

# AGENDA



# 4:30 P.M.

## CITY COUNCIL MEETING

## TUESDAY, MAY 28, 2024

### NOTES:

- Public Forum: Comments are generally limited to **3 minutes**.
- Consent Items: Items listed under Consent Items have been distributed to Council Members in advance for study and will be enacted by one motion. Any member of the Council, staff or the public may remove an item from the Consent Items for discussion. For additional information on pulling a Consent Item, please contact the City Clerk's Office staff, preferably in advance of the Call to Order. Items removed from the Consent Items may be acted upon before proceeding to the next agenda item.
- Meeting room is wheelchair accessible. American Disabilities Act (ADA) accommodations are available upon request. Please phone 928-282-3113 at least two (2) business days in advance.
- City Council Meeting Agenda Packets are available on the City's website at:

[www.SedonaAZ.gov](http://www.SedonaAZ.gov)

THE MEETING CAN BE VIEWED LIVE ON THE CITY'S WEBSITE AT [WWW.SEDONAAZ.GOV](http://WWW.SEDONAAZ.GOV) OR ON CABLE CHANNEL 4.

### GUIDELINES FOR PUBLIC COMMENT

#### PURPOSE:

- To allow the public to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question/answer session.
- No disruptive behavior or profane language will be allowed.

#### PROCEDURES:

- Fill out a "Comment Card" and deliver it to the City Clerk.
- When recognized, use the podium/microphone.
- State your:
  1. Name and
  2. City of Residence
- Limit comments to **3 MINUTES**.
- Submit written comments to the City Clerk.

### 1. CALL TO ORDER/PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

### 2. ROLL CALL

### 3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT =

- Minutes - May 14 , 2024 City Council Regular Meeting.
- AB 3058 Approval of Resolution authorizing an Intergovernmental Agreement for the provision of services by the Coconino County Elections Department.
- AB 3059 Approval of a Resolution adopting the City's Public Safety Personnel Retirement System Pension Funding Policy for fiscal year 2024-2025.
- AB 3064 Approval of a purchase agreement for the acquisition of Parcel 401-38- 013F, at 195 Brewer Road, Sedona.

### 4. APPOINTMENTS - NONE.

### 5. SUMMARY OF CURRENT EVENTS BY MAYOR/COUNCILORS/CITY MANAGER & COUNCIL ASSIGNMENTS

### 6. PUBLIC FORUM

(This is the time for the public to comment on any issue within the jurisdiction of City Council not listed on the agenda. The City Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.)

### 7. PROCLAMATIONS, RECOGNITIONS & AWARDS - None.

### 8. REGULAR BUSINESS

- AB 3050 **Public hearing/discussion/possible action** regarding approval of the Tentative City Budget for Fiscal Year 2024-2025.
- AB 3062 **Discussion/possible action** regarding approval of a Resolution approving a Development Agreement with the Villas on Shelby, LLC allowing exemptions from the LDC for the provision of 30 units of affordable housing.
- AB 3049 **Presentation/discussion/possible direction** regarding update on the Short-Term Rental Monitoring Program.
- AB 3027 **Discussion/possible direction/action** regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.
- AB 3066 **Discussion/possible direction** regarding future meeting and agenda items.

CITY COUNCIL CHAMBERS  
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.



### Page 2, City Council Meeting Agenda Continued

#### 9. 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.

#### 10. ADJOURNMENT

Posted: 05/23/24

By: DJ

\_\_\_\_\_  
JoAnne Cook, CMC, City Clerk

Note: Pursuant to A.R.S. § 38-431.02 notice is hereby given to the members of the City Council and to the general public that the Council will hold the above open meeting. Members of the City Council will attend either in person or by telephone, video, or internet communications. The Council may vote to go into executive session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion and consultation for legal advice with the City Attorney. Because various other commissions, committees and/or boards may speak at Council meetings, notice is also given that four or more members of these other City commissions, boards, or committees may be in attendance.

A copy of the packet with materials to the agenda items is typically available for review by the public in the Clerk's office after 1:00 p.m. the Thursday prior to the Council meeting and on the City's website at [www.SedonaAZ.gov](http://www.SedonaAZ.gov). The Council Chambers is accessible to people with disabilities, in compliance with the Federal 504 and ADA laws. Those with needs for special typeface print, may request these at the Clerk's Office. All requests should be made **forty-eight hours** prior to the meeting.

**NOTICE TO PARENTS AND LEGAL GUARDIANS:** Parents and legal guardians have the right to consent before the City of Sedona makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Sedona City Council meetings are recorded and may be viewed on the City of Sedona website. If you permit your child to attend/participate in a televised City Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in the meeting.

CITY COUNCIL CHAMBERS  
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.

**Action Minutes**  
**Regular City Council Meeting**  
**City Council Chambers, Sedona City Hall,**  
**102 Roadrunner Drive, Sedona, Arizona**  
**Tuesday, May 14, 2024, 4:30 p.m.**

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

Mayor Jablow called the meeting to order at 4:30 p.m.

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

**Staff Present:** City Manager Anette Spickard, Deputy City Manager Andy Dickey, City Attorney Kurt Christianson, Assistant City Attorney Monique Cody, Communication and Tourism Director Laruen Browne, Special Initiatives Coordinator Kegn Moorcroft, Marketing Manager Rob MacMullan, Property Evidence Technician Larry Woodruff, Assistant Director of Public Works Sandy Phillips, Facilities Manager Larry Farhat, Associate Engineer Bob Welch, Accounting Manager Renee Stanley, Sustainability Manager Bryce Beck, Assistant Project Manager Gillian Arnold, Planning Manager Cari Meyer, Director of Engineering/Public Works Kurt Harris, Associate Engineer Bob Welch, Community Development Director Steve Mertes, Police Chief Stephanie Foley, Deputy Police Chief Ryan Kwitkin, Assistant Engineer Hanako Ueda, Parks & Recreation Manager Josh Frewin, Sustainability Coordinator Zach Schwarz, Budget and Financial Analyst Sterling West, Jack Ross Community Services Aide, Deputy City Clerk Marcy Garner, and City Clerk JoAnne Cook.

**2. Roll Call/Moment of Art**

Anette Spickard stated that May is National Photography Month and introduced Photographer Terry Shoulders. Terry shared a PowerPoint presentation that showcased his work.

**3. Consent Items**

- a. **Minutes - April 17 & 18, 2024 City Council Special Meeting.**
- b. **Minutes - April 23, 2024 City Council Special Meeting - Executive Session.**
- c. **Minutes - April 23, 2024 City Council Regular Meeting.**
- d. **Minutes - April 24, 2024 City Council Special Meeting.**
- e. **Approval of Proclamation, Memorial Day, May 27, 2024.**
- f. **AB 3047 Approval of Pickle Ball Court Construction Contract to Hope Construction, LLC. in an amount not-to-exceed \$1,598,975.10.**
- g. **AB 3053 Approval of a Resolution authorizing the execution of an Intergovernmental Agreement (IGA) between the City of Sedona and Arizona Department of Transportation regarding the design of Brewer Road Shared Use Path in the approximate amount \$129,578.**
- h. **AB 3056 Approval to increase the DVA contract by \$150,000 to account for the Summer Stewardship Destination Marketing Campaign.**

**Item 3f AB 3047 was pulled from Consent Items by Councilor Kinsella.**

**Motion: Councilor Williamson moved to approve consent items 3a, 3b, 3c, 3d, 3e, 3g, and 3h. Seconded by Councilor Kinsella. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.**

Sandy Phillips, Larry Farhat, and Josh Frewin gave an update on item 3f AB 3047 and answered questions from Council.

