



CITY OF SEDONA 2023
COMMUNITY REPORT



A MESSAGE FROM LEADERSHIP

From the City Manager's Desk



While specific projects and programs may change somewhat from year to year, the overarching City Council policy priorities have been largely consistent in recent history. As you might expect, work on topics like traffic congestion, a robust transit system, workforce housing, carbon emissions reduction, etc. are all multi-year endeavors. Because the majority of the City Council priorities are long-term pursuits, staff focuses on making meaningful progress one step at a time, over time. Taking on new major initiatives must be carefully weighed against the existing work and resource capacity so staff can stay focused on completing what's already in the queue. With that said, sometimes we need to pivot and that was the case in 2023.

The responsible management of Sedona as a tourist destination is one of those Council priority areas that needs to be meaningfully addressed every year. However, I don't think anyone, myself included, anticipated that in 2023 the City would assume direct responsibility for Sedona destination management and marketing. But that's exactly what happened (when the Sedona Chamber of Commerce and Tourism Bureau ended their longstanding contract with the City to provide those services).

Effective July 1 the City became the official destination management and marketing organization, recognized by the Arizona Office of Tourism, and embarked upon creating a full-service City tourism bureau. Staff began working to create a program that we believe takes a fresh approach to tourism management, taking the lessons learned from the past and improving in important ways, including:

- Deviating from a membership driven approach to provide access and opportunities for every tourism business in the city - free of charge.
- Using the full range of analytical tools in the tourism space to inform management and marketing decisions.
- Taking a values-based approach to developing a brand for our destination and involving the entire community in that process.
- Approaching marketing efforts strategically to influence visitation - not overselling Sedona but strategically targeting the kinds of visitors that align with our values, at the times when we have the capacity to accommodate them.
- Using conversion metrics for various media marketing strategies so we can track success and measure return on investment.
- Benchmarking and tracking things like changes in visitor behavior - as education about how to recreate responsibly, respect our environment and protect our natural resources must remain a focal point of every aspect of the tourism program.
- Assessing and monitoring resident sentiment and engaging residents in the conversations about tourism as the key stakeholders they are.

- Establishing an 11-member Tourism Advisory Board to engage a broad enough range of stakeholders with diverse and balanced perspectives and provide additional community oversight of the City's tourism work.

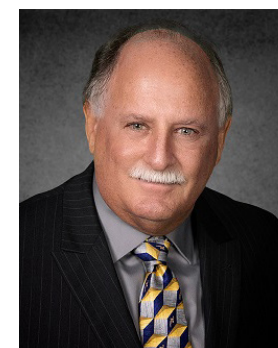
Ultimately, pursuing responsible tourism is one of the most important things we can do to both promote the economic prosperity we want for our businesses and help maintain an excellent quality of life for our residents. This is why developing a new Tourism Program was prioritized for 2023 and will continue to be a top priority for 2024 and beyond.

I invite you to participate as we develop a unified community vision for tourism, a Sedona brand and a Tourism Program Strategic Plan to guide future decisions by watching for public meetings to attend on this topic. We believe this work can bring the community together in a positive way and look forward to hearing your thoughts and perspectives. For more information about the new Tourism Program, go to scenicседona.com.

Thank you for taking the time to engage with us by reading this annual report. It is our pleasure to serve you.

- Karen Osburn, City Manager

A WORD FROM THE MAYOR ON OUR PRIORITY PROJECTS



As Karen said, in addition to everyday operations, the City was busy in 2023 tackling major issues that are determined by City Council's priorities. For 2023, City Council's priorities included:

- Various traffic improvements as part of the Sedona in Motion program, including all the projects outlined on the next page.
- Sedona Shuttle expansion with the build out of another park and ride location on Red Rock Loop Rd. and preparation for Microtransit, a curb-to-curb on demand service, called Sedona Connect, that will launch in 2024.
- The creation of a City Tourism Program in which a balance is sought between a thriving tourism economy and resident quality of life.
- The Community Plan update with the collection of robust resident input as the focus.
- The construction of the landscaping of the Ranger Station Park in preparation for the installation of the playground in 2024.
- The completion of the Evacuation and Re-Entry Plan.

I'm so proud of all our accomplishments from this year, which are highlighted in this report, and we look forward to what we can do in 2024.

- Scott Jablow, Mayor

Look to sedonaaz.gov/councilpriorities or our YouTube channel (@cityofsedonaaz) for a video of the full list of City Council priorities





SEDONA IN MOTION

Sedona in Motion (SIM) continues to be our highest priority. More than halfway into this 10-year initiative, here are the 2023 accomplishments on current, major SIM projects. Learn more at sedonaaz.gov/sim.

FOREST ROAD CONNECTION

In 2022, we broke ground on this project that will give Uptown residents an alternative way to travel to West Sedona and back, and after a lengthy utility relocation process, blasting for the steepest portion of the road began in 2023. This critical connection will be completed with a shared use path in 2025.

