphasizing responsibility of owner/designer and the possibility of failure of engineered design.



## Examples of Permitted Alterations

---





Thank you!

Questions?