**Motion: Councilor Kinsella moved to approve the construction contract with Hope Construction LLC for the Pickleball Courts at Posse Ground Park in an amount not-to-exceed \$1,598,975.10, subject to approval of a written contract by the City Attorney's Office. Seconded by Councilor Williamson. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.**

**4. Appointments - None.**

**5. Summary of Current Events by Mayor/Councilors/City Manager**

Councilor Dunn stated the League of AZ Cities and Towns' Transportation Committee met to discuss whether or not a proposal for legislation of a tax may be placed on EVs for charging per kilowatt-hour. Councilor Fultz said that NACOG discussed the increase of the use of transit in the Verde Valley. Vice Mayor Ploog announced that the Sister Cities of Sedona will be holding a brunch on Sunday at 10:00 a.m. at the Mary Fisher Theater, all interested need to RSVP in advance. For members there is no cost, for non-members the cost is \$10. She advised that Canmore approved the Friendship Agreement with the Sedona Sister Cities. Councilor Furman stated two proposals were approved by the League of AZ Cities and Towns' PSMAC Committee, a Neurodivergent Identification Program and Entity Immunity idea. Anette Spickard stated she, Mayor Jablow and Chief Foley attended a meeting on April 30<sup>th</sup> sponsored by Yavapai County regarding a project to consider the consolidation of all the 911 centers in Yavapai County. She said the City of Sedona is participating, however, not championing the project. Mayor Jablow stated he attended the Verde Valley Leadership Group. He said he and Vice Mayor Ploog attended the McCain Foundation Institute and the Sedona Forum. Councilor Williamson spoke regarding the possibility of Yavapai College increasing property tax by 3.4% after last year's increase of 5%.

**6. Public Forum**

Opened to the public at 5:02 p.m.

Michael Johnson, Sedona, spoke regarding signage at Indian Cliffs Rd. & Hwy 179 and thanked Council for authorizing the yard waste pick up.

Brought back to Council at 5:04 p.m.

**7. Proclamations, Recognitions & Awards**

**a. Proclamation, 156<sup>th</sup> Anniversary of Memorial Day, May 27, 2024.**

Mayor Jablow presented the proclamation to Sedona Area Veteran & Community

Outreach President Jack Ross. Jack thanked Council for their support.

## **8. Regular Business**

- a. AB 3057 Discussion/possible action regarding the approval of a Construction Manager at Risk (CMAR), Construction Services contract for the Uptown Sedona Parking Garage Project with McCarthy Building Companies, Inc. in an amount not-to-exceed \$17,545,098; and discussion/possible action regarding the approval of a Contract Amendment with Gabor Lorant Architects, Inc in the amount of \$154,070.00 for additional professional services associated with design of the Uptown Sedona Parking Garage.**

Andy introduced the item and team members. Presentation by Bob Welch, Kurt Harris, and Andy Dickey, Principal and Owner of Gabor Lorant Architects, Inc. Jan Lorant, Sr. Estimator McCarthy Building Companies, Inc. Tejkaran Chawla and Sr. Project Manager Jason Schroeder.

Available to answer questions from Council: Vice President of Operations, Arizona McCarthy Building Companies, Inc. Sean Slawson and Project Director Nicholas Pearce, and Bryce Beck.

Comments and questions from Council.

Break at 6:44 p.m. Reconvened at 6:51 p.m.

Opened to the public at 6:52 p.m.

The following spoke in opposition of the item:

Sean Smith, Sedona, Mark TenBroek, Sedona, Joseph Zani, Sedona, Avrum Cohen, Sedona, Jen Farnsworth, Sedona.

Richard Deeter, Sedona, left before his time to speak and indicated that he opposed the item.

The following spoke in favor of the item:

Donna Helfrich, Cornville, employee of Pink Jeep Tours spoke on behalf of Pink Jeep Tours, Steve Segner, Sedona, Alisha Hansen, Yavapai County and uptown business owner, Eben Hartzenberg, Yavapai County and uptown business owner, Michele Kosteki, Clarkdale and CEO of the Chamber of Commerce, Colm O'Brian spoke on behalf of L'Auberge de Sedona, Sedona, Mike Wise, Sedona, Jesse Alexander, Flagstaff and Uptown business owner and spoke on behalf of Canyon Portal, John Martinez, Sedona.

Cheryl Barron, Sedona, left prior to her time to speak and indicated that she was in favor of the item.

Brought back to Council at 7:26 p.m.

Comments and questions from Council.

Break at 8:17 p.m. Reconvened at 8:37 p.m.

Comments and questions from Council.

Opened to public at 10:39 p.m.

Brought back to Council at 10:40 p.m.

**39 Staff Recommended Motion 1 (CMAR, Construction Services Contract):**

**Motion: Councilor Williamson made an incomplete motion that was not seconded. The motion failed.**

**Motion: Councilor Williamson moved to approve award of a Construction Manager At Risk, Construction Services contract for the Uptown Sedona Parking Garage project to McCarthy Building Companies, Inc. in an amount not-to-exceed \$17,545,098 subject to approval of a written contract by the City Procurement Officer and City Attorney's office. Seconded by Councilor Furman. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.**

**Staff Recommended Motion 2 (Amendment #4, Professional Services Agreement):**

**Motion: Councilor Williamson moved to grant the City Manager authorization to approve Amendment #4 to the Professional Services Agreement with Gabor Lorant Architects, Inc. in the amount of 154,070.00 for additional professional services associated with design of the Uptown Sedona Parking Garage. Seconded by Councilor Furman. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.**

**b. AB 3046 Discussion/possible direction regarding the Parking Garage Financing Plan.**

**By majority consensus, Council direct staff to bring a Resolution for Option B along with a spreadsheet showing the structure of the debt with a cushion to the June 11, 2024 Council meeting.**

Presentation by Mark Reader, Managing Director and Jack Leeper of Stifel/Public Finance.

Comments and questions from Council.

Opened to the public at 10:08 p.m.

Mark TenBroek, Sedona, spoke in opposition of this item.

Jesse Alexander, Flagstaff and Uptown business owner, left prior to his turn to speak and indicated he was in favor of this item.

Brought back to Council at 10:11 p.m.

Comments and questions from Council.

Opened to public at 10:19 p.m.

Stephen Cook, Sedona, stressed the need to have employee parking in the garage and urged Council to consider the idea.

Brought back to Council at 10:21 p.m.

- c. **AB 3052 Discussion/possible action regarding ideas for possible resolutions for consideration by League of Arizona Cities and Towns' Policy Committees as part of the League's legislative agenda for 2025.**

Presentation by Kurt Christianson.

Comments and questions from Council.

**Motion: Vice Mayor Ploog moved to submit the proposed amendment to A.R.S. 28-627(E) regarding unarmed Police Aides to the League of Arizona Cities and Town for further consideration as part of the League's 2025 legislative policy agenda as amended. Seconded by Councilor Williamson. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed.**

- d. **AB 3027 Discussion/possible direction/action regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.**

Discussion only, no direction given.

- e. **Discussion/possible action regarding future meeting/agenda items.**

Councilor Kinsella requested a future meeting to discuss the bypass road matter. Her request was supported by Councilor Furman, Mayor Jablow, and Vice Mayor Ploog. Mayor Jablow advised there is no Work Session tomorrow.

## **9. 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.

## **10. Adjournment**

Mayor Jablow adjourned the meeting at 11:02 p.m. without objection.

**I certify that the above are the true and correct actions of the Regular City Council Meeting held on May 14, 2024.**

\_\_\_\_\_  
JoAnne Cook, CMC, City Clerk

\_\_\_\_\_  
Date



CITY COUNCIL
AGENDA BILL

AB 3058
May 28, 2024
Consent Items

Agenda Item: 3b

Proposed Action & Subject: Approval of a Resolution authorizing an Intergovernmental Agreement for the provision of services by the Coconino County Elections Department.

Table with 2 columns: Category and Value. Categories include Department (City Clerk), Time to Present (N/A), Total Time for Item, Other Council Meetings (None), and Exhibits (A. Proposed Resolution, B. Proposed IGA).

Table with 2 columns: Reviewer/Action and Date/Status. Rows include Finance Approval (Reviewed 5/20/24 RMS), City Attorney Approval (Reviewed 5/20/24 KWC), and City Manager's Recommendation (Recommend approval ABS 5/20/24).

Table with 2 columns: Category and Amount. Rows include Expenditure Required (\$ TBD) and Amount Budgeted (\$ 9,000). Includes Account No. 10-6240-06-6405 (Description) Elections (FY25 Budget).

SUMMARY STATEMENT

Background: Coconino County has submitted an Intergovernmental Agreement for the Provision of Services by the Coconino County Elections Department. This is an agreement for the services they will provide to the City of Sedona for the July 30, 2024 Primary Election. A new IGA will be created for the November 5, 2024 General Election, if necessary.