UPTOWN NORTHBOUND ROADWAY IMPROVEMENTS

To reduce northbound congestion on 89A in Uptown, we began construction in 2023 to install a permanent, northbound left-turn lane barrier at Forest Road, remove the northbound on-street parking between Forest Road and the Jordan Road roundabout, add an additional northbound lane between L'Auberge Lane and Forest Road, and install a northbound shared use path on 89A. Additionally, phase 1 of this project included installing a dedicated right-turn lane from 89A to Amara Lane and was completed earlier in 2023. The current construction will be substantially complete by March 2024.

TRANSIT

In 2023, the transit program celebrated a major milestone: since its inception in 2022, the trailhead shuttle serviced half a million passenger boardings. Additionally, a third park and ride on Red Rock Loop Road was opened in 2023 and we prepared for Microtransit, a curb to curb rideshare service called Sedona Connect, to launch in 2024.

WALKABILITY AND BIKEABILITY

- Initial construction and design completion for the Dry Creek Road Phase 2 shared use path (SUP) occurred in 2023. This project will feature a pathway along Dry Creek Road from the intersection of Thunder Mountain Road to the existing pathway that picks up at the Two Fence Trail. Future phases of this pathway will extend down to 89A.
- The Pedestrian Crossing at Oak Creek kicked-off construction in 2023. This creekside SUP will be an alternative to the crosswalk over 179 connecting shopping areas. Expected to be completed in late Spring 2024, the City will test closing the current crosswalk on 179 to assess traffic impacts during peak visitor seasons.
- The City completed phase 1 of the SUP along White Bear Rd. near the Sedona Library in 2023. Phase 2 is in the planning stages and will connect where the current path ends over to the Navoti Dr. area.
- City staff completed significant community outreach in 2023 on the SUP project along Andante Dr. After solidifying the alignment and design, construction will begin in 2024.

BACK O' BEYOND LOW WATER CROSSING IMPROVEMENTS PROJECT

In addition to all these SIM projects, the City completed construction on the Back O' Beyond culvert to help with major flooding issues on the roadway.

RANGER/BREWER ROUNDABOUT

The City worked on design of a new roundabout at the Ranger/Brewer intersection, which will replace the three-way stop sign to reduce traffic congestion and improve efficiency in advance of future Portal Lane improvements. Construction is planned for late Spring 2024.

UPTOWN PARKING GARAGE

After an in-depth reevaluation of parking in Uptown and central Sedona, City Council approved moving forward with finalizing the design and cost estimates for the garage project. In conjunction, in 2024, staff will also be looking holistically to:

- Work with the Uptown businesses to develop a plan for employee parking.
- Employ guidance technology for all public parking in conjunction with the parking garage project.
- Finalize a plan for consolidation of the existing public parking lots and on-street parking.
- Restrict non-resident parking on residential streets.
- Ensure the garage is fully funded by user fees.



OUR FINANCIAL PICTURE

THE NUMBERS, EXPLAINED

Despite the possibility of a recession that never really came to fruition, the City's financial picture remained stable in 2023 with a softer Spring and stronger Fall. In FY23, we started with \$99.7 million in our fund balance and ended with \$99 million. From July through October 2023, compared to the same time period in 2022, sales tax was up 3% and bed tax was up 11%. Further, October 2023 sales tax was just 1.7% less than the highest-ever October back in 2021; and October 2023 bed tax beat the prior October 2021 peak by 1.4%. Meanwhile the rate of inflation since October 2021 is 12%.

The City plans and measures finances in Fiscal Year (FY) increments, from July 1 to June 30

Want to make sure you get the monthly financial report? Sign up at sedonaaz.gov/enotify and indicate your interest in finance news

OTHER NOTABLES:

- In the current Fiscal Year, City Council budgeted \$18.5 million for housing development loans for affordable housing projects. So far, the City has either spent or committed \$6.45 million in FY24 for future projects. These loans will help with the build out of upcoming affordable housing units that are critical to providing more opportunities for our local workforce to work *and* live in Sedona.
- Another big expense budgeted for FY24 is \$13 million for the Forest Road Connection Project, currently under construction. In total, this project will cost approximately \$20 million and is expected to open in mid-2025.

LIVABILITY REPORT

ARTS AND CULTURE

In 2023, the Arts and Culture Program curated another year of artists during the triannual City Hall Art Rotation and the monthly Moment of Art. Also the City prepared for the installation of sculptures that will be placed in the 4 roundabouts on 179, by initiating the permit process with ADOT. The hopes are to install art in the Canyon Road and Morgan Drive roundabouts in early 2024, then Chapel Road and Back O' Beyond Road following soon after. Additionally, 32 artists are currently enrolled in the Artist in the Classroom program, collaborating with teachers in the Sedona schools and integrating art into the curriculum. Last, purchasing Stormy Bay, an 11-foot tall horse sculpture, which will be installed in the Ranger Station Park in January, was a significant way to end the year.