Climate Action Plan/Sustainability Compliant: [ ] Yes - [ ] No - [x] Not Applicable

Board/Commission Recommendation: [ ] Applicable - [x] Not Applicable

Alternative(s): N/A

MOTION

I move to: approve Resolution 2024-\_\_\_, authorizing an Intergovernmental Agreement for the provision of services by the Coconino County Elections Department.



**RESOLUTION NO. 2024-**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA,  
ARIZONA, APPROVING AN INTERGOVERNMENTAL AGREEMENT FOR  
PROVISION OF SERVICES BY THE COCONINO COUNTY ELECTIONS  
DEPARTMENT.**

WHEREAS, the respective governmental entities the City of Sedona (the "City") and Coconino County (the "County") desire to enter into an Intergovernmental Agreement (IGA) for Provision of Services by the Coconino County Elections Department attached as an exhibit to this resolution; and

WHEREAS, execution of this IGA will allow the City and the County to work in cooperation on the July 30, 2024 Primary Election and November 5, 2024 General Election.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SEDONA, ARIZONA, THAT;

The City of Sedona, through its Mayor and City Council, hereby approves the Intergovernmental Agreement for Provision of Services by the Coconino County Elections Department and authorizes the Mayor to execute the IGA with approval of the City Attorney.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 28<sup>th</sup> day of May, 2024.

\_\_\_\_\_  
Scott M. Jablow, Mayor

ATTEST:

\_\_\_\_\_  
JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Kurt W. Christianson, City Attorney



**Intergovernmental Agreement  
FOR PROVISION OF SERVICES BY THE  
COCONINO COUNTY ELECTIONS DEPARTMENT**

This Agreement for Services is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2024 pursuant to A.R.S. 11-951 *et seq* between **COCONINO COUNTY**, a political subdivision of the State of Arizona, for and on behalf of **COCONINO COUNTY ELECTIONS DEPARTMENT (CCED)**, and the **COCONINO COUNTY RECORDER (RECORDER)**, hereinafter collectively referred to as **COUNTY**, and \_\_\_\_\_, a municipality of the State of Arizona, hereinafter referred to as **JURISDICTION**.

**WHEREAS**, the COUNTY has authority under A.R.S. Titles 16 and 19 to conduct elections and has responsibility for establishing and staffing polling places, preparing and counting ballots, and providing voting equipment;

**WHEREAS**, the RECORDER has the authority to maintain voter registration rolls and to conduct early balloting under A.R.S. § 16-162 and A.R.S. Title 16, Ch. 4, Art. 8;

**WHEREAS** the JURISDICTION has the responsibility for conducting its own elections under A.R.S. Title 16;

**WHEREAS**, the JURISDICTION is authorized to enter into an Agreement with the COUNTY and RECORDER for election services under A.R.S. § 16-408 and desires to use the election services of COUNTY to conduct its election as set forth below;

NOW THEREFORE, in consideration of the mutual agreements **described** herein, the parties agree as follows:

**SECTION 1: PURPOSE**

The purpose of this Agreement is to secure the services of COUNTY, as enumerated in Section 4, for the preparation and conduct of the election described above for the JURISDICTION.

**SECTION 2. TYPES OF ELECTIONS AND IMPORTANT DATES**

COUNTY agrees to provide election services for the following elections:

**PRIMARY ELECTION**

**Date of Primary Election: ..... <07/30/2024>**

**Early Voting Begins:..... <07/03/2024>**

**Last Day to Register to Vote:..... < 07/01/2024>**

**Last Day to Vote Early:..... < 07/26/2024>**

**GENERAL ELECTION**

**Date of General Election: ..... <11/05/2024>**

**Early Voting Begins:..... <10/09/2024>**

**Last Day to Register to Vote:..... < 10/07/2024>**

**Last Day to Vote Early:..... < 11/01/2024>**

**SECTION 3. LIAISONS FOR JURISDICTION AND COUNTY COMMUNICATIONS**

a. Each Party designates the individuals listed below as its liaison and alternate liaison hereunder.

**Jurisdiction Liaison**

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**E-mail :** \_\_\_\_\_

**Cell Phone:** \_\_\_\_\_

**Officer Phone:** \_\_\_\_\_

**Jurisdiction Legal Counsel:**

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**E-mail:** \_\_\_\_\_

**Cell Phone:** \_\_\_\_\_

**Officer Phone:** \_\_\_\_\_

**County Liaison**

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**E-mail :** \_\_\_\_\_

**Cell Phone:** \_\_\_\_\_

**Officer Phone:** \_\_\_\_\_

**County Liaison Alternate**

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**E-mail:** \_\_\_\_\_

**Cell Phone:** \_\_\_\_\_

**Officer Phone:** \_\_\_\_\_

b. The County Liaison shall act as the County’s primary liaison with the Jurisdiction for the Election and shall have primary responsibility for performing the County obligations hereunder. In the event the

Jurisdiction needs immediate assistance and the County Liaison is unavailable, the Jurisdiction shall contact the Alternate County Liaison.

- c. The Jurisdiction Liaison shall act as the Jurisdiction's primary liaison with the County for the Election and shall have primary responsibility for performing the Jurisdiction's obligations hereunder. In the event that the County Liaison needs immediate assistance and the Jurisdiction Liaison is unavailable, the County Liaison shall contact the Jurisdiction's Legal Counsel.
- d. **Notices.** All correspondence and notices required to be given under this Agreement shall be delivered to the Parties' respective liaisons identified above at the addresses listed above. They shall be deemed received: (1) immediately upon hand delivery or (2) immediately upon email transmission if transmitted on a business day and during regular business hours of the recipient, and otherwise on the next business day following transmission.

#### **SECTION 4: SERVICES TO BE PERFORMED BY COUNTY**

CCED, or its designated agent, agrees to provide the following election services for the JURISDICTION for elections specified by this agreement:

##### **I. PRINTING**

The statutorily required number of ballots will be designed, ordered, and printed through CCED so that the election can use the Elections System and Software (ES&S) Optical Scan and Accessible Voting System.

##### **II. TRANSLATION**

- A. **SPANISH:** Translation of ballot text may be provided by JURISDICTION. The jurisdiction is responsible for ensuring that the Spanish translation of the ballot text also appears in the information report, publicity report, and sample ballot.
- B. **NATIVE AMERICAN:** If a portion of the jurisdiction is located on a Native Reservation, all election-related materials must be translated into the appropriate Native American language to comply with Section 205 of the National Voter Registration Act. CCED will provide Navajo and Hopi language interpretation for the ballot.
- C. **ACCESSIBLE AUDIO:** CCED will prepare an accessible audio ballot for the accessible ballot marking devices to be made available to voters upon request at any Early Voting location, Polling Place or Vote Center within the County.

##### **III. JURISDICTIONAL LIMITATION**

If the Jurisdiction encompasses territory outside of Coconino County, Arizona, this Agreement shall be construed to apply only to that portion of the Jurisdiction that falls within Coconino County.

## **VI. BALLOTS**

- A. CCED will have Official Ballots printed and distributed to the early voting sites, polling places and vote centers.
- B. CCED will determine the number and letter of each ballot issue and question for the JURISDICTION and any other coordinating jurisdictions participating in the election.
- C. JURISDICTION will provide CCED with final ballot language, including the Spanish translation, no later than 106 days prior to Election Day, as set forth above.
- D. The ballot language, and candidates for eligible offices in the Jurisdiction must be submitted via “Certified Ballot Language” form, from the Jurisdiction Liaison with the seal of the Jurisdiction. (Exhibit A.)
- E. After 106 days prior to election day, JURISDICTION will pay \$100 per change to CCED for any changes or alterations to final ballot language unless such change is required due to an error or omission made by CCED.
- F. CCED shall provide the JURISDICTION a ballot proof. The JURISDICTION shall have two calendar days following receipt of the proof to notify CCED of any corrections to the ballot because of errors or omissions.
- G. Should the JURISDICTION notify CCED of corrections later than the allowable response period outlined above, COUNTY may at its option, modify the ballot and bill the JURISDICTION the full actual incurred labor and materials cost to make the requested corrections, or COUNTY may terminate this agreement with written notice to the JURISDICTION within 3 calendar days of its receipt of the correction request from JURISDICTION. The three-calendar day period includes the day of receipt by the COUNTY of the correction request if such receipt occurs before noon on a business day.
- H. No corrections sent by the JURISDICTION to the COUNTY within 60 days prior to the election date will be made to ballots printed by the COUNTY.
- I. Consistent with SECTION 9: INDEMNIFICATION OF COUNTY AND DISTRICT, set forth below, JURISDICTION shall bear the full liability and associated costs, including attorney’s fees, arising from any damages claimed to be caused by errors in the ballots that were neither identified by the JURISDICTION during proofing phase nor communicated to the COUNTY in the permissible time period as provided in this Agreement.

## **VII. ELECTION BOARD WORKERS**

CCED will recruit, train, provide and pay Election Board Workers to conduct the election on behalf of the JURISDICTION.

## **VIII. POLLING PLACES**

CCED will designate and enter into lease agreements with the required number of polling places and vote centers to conduct the election. (This includes reserving each site and executing a Polling Place Agreements with each location.)

## **VIII. REGISTERS AND ROSTERS**

- A. RECORDER will provide the statutory lists of registered voters for early voting and for use at the polling places and vote centers.
- B. NOTICE: Voter lists, registers, and files contain restricted data. release or distribution of all or any portion of such information is restricted and, in some cases, prohibited by law, subject to criminal prosecution.

## **IX. ELECTION DAY SUPPLIES**

CCED shall deliver, maintain, and pick up polling place and vote center supplies, while maintaining all necessary chains of custody and safety protocols.

## **X. LOGIC AND ACCURACY TEST**

- A. CCED will conduct the Logic and Accuracy Tests of vote tabulating equipment.
- B. CCED will publish notice of the Logic and Accuracy Tests.

## **XI. EARLY VOTING**

RECORDER will conduct early voting by mail and in person at locations designated by Recorder.

## **XII. BALLOT COUNTING/RESULT REPORTING**

RECORDER shall process all early and provisional ballots received and transfer them to CCED. The CCED shall count all ballots cast at a polling location or vote center on Election Day. CCED shall produce the ballot counts and upload unofficial Election results to the Election Night Reporting System (unless the Secretary of State waives or modifies this requirement).

Upon completion of the Election Canvass, the CCED shall upload a summary of Election results to the Election Night Reporting System.

If a recount is mandated pursuant to A.R.S. § 16-661, *et seq.*, CCED shall inform the JURISDICTION and follow the recount process as outlined by A.R.S. § 16-661, *et seq.*, and applicable guidance from the Arizona Secretary of State, to complete a recount and canvass the election results.

Following the canvass of the Election by the Board of Supervisors, the CCED shall upload official Precinct Election results to its public website and make these results available to the JURISDICTION upon request.

### **XIII. RECOUNT IF MANDATED BY STATE STATUTES**

If the unofficial results of the election indicate that a recount may be required pursuant to A.R.S. § 16-661 as to an election for which JURISDICTION is responsible, CCED will promptly notify JURISDICTION. Pursuant to A.R.S. § 16-662, if the office subject to a mandatory recount is to be filled by the electors of COUNTY or subdivision of COUNTY or a precinct, it will be the responsibility of COUNTY to certify the facts requiring a recount to the Coconino County Superior Court. Otherwise, if the office subject to a mandatory recount is to be filled by the electors of a municipality, and JURISDICTION is a municipality, it will be the responsibility of the governing board of JURISDICTION to certify the facts requiring a recount to the Coconino County Superior Court. In such an event, JURISDICTION agrees that it will certify the facts requiring the recount to the Coconino County Superior Court within 24 hours of the County's canvass, as practicable, and will otherwise take all actions required of it by A.R.S. § 16-661, et seq. promptly and consistent with the deadlines imposed upon it and the County. Upon the issuance of a court order directing that a recount be conducted, CCED will conduct the recount according to A.R.S. § 16-663, on behalf of JURISDICTION. In such cases, the JURISDICTION shall bear the full cost of the recount which will be invoiced to JURISDICTION by COUNTY.

### **XIV. RECORDKEEPING:**

CCED shall transfer the voted ballots to the County Treasurer for the retention periods outlined by Arizona Revised Statutes. The Recorder stores Early ballot affidavit envelopes as outlined by the retention periods in the Arizona Revised Statutes.

### **XV. CCED DUTIES SUBJECT TO JURISDICTION PERFORMANCE.**

The responsibility of the COUNTY to perform the duties set forth above are contingent upon the performance of the JURISDICTION's own duties hereunder. COUNTY shall not be responsible for failing to meet any deadlines or failure to provide election services outlined herein, if such failure was caused by the JURISDICTION'S failure to timely submit the required information in a form required by this Agreement and applicable law.

## **SECTION 5: OBLIGATIONS OF JURISDICTION**

JURISDICTION, or its designated agent, agrees to:

1. Pay the following costs to CCED:

- **\$2.00** per registered voter, except as provided below, plus:  
*Actual cost of Native American Outreach, if applicable*  
*Actual cost of Spanish translation, if applicable*
  - \$100 per late correction submitted to the COUNTY if accepted by COUNTY.
  - Actual costs of labor, and materials when due to an error of the JURISDICTION.
2. Pay any additional or unique election costs resulting from JURISDICTION delays and/or special preparations or cancellations relating to the JURISDICTION's participation in the Election run by COUNTY.
  3. Pay the actual costs incurred by COUNTY in the event of a recount required by law.
  4. Publish and/or post all legal notices required by statute, except for the notice for the Logic and Accuracy tests.
  5. Prepare, print and mail any required informational pamphlet.
  6. If a change in taxing district boundaries occurs, notify the Department of Revenue by November 1 pursuant to ARS § 42-17257
  7. Maintain adequate insurance coverage for public entity errors and omissions and evidence same to COUNTY along with endorsement of additional insured for its work or materials sent to the COUNTY for an election.
  8. The Jurisdiction is responsible for confirming that all legal requirements have been met and that all other activities related to a given election are carried out as required. Upon request, COUNTY will provide to JURISDICTION, in advance, all ballot styles, forms, and documents pertaining to each election conducted pursuant to this Agreement for JURISDICTION's review and approval. It is the responsibility of JURISDICTION to confirm that all legal requirements are met.

## **SECTION 6: MANNER OF FINANCING AND BUDGETING**

Each party represents that it has sufficient funds available in this current fiscal year budget to discharge the funding obligation imposed by this Agreement.

- A. COUNTY will keep a careful and accurate accounting of time, supplies, printing costs and salaries attributable to the COUNTY's administration of the election. COUNTY will keep a careful and accurate accounting of time, supplies, printing costs and salaries attributable to election services for the JURISDICTION. The JURISDICTION'S proportional share of actual costs shall be based upon COUNTY's total expenditures.



## **SECTION 7: JURISDICTION WITHDRAWAL/CANCELLATION OF AN ELECTION**

- a. JURISDICTION may cancel an election of persons to office or withdraw a Ballot Measure only as permitted by applicable law.
- b. If JURISDICTION resolves to cancel an election to office or withdraw a Ballot Measure, JURISDICTION shall do the following:
  - i. Provide the CCED with written notice of such determination immediately.
  - ii. Provide public notice by publication of such cancellation or withdrawal as required by applicable law; and
  - iii. Pay COUNTY its actual costs incurred in connection with the cancelled election or withdrawn Ballot Measure, which may include costs incurred by the COUNTY both before and after receipt of the JURISDICTION's notice of cancellation or withdrawal. Such payment shall be due within thirty (30) days after the Jurisdiction's receipt of an invoice from the COUNTY for such payment.

## **SECTION 8: TERMINATION**

This Agreement shall terminate upon resolution of all matters connected with the elections, legal challenges excepted, or upon written notice by either party to the other within thirty (30) days prior to the election date(s). Should the election herein be challenged or questioned for any reason whatsoever, then, subject to JURISDICTION's right of indemnification under Section 8 of this Agreement, JURISDICTION shall be solely responsible for the defense of said election, provided that COUNTY shall cooperate in the defense of such challenge and shall provide its officers and employees as necessary to testify in any proceedings arising from the challenge.

**Expediency:** Failure to comply with the terms of this agreement and/or the deadlines as published in the Election Calendar or state law may result in consequences up to and including termination of this Agreement. In such cases, costs incurred up to and including termination date shall be invoiced to the JURISDICTION, and the JURISDICTION shall be fully obligated and liable to reimburse these costs to COUNTY.