SUSTAINABILITY

The Sustainability Department continued to complete actions listed in the Municipal Sustainability and Climate Action plans in 2023. Solar lighting was installed at Posse Grounds Park, in addition to placing 10 smart trash cans around the city that tells our Public Works Department staff when they're full, optimizing the pick-up schedules. The 2023 Household Hazardous Waste event had a record 375 recipients and 18,000 pounds of waste diverted. The Department also implemented zero waste services at the Food Truck Festival, diverting 402 pounds of waste, and they expanded the Community Food Scraps program to 50 more households, diverting 10,400 pounds of food from landfills since the program's 2022 launch. Last, the department executed an Urban Heat Island Mapping effort that showed certain areas in Sedona are at least 9.1 degrees hotter than other areas in the summer months. Realistic heat reduction solutions to implement will be coming forward in 2024.

PARKS AND RECREATION

On top of a year with all-time record attendance at events like the Red Dirt Concerts Series and Breakfast with Santa, the Parks and Recreation Department offered a full summer of pool offerings and 12 different summer camp programs, and continued youth and adult sports programs. Additionally, the Department helped accelerate the build out of the Ranger Station Park at 250 Brewer Road. This unique park, with its historical house and barn elements will feature a wooden, climbable javelina, slides built into the landscape, a pathway around the park, new restrooms and a lawn area. The outside preservation of the buildings was previously completed, with the landscaping, playground and restrooms to be completed in the first half of 2024. The interior restoration of the buildings is expected to be complete in Fiscal Year 2025. In addition to this park, in 2023 the department designed the new pickleball courts, which will be installed in 2024 where the upper baseball field is at Posse Grounds Park.

ECONOMIC DEVELOPMENT

The City focused 2023 economic development efforts on working towards bringing broadband, which is fast, fiberoptic internet service, to every household and business that can be reasonably served in Sedona. To do so, the City solicited Requests for Information (RFI) from Internet Service Providers (ISPs). The City is now working to determine if there is one ISP to move forward into a contract with, with the possibility of using Broadband Equity, Access, and Deployment (BEAD) Program funding. This will continue to be a priority in 2024.

TOURISM

Mid-way through 2023, the City created an in-house Tourism Program and became the official Destination Marketing and Management Organization with the Arizona Office of Tourism, and in such, created the website scenicsedona.com; created a Tourism Advisory Board; launched a Winter destination marketing campaign; and kicked off a Tourism Strategic Plan, a branding effort, a marketing plan and associated marketing campaign. Future tourism efforts will include not only destination marketing but a focus on responsible tourism management and environmental stewardship.

POLICE

The Police Department created the first-ever in the state Evacuation and Re-entry Plan and launched the Know Your Zone effort. This plan outlines how each home in Sedona is located within 1 of 12 zones. These zones will aid in communication efforts during emergencies when using the "ready, set, go" messaging. Magnets with a place to write your zone down were sent to every household and public meetings were held. In addition to knowing your zone, read the Community Emergency Preparedness Guide so that you're ready in an emergency. Crime stats for the year include: 2629 parking citations, up 50% from 2022; 1136 speeding tickets, up 29% from 2022; 42 DUI arrests, down 21% since 2022; 321 crimes against people, down 26% from 2022; and 286 property crimes, down 36% since 2022.

HOUSING

City Council agreed to lease the land and loan \$2.25 million to the developer for a 30-unit, deed-restricted apartment complex on Shelby Drive called the Villas on Shelby. There will be a range of 1-bed, 1-bath and 3-bed, 2-bath apartments with rents, all affordable to households at or below 60% of area median income, from \$849 to \$1178. Groundbreaking is anticipated in mid-2024 with units available by fall of 2025. Additionally in 2023, 10 residences completed the Deed Restriction Program, 4 homes were converted from short-term rentals to long-term rentals in the Rent Local Program, and 2 more loans were issued to local workers for down payment assistance. Regarding future use of the Cultural Park, the City is assessing two different proposals for the construction of an affordable apartment development on the edge of the site with a decision on how to move forward coming in 2024.

COMMUNITY DEVELOPMENT

The City did extensive public outreach for the update to Community Plan in 2023 with over 20 public meetings and engagement opportunities on topics ranging from housing to traffic, with a draft sent out for public comment at the end of the year. The most significant changes to the current plan are policy and action items about key issues that rose to the top in the outreach process in the areas of tourism, sustainability and housing. The Plan Sedona team is looking for comments on the draft, which can be made by February 1, 2024 at plansedona.com. The final draft will then be sent to City Council in March. On the permitting and inspection side of the Community Development Department, it was another steady year for development with 3760 building inspections and 651 building permit applications, in which 45 of those were new home permit applications, down 34% from 2022 and on par with pre-pandemic levels.

SHORT-TERM RENTALS

2023 saw a flattening to 16.1% (1,136 properties) of Sedona's housing stock being used as short-term rentals, after many years of increases. Aggregate occupancy for all short-term rentals in Sedona sat at approximately 34% in 2023, compared to 39% in 2022. The City continued to fight for local control at the state legislative level, but with still no ability to meaningfully regulate or cap short-term rentals in Sedona, the City will continue this effort in 2024.

CITY OF SEDONA
102 ROADRUNNER DR
SEDONA, AZ 86336

928-282-3113

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