## **SECTION 9: INDEMNIFICATION OF COUNTY AND JURISDICTION**

To the extent permitted by law, each party agrees to hold the other party harmless and to indemnify the other for any loss, liability or damage arising from any action, omission or negligence of each party's employees, officers or agents, regarding the performance of this Agreement. Both the JURISDICTION and the COUNTY agree that they will remain liable for their independent obligations under this agreement, and neither party shall be the agent of the other or liable for the obligations of the other.

## **SECTION 10: EFFECTIVE DATE AND TERM OF AGREEMENT**

This Agreement shall become effective from and after the date of its execution and shall terminate as provided in Section 7.

## **SECTION 11: CANCELLATION**

This Agreement is subject to cancellation pursuant to the provisions of A.R.S. § 38-511.

## **SECTION 12: SEVERABILITY**

If any provision of this Agreement or application thereof is held invalid, such invalidity shall not affect other provisions or applications of this Agreement.

## **SECTION 12: EXECUTION OF COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same Agreement. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto. Each of the Parties may sign any number of copies of this Agreement. Each signed copy shall be deemed an original, but all of them together shall represent one and the same agreement.

IN WITNESS WHEREOF, the governing bodies of each of the parties hereto have approved this agreement by resolution adopted on the dated given below.

JURISDICTION:

COCONINO COUNTY:

Date of adoption: \_\_\_\_\_

Date of adoption: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Authorized Agent)

\_\_\_\_\_  
Chair,  
Coconino County Board of Supervisors

ATTEST:

\_\_\_\_\_  
(Title of Authorized Agent)

\_\_\_\_\_  
Lindsay Daley  
Clerk of the Board

Reviewed and approved by legal counsel and found to be within the authority of the governing body to adopt:

\_\_\_\_\_  
Attorney for Jurisdiction

\_\_\_\_\_  
Attorney for County



**CITY COUNCIL  
AGENDA BILL**

**AB 3059  
May 28, 2024  
Consent Items**

**Agenda Item:** 3c  
**Proposed Action & Subject:** Approval of a Resolution approving and adopting the City’s Public Safety Personnel Retirement System Pension Funding Policy for fiscal year 2024-2025.

<b>Department</b>	Financial Services
<b>Time to Present</b>	N/A
<b>Total Time for Item</b>	
<b>Other Council Meetings</b>	
<b>Exhibits</b>	A. Resolution Adopting the Public Safety Personnel Retirement System Pension Funding Policy B. Draft Public Safety Personnel Retirement System Pension Funding Policy

Finance Approval	Reviewed 5/21/24 RMS	
City Attorney Approval	Reviewed 5/20/24 KWC	<b>Expenditure Required</b>
		\$ 4,100,000
City Manager’s Recommendation	Recommend approval ABS 5/21/24	<b>Amount Budgeted</b>
		\$ 4,100,000
		Account No. FY23 Surplus (Description)

**SUMMARY STATEMENT**

**Background:** A.R.S. §38-863.01 requires all employers in the Public Safety Personnel Retirement System to adopt a pension funding policy. The policy must be updated and adopted annually.

The policy must include funding objectives that address at least the following:

- How to maintain stability of contributions to the system
- How and when the funding requirement will be met
- Defining the funded ratio target and the timeline for reaching the targeted funded ratio

A.R.S. §38-863.01 also requires the City Council to formally accept the employer’s share of the assets and liabilities under the system based on the system’s actuarial valuation report.

The policy is based on a template created by Nick Ponder of the Arizona League of Cities and Towns which addresses all of the requirements of A.R.S. §38-863.01. It incorporates the decision made by the City Council during the FY 2024-25 budget process to continue the “level-

dollar” annual payment at approximately \$1,100,000 to pay off the unfunded liability by the end of the amortization period which would be June 30, 2036, as well as an additional \$1,200,000 plus any Smart and Safe Arizona Fund distributions. The “level-dollar” amount is dependent on many factors including the performance of the pension investments, so staff will continue to re-evaluate the “level-dollar” annual payment amount each year during the budget process.

The changes to the proposed policy compared to last year are as follows:

- Actuarial valuation amounts were updated from the June 30, 2022 amounts to the June 30, 2023 amounts.
- Estimated annual required contribution amount was updated from the FY2023-24 amount to the FY2024-25 amount.
- A one-time additional contribution amount of \$4,100,000
- Minor clean-up

In addition, A.R.S. §38-863.01 requires the City to post the policy on the City’s website. Following adoption, the policy will be posted at <http://www.sedonaaz.gov/your-government/departments/financial-services/financial-policies>.

Each year as part of the budget process, staff will present the policy with any applicable updates to be adopted by the City Council.

**Climate Action Plan/Sustainability Consistent:** Yes - No - Not Applicable

**Board/Commission Recommendation:** Applicable - Not Applicable

**Alternative(s):** Provide direction to staff for adjustments to the policy for review and action at a later council meeting.

## **MOTION**

**I move to:** approve Resolution No. 2024-\_\_, adopting the City’s Public Safety Personnel Retirement System Pension Funding Policy.

**RESOLUTION NO. 2024-\_\_**

**A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING AND ADOPTING THE CITY'S PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM PENSION FUNDING POLICY.**

WHEREAS, the Mayor and Council of the City of Sedona shall have control of the finances and property of the City pursuant to A.R.S. § 9-240(A) and § 9-499.01 et seq.; and

WHEREAS, the Mayor and Council of the City of Sedona shall also have the power to appropriate money and provide for the payment of its debts and expenses pursuant to A.R.S. § 9-240(B); and

WHEREAS, the Second Regular Session of the Fifty-Third Arizona Legislature enacted HB 2097 in 2018 (codified as A.R.S. § 38-863.01) requiring each governing body of a Public Safety Personnel System employer to adopt a pension funding policy for employees who were hired before July 1, 2017, that addresses at least the following:

- (a) How to maintain the stability of the governing body's contributions to the system; and
- (b) How and when the governing body's funding requirements of the system will be met; and
- (c) Defining the governing body's funded ratio target under the system and the timeline for reaching the targeted funded ratio.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that the City formally approves and adopts its Public Safety Personnel Retirement System Pension Funding Policy as presented to the Mayor and City Council and attached hereto as Exhibit A.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 28<sup>th</sup> day of May, 2024.

\_\_\_\_\_  
Scott M. Jablow, Mayor

ATTEST:

\_\_\_\_\_  
JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Kurt W. Christianson, City Attorney

# Exh. A

## City of Sedona

### Public Safety Personnel Retirement System Pension Funding Policy

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the City and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

**Unfunded Actuarial Accrued Liability (UAAL)** – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

**Annual Required Contribution (ARC)** – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

**Funded Ratio** – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

**Intergenerational Equity** – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The City's police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

### **Public Safety Personnel Retirement System (PSPRS)**

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agencies' assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund

has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The City of Sedona has one trust fund for police employees.

Council formally accepts the assets, liabilities, and current funding ratio of the City’s PSPRS trust fund from the June 30, 2023 actuarial valuation, which are detailed below.

<b>Trust Fund</b>	<b>Assets</b>	<b>Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>
Sedona Police	\$14,035,804	\$18,132,235	\$4,096,431	77%

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Many funds in PSPRS are underfunded and falling short of the goal of intergenerational equity.

**The Council’s PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.**

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Sedona’s liability.
- The fluctuating cost of an UAAL causes strain on the City’s budget, affecting our ability to provide services.
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity.

Council has taken the following actions to achieve this goal:

- Maintain ARC payment from operating revenues – Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds. The estimated combined ARC for FY2023-24 is \$823,006 and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
  - Annually contribute an additional amount to achieve a total of \$1,100,000 in contributions for a “level-dollar” payment
  - Contribute any Smart & Safe Arizona Fund distributions as an additional payment over and above the \$1,100,000
  - Contribute a one-time additional \$4,100,000 from General Fund surplus balance for FY2024-25
- Pay the full amount of the contributions at the beginning of each fiscal year to maximize the interest earnings allocated to the City’s PSPRS trust fund

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2023 Actuarial Valuation.





**CITY COUNCIL  
AGENDA BILL**

**AB 3064  
May 28, 2024  
Consent Items**

**Agenda Item:** 3d  
**Proposed Action & Subject:** Approval of a purchase agreement for the acquisition of Parcel 401-38- 013F, at 195 Brewer Road, Sedona.

<b>Department</b>	Public Works
<b>Time to Present</b>	5 minutes
<b>Total Time for Item</b>	10 minutes
<b>Other Council Meetings</b>	March 26, 2024
<b>Exhibits</b>	A. Real Estate Purchase and Sale Agreement

Finance Approval	Reviewed 5/20/24 RMS	
City Attorney Approval	Reviewed 5/20/24 KWC	<b>Expenditure Required</b>
		\$ 580,000
City Manager's Recommendation	Recommend approval ABS 5/20/24	<b>Amount Budgeted</b>
		\$ 718,000
		Account No. 22-5320-89-6877 (94%) (Description) 48-5320-89-6877 (6%) SIM-05D – Ranger/Brewer Roundabout Intersection (Wall)

**SUMMARY STATEMENT**

Staff is requesting approval to purchase the subject parcel of vacant land. Ownership of this land will allow the construction of the SIM 5D project with a significantly reduced length of retaining wall, which offsets the cost of the land.

The original design of this project called for a vertical retaining wall approximately 525 feet in length and up to a height of 24-feet. It was located very close to edge of the proposed SUP (Shared Use Path), to minimize encroachment onto the adjacent private land. With this land purchase, the length of retaining wall will be reduced or replaced by an excavated slope. This requested purchase is for one of the two adjacent parcels of land needing to be purchased to minimize wall construction. This is illustrated on the following page.

**Budget**

- Without Parcel Acquisition: Wall + Earthwork = \$2.4 M
- With Parcel Acquisition: Wall + Earthwork = \$1.7 M
- Construction Savings = \$718,000
- Total Savings minus Acquisition Cost = \$138,000

The amount budgeted accounts for the portion of original design work, for wall and earthwork, offset by the cost of parcel acquisition (\$2.4M – \$1.7M = \$718,000).



Status of Parcel 2 Acquisition

This acquisition is currently in negotiation.

**Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable**

The Sedona In Motion program in general supports many of the goals of the Climate Action Plan.

- Goal: Reduce Transportation Emissions and Enhance Community Mobility: The SIM-5D Project reduces congestion and travel times and improves vehicle and pedestrian safety. The major roadway connection improvements, in the SIM-5 strategy, aim to improve traffic flow and reduce congestion.
- Goal: Reduce Transportation Emissions and Enhance Community Mobility: The shared use path improvements in this project, reduce vehicle and pedestrian conflicts improving walkability and safety.
- Goal: Increase the diversion of waste from the landfill and reduce GHG emissions associated with the consumption of goods and services: By reducing the need to build a retaining wall, it will reduce resources needed for construction, and reduce construction waste that would have been generated.

**Board/Commission Recommendation: Applicable - Not Applicable**

Alternative(s): The project could proceed as designed, without the purchase of this parcel. However, this would not include taking advantage of the cost savings available by the reduction in the size of the proposed retaining wall. It also would not result in ownership of this parcel by avoiding wall costs.

**MOTION**

**I move to:** approve the purchase the subject Parcel Number 401-38-013F as part of the SIM 5D – Ranger/Brewer Roundabout Project.

# EXHIBIT A - AB 3064 PW Purchase of Parcel No. 401-38-013F

## REAL ESTATE PURCHASE AND SALE AGREEMENT

**SELLER:** Craig L Curtis Revocable Living Trust  
Craig Curtis – Trustee  
P.O. Box 1288  
Sedona, Arizona 86339

**BUYER:** City of Sedona, an Arizona municipal corporation  
c/o City Clerk  
102 Roadrunner Dr.  
Sedona, Arizona 86336

**ESCROW AGENCY:** Stewart Title Agency  
1725 West State Route 89A, #1A  
Sedona, Arizona 86336  
[Natalie.Kurz@stewart.com](mailto:Natalie.Kurz@stewart.com)

**PROPERTY:** Real Property located near 195 Brewer Rd, Sedona, AZ 86336 (APN# 401-38-013F) as more fully described in **Exhibit A** (the "Property").

This Real Estate Purchase and Sale Agreement ("Agreement") is made and entered into by and between the **City of Sedona**, an Arizona municipal corporation ("Buyer") and the **Craig L Curtis Revocable Living Trust** ("Seller"), upon the date signed below (the "Effective Date").

### RECITALS:

Whereas, Seller is the owner of the Property described above.

Whereas, Buyer desires to purchase the Property described above.

Whereas, Seller desires to sell the Property to Buyer and Buyer agrees to purchase the Property in accordance with the terms and conditions set forth herein for a public purpose.

### AGREEMENT:

Now, therefore in consideration of the mutual terms and conditions set forth herein, the parties agree as follows:

1. **Incorporation of Recitals.** The parties agree the Recitals set forth above are accurate and are hereby incorporated as part of this Agreement.
2. **Sale of Property.** Seller agrees to sell the Property to Buyer and Buyer agrees to purchase the Property from Seller upon the terms and conditions set forth herein. Seller hereby irrevocably disclaims, waives and releases any and all claims against Buyer arising in connection with or related to this Agreement and any of the

transactions contemplated by this Agreement.

3. **Purchase Price.** The Purchase Price for the Property shall be \$580,000.00 to be paid in full upon the Close of Escrow.

4. **Escrow Agent and Real Estate Report.**

(a) Buyer and Seller agree to employ Stewart Title Company as the Escrow Agent to handle the Escrow.

(b) Seller agrees to purchase a standard owner's title policy for the Property in the Escrow Agent's standard form and to pay the cost to record the Warranty Deed in favor of Buyer in the form of **Exhibit B**. Buyer shall pay for any extended form of title insurance coverage as determined and requested by Buyer.

(c) Immediately following the Effective Date, Seller shall instruct the Escrow Agent to deliver to Buyer, at Seller's expense, if any: (i) a preliminary title report for a standard coverage owner's policy of title insurance for the Property setting forth the current status of title ("Title Report"); (ii) copies of all items appearing as exceptions to the title insurance coverage; and (iii) an estimate of the additional charges required by Escrow Agent to upgrade the title insurance coverage in an extended form.

(d) Seller agrees Buyer shall be entitled to object to any matters disclosed by the Title Report, by delivering written notice of objection (a "Title Objection Notice") to Seller and Escrow Agent no later than fifteen (15) business days from Buyer's receipt of the Title Report. Any Title Objection Notice delivered by Buyer shall specify in reasonable detail any matter to which Buyer objects (the "Title Objection(s)"). If Escrow Agent subsequently issues any amendment to the Title Report disclosing any additional title matters, changes in the legal description, or additional requirements of Buyer, or if any revision to a survey procured by Buyer discloses any additional matter(s) affecting the Property, then Buyer shall be entitled to object to any such newly discovered matter by delivering a Title Objection Notice to Seller and Escrow Agent on or before fifteen (15) business days after Escrow Agent has delivered to Buyer the amendment to the Title Report and any Schedule B items, if applicable (or Buyer has received the revision to a survey). If Buyer fails to deliver a Title Objection Notice objecting to any matter set forth in the Title Report or any survey (or any subsequent amendment thereto) within the time period required under this Section 4(d), Buyer shall be deemed to have approved the matter as of the last day of that time period. All matters to which Buyer has not objected to are referred to in this Agreement as the "Permitted Exceptions."

(e) If Buyer timely delivers a Title Objection Notice, then Seller shall notify Buyer on or before the date that is five (5) business days after Seller's receipt of the Title Objection Notice that either (i) the Title Objection(s) have been removed from the Title Report by Escrow Agent such that the Title Objection(s) no longer affects or encumbers the Property or any portion thereof, and in such event, the Closing shall go forward as provided for in this Agreement, or (ii) Seller irrevocably commits prior to Closing to cause Escrow Agent to remove objectionable items from the Title Report such

that the Title Objection(s) no longer affect or encumber the Property or any portion thereof, and in such event, the Closing shall go forward as provided for in this Agreement, or (iii) Seller is unable or unwilling to have the Title Objection(s) removed. If Seller fails to provide such notice to Buyer within the time period required under this Section 4(e), it shall be deemed that Seller is unwilling to cure the Title Objection(s). If Seller timely notifies Buyer (or fails to notify Buyer within the time period) that it is unable or unwilling to have the Title Objection(s) removed or is otherwise unable or unwilling to cure the Title Objection(s) to Buyer's satisfaction, then Buyer, by delivering written notice to Seller no later than five (5) business days following Seller's notice to Buyer and Escrow Agent (or the date set as the deadline for Seller to deliver such notice to Buyer and Escrow Agent) in accordance with this Section 4(e), may elect either: (A) as Buyer's sole remedy hereunder, to terminate this Agreement and receive the entire sums deposited with the Escrow Agent (and any interest earned thereon) and thereafter the parties shall have no further rights or obligations under this Agreement except those rights which specifically survive termination; or (B) waive such objections and take title as it then is (subject to, and the Closing is expressly conditioned upon, removal of any other Title Objection(s) that Seller has agreed to cause to be removed from the Title Report and/or cured as provided hereinabove), in which event all title Objection(s) not removed from the Title Report and cured as provided above will thenceforth be deemed Permitted Exceptions; and this Agreement shall remain in full force and effect. The failure by Buyer to timely elect either clause (A) or (B) above shall be deemed Buyer's election to proceed with clause (A) above.

(f) Notwithstanding anything to the contrary contained in this Agreement, at or before the Close of Escrow, and without the need for Buyer to object to same in its Title Objection Notice, Seller shall remove all financing encumbrances; mechanics', materialmen's and supplier's liens; judgment liens; federal or state income or sales tax liens; and lis pendens on the Property without cost to Buyer. Seller may not allow additional liens or encumbrances to be placed upon the Property after the Effective Date. The Purchase Price proceeds shall first be applied by Escrow Agent to pay off any and all financing encumbrances or any of the foregoing liens before any remaining Purchase Price proceeds are released to Seller on the Closing.

(g) Buyer's obligation to purchase the Property, to pay the Purchase Price therefore, and otherwise to close the Escrow is subject to Title Insurer being unconditionally committed to issue at the Close of Escrow to Buyer, as the insured, a standard owner's title policy and any requested extended coverage owner's policy of title insurance for the Property (with no exception for mechanics' liens or similar encumbrances) in the amount of the Purchase Price, subject to only the Permitted Exceptions with such title endorsements as Buyer shall require (the "Title Policy"). Seller and Buyer shall each execute, acknowledge (if applicable), and/or deliver to Escrow Agent prior to the date of the Closing, any documents pertaining to Seller or Buyer, as applicable, or matters relating to the Property required by Escrow Agent as a condition to the issuance of the Title Policy.

(h) Buyer agrees to pay on, or before, the Close of Escrow to the Escrow Agent the buyer's standard closing costs and escrow fees for a commercial real estate

transaction as determined by the Escrow Agent. Buyer and Seller shall timely execute or provide any documentation required by the Escrow Agent to close the sale and purchase of the Property.

(i) This Agreement may be supplemented by the printed Escrow Instructions to which it is attached and shall be construed together with the Escrow Instructions as a single document; in the event of any inconsistency between any provision in this Agreement and provision in the Escrow Instructions, the provision in this Agreement shall prevail. Upon the execution of the Escrow Instructions and this Agreement by Seller and Buyer, the same shall constitute a binding contract between Seller and Buyer for the purchase and sale of the Property.

5. **Survey, Engineering, Inspection and Due Diligence.** Seller agrees that prior to the Closing, Buyer may conduct and complete any additional inspections or tests of the Property and conduct any other due diligence of the Property, without limitation, which Buyer determines is necessary for Buyer's intended use of the Property for industrial/commercial development (the "Inspection Period"). Buyer agrees to pay for any additional inspections, tests and due diligence of the Property Buyer desires to procure in its discretion. Buyer shall be responsible to restore the Property to its original condition upon the completion of any additional inspection, test, or other due diligence of the Property. If during the Inspection Period, Buyer determines in its sole discretion that any survey, inspection, test, or other due diligence of the Property is unacceptable for Buyer's intended use, Buyer may, upon written notice to Seller and the Escrow Agent, terminate this Agreement, but subject to the right to Seller's equal contribution for the payment of any surveys, engineering or related work previously agreed to by the parties completed as of such date as to the Property.

6. **Close of Escrow.** Buyer and Seller agree to the Close of Escrow upon Buyer's acceptance of the Closing Conditions set forth in Section 7 ("Closing" or "Close of Escrow"), in any event, not later than \_\_\_\_\_.

7. **Closing Conditions.** Seller and Buyer agree Buyer's obligation to purchase the Property is contingent upon Buyer's approval of, and the occurrence of, each of the following conditions:

(a) Buyer and Seller agree that no commission shall be paid.

Seller agrees that in the event any of the foregoing conditions are not satisfied on or before the Close of Escrow, other than conditions subsequent, Buyer may upon written notice to Seller elect to immediately terminate this Agreement and shall be entitled to a refund of any Earnest Money Deposit from the Escrow Agent upon providing a copy of such written notice to the Escrow Agent.

8. **Seller's Representations.** Seller represents the following to Buyer:

(a) Except from Buyer, Seller has not received notice of any pending condemnation or similar proceeding affecting the Property, or any portion thereof, and Seller, to the best of its knowledge, is not aware of any threatened condemnation or similar proceedings affecting the Property, or any portion thereof.

(b) To the best of Seller's actual knowledge, the Property is not in violation, nor has it been or is it currently under investigation for a violation of any federal, state or local law, ordinance or regulation including, without limitation, any relating to environmental conditions, in, at, on, under or about the Property including, but not limited to, soil and ground water conditions and that neither Seller nor, to the best of Seller's actual knowledge, any third party has used, generated, manufactured stored or disposed in, at, on, under or about the Property or transported to or from the Property any hazardous waste, toxic substances or related materials except in accordance with applicable law; and, to the best of Seller's actual knowledge, there is not now nor has there even been on or in the Property underground storage tanks or surface impoundments, any asbestos-containing materials or any polychlorinated biphenyls used in hydraulic oils, electric transformers or other equipment.

(c) There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy pending against Seller.

(d) Seller has not previously taken any action and will not take any action, which would cause any lien or claim of lien to be made against the Property under the mechanics' and materialman's lien laws of the State of Arizona.

(e) Seller has not received any notifications from any governmental authority having jurisdiction over the Property requiring any work to be done on the Property or alleging any violation of law with respect to the Property.

(f) Seller has no actual knowledge of any claims, administrative actions or lawsuits pending or threatened against the Property, other than from the Buyer.

(g) Seller has no actual knowledge of any parties in adverse possession of the Property or of any prescriptive rights or unrecorded easements upon or across the Property, or any portion thereof.

(h) Seller is not aware of any agreements or leases relating to the Property other than those identified as "Closing Conditions" in Section 7 herein.

(i) Seller represents that to the best of its actual knowledge, any documents, information and records provided by Seller to Buyer in connection with the transaction contemplated herein contain true and accurate information.

(j) Seller is not required to obtain the approval or consent of any other person or entity to execute this Agreement or to perform Seller's obligations under this Agreement.



9. **Buyer's Representations.** Buyer represents the following to Seller:

(a) Buyer has full authority to execute this Agreement.

(b) Buyer is not aware of any adverse actions against Buyer that would limit or impair Buyer's right to perform its obligations under this Agreement or upon the Close of Escrow.

10. **Survival of Representations.** The representations of Seller and Buyer as set forth in Sections 8 and 9 shall survive the Close of Escrow and shall not merge with the Warranty Deed or Easement.

11. **Real Estate Brokerage.** Buyer and Seller affirm neither party has contracted with, retained or otherwise employed a real estate broker relative to this Agreement. Buyer and Seller agree if any real estate broker asserts or claims the payment of a real estate commission or fees relative to this Agreement the party who contracted with such broker shall be responsible for the payment of such commission or fees and shall forever defend, indemnify, and hold harmless the other party from such claim.

12. **Title.** Seller agrees to transfer the title to the Property to Buyer upon the Close of Escrow in a form substantially similar to those in **Exhibit B**, without any exceptions or encumbrances, subject only to the usual printed exceptions and exclusions contained in such title insurance policies, to the matters shown on the Title Report or any Amended Title Report approved in writing or waived by Buyer.

13. **Taxes and Assessments.** All real and personal property taxes and any assessments against the Property shall remain the responsibility of the Seller.

14. **Closing Documents.**

(a) **Seller's Closing Documents.** By the Close of Escrow, Seller shall deposit with the Escrow Agent the following documents for delivery to Buyer at the Close of Escrow, each of which shall have been duly executed and, where appropriate, acknowledged:

- i. Warranty Deed for the Property substantially in the form attached in **Exhibit B**;
- ii. An Affidavit of Value for the Property as required by law;
- iii. The standard owner's title policy required;
- iii. The Non-Foreign Affidavit as required;
- iv. Appropriate evidence of due authorization and proper formation of Seller, as applicable;
- v. Such other documents as may be necessary or appropriate to transfer and convey the Property to Buyer and to

otherwise consummate this transaction in accordance with the terms of this Agreement.

(b) **Buyer's Closing Documents.** On, or before, the Close of Escrow, Buyer shall deposit with the Escrow Agent the following documents for delivery to Seller at the Close of Escrow, each of which shall have been duly executed and, where appropriate, acknowledged:

- i. An Affidavit of Value for the Property as required by law;
- ii. The Non-Foreign Affidavit as required;
- iii. Appropriate evidence of due authorization and proper formation of Buyer;
- iv. Such additional extended coverage and endorsements as requested by Buyer, at Buyer's expense; and
- v. Such documents and monies as may be necessary or appropriate to transfer and convey the Property to Buyer and to otherwise consummate this transaction in accordance with the terms of this Agreement.

**15. Possession; No Assumption of Seller's Liabilities.** Upon Close of Escrow, Seller shall deliver possession of the Property to Buyer. Buyer is acquiring only the Property from Seller and is not the successor of Seller. Buyer does not assume, agree to pay, or indemnify Seller or any other person against any liability, obligation, or expense of Seller.

**16. Default by Seller.** All provisions of this Agreement are hereby deemed to be material. Buyer shall have all rights and remedies available to it under Arizona law. Should Seller breach any of the provisions under this Agreement, Buyer shall immediately be entitled to the return of all amounts it paid pursuant to the Agreement, to terminate the Agreement, and to damages and to specific performance by Seller. Should Seller breach any provision of this Agreement, the terms of this Agreement shall not in any way be construed as a waiver of Buyer's rights, as a municipal corporation, to obtain the Property by condemnation or eminent domain should Seller fail to perform their obligations.

**17. Default by Buyer.** All provisions of this Agreement are deemed to be material. The parties agree that Seller's remedies for Buyer's breach of this Agreement shall be such rights and remedies available to them under Arizona law. The breaching party shall be responsible to pay all escrow costs and fees related to this Agreement. The prevailing party shall be entitled to an award of all costs and attorneys' fees incurred should legal action be necessary by either party to enforce the terms of this Agreement.

**18. Notices.**

(a) Notices shall be in writing and shall be given by personal or air courier service delivery to a responsible person, by telephone facsimile, by email, or by deposit in the United States mail, certified mail, return receipt requested, postage prepaid. Notices shall be delivered or addressed to Seller and Buyer at the following or at such other address as a party may designate to the other in writing:

Seller:

Craig L Curtis Revocable Living Trust  
Craig Curtis – Trustee  
P.O. Box 1288  
Sedona, Arizona 86339

Buyer:

City of Sedona  
c/o City Attorney  
102 Roadrunner Dr.  
Sedona, Arizona 86336

With a copy to:

Natalie Kurz Escrow Officer  
Stewart Title Agency  
1725 West State Route 89A, Suite 1A  
Sedona, Arizona 86336  
[Natalie.Kurz@stewart.com](mailto:Natalie.Kurz@stewart.com)

The date notice is deemed to have been given, received and become effective shall be the date on which the notice is delivered, if notice is given by personal or air courier service delivery or by telephone facsimile, or two (2) days following the date of deposit in the mail, if the notice is sent through the United States mail; and

(b) Copies of all notices shall also be given to Escrow Agent by regular mail.

**19. Further Documentation.** Each party agrees in good faith to execute such further or additional documents as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

**20. Governing Law.** Seller and Buyer agree this Agreement shall be interpreted under the laws of the State of Arizona and not elsewhere.

**21. Attorneys' Fees.** If either party commences an action to enforce any term or condition of this Agreement, the prevailing party to such action shall be entitled to recover a reasonable additional sum as and for its attorneys' fees and costs, said sum to be fixed by a court of competent jurisdiction.

**22. Jurisdiction; Venue; Waiver of Jury Trial.** Any action to enforce or interpret any provision of this Agreement shall be commenced and completed in the Superior Court of the State of Arizona in and for the County of Coconino and not elsewhere. Each party specifically submits itself to the jurisdiction of said Court and waives any objection to venue. Both parties hereby waive any right to a jury trial which they may otherwise have in the event of litigation arising out of this Agreement or the subject matter thereof and consent to a trial to the court.

**23. Ambiguity.** This Agreement was drafted by the City with the assistance of their attorneys. Neither the City nor its attorneys have rendered legal or other advice to Seller regarding sale of the subject property or the specific terms of this Purchase Agreement. Seller is aware of its right to obtain independent professional and/or legal assistance with this Agreement and, upon signing of the Agreement, represents that they have taken all steps they deem necessary (including, but not limited to, seeking the advice of professionals and/or attorneys) to assist them with this transaction. Consequently, the ambiguity in this Agreement shall not be construed against either party.

**24. Conflict of Interest.** Seller recognizes that Buyer is a political subdivision of the State of Arizona. Pursuant to A.R.S. § 38-511, Buyer may cancel this Agreement within three (3) years after its execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of Buyer is, at any time while the Agreement or any extension thereof is in effect, an employee or agent of Seller in any capacity or a consultant to Seller with respect to the subject matter of this Agreement. Notice of any such cancellation shall be given by Buyer to Seller with respect to the subject matter of this Agreement. Notice of any such cancellation shall be given by Buyer to Seller pursuant to the terms of A.R.S. § 38-511. Should cancellation occur under this provision, Seller shall return to Buyer all moneys paid by Buyer under this Agreement. Additionally, Seller shall be responsible for payment of all escrow fees. Buyer shall convey back the Property to Seller.

**25. Waiver.** The waiver by any party hereto of any right granted to it hereunder shall not be deemed to be a waiver of any other right granted hereunder, nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

**26. Time is of the Essence.** Time is of the essence of this Agreement and each provision hereof.

**27. Entire Agreement.** This document constitutes the entire agreement between the parties and may not be amended or otherwise modified except by the express written agreement of the parties.

**28. Drafts Not an Offer.** The submission of a draft of this Agreement by one party to another is not intended by either party to be an offer to enter into a legally binding contract with respect to the purchase and sale of the Property. The parties will not be legally bound in any manner with respect to a purchase and sale of the Property unless

SELLER is doing a 1031 

and until each of Seller and Buyer have duly executed this Agreement and the Parties have delivered that fully executed Agreement to Escrow Agent.

**29. Counterpart and Facsimile Signatures.** This Agreement may be executed in any number of counterparts all of which shall be deemed to constitute one and the same instrument, and each of which shall be deemed an original hereof. Signatures transmitted by facsimile shall be deemed to be originals.

**30. Assignability; Binding on Heirs.** Neither Seller nor Buyer may assign any of its rights or obligations under this Agreement without the other party's advance written consent. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

**31. Risk of Loss.** Except as otherwise provided in this Agreement, all risk of loss related to ownership and possession of the Property, including liability to third persons, shall be the responsibility of the Seller until the title and possession of the Property passes to the Buyer at Close of Escrow. Seller shall indemnify and hold Buyer harmless for all such loss, damage, liability, fees, or costs of any kind whatsoever, except those caused by the Buyer. This indemnity shall survive termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date last set forth below.

**SELLER:**

By: 

Its: Trustee

Date: 5-13-24

**BUYER:**

City of Sedona

By: \_\_\_\_\_  
Scott M. Jablow, Mayor

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
JoAnne Cook, City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Kurt W. Christianson, City Attorney

**EXHIBIT "A"**

**Legal Description**

**Parcel No. 401-38-013F**

[See following pages.]

Legal Description  
SWI Job #20193  
August 27, 2020  
Parcel 1

The following is a description of a parcel of land being a portion of that certain parcel described in instrument number 3676194 in the the Coconino County Recorder's official records, lying in Section 7, Township 17 North, range 6 East, Gila and Salt River Meridian, Coconino County Arizona, more particularly described as follows:

Commencing for reference at the east quarter corner for Sections 7 and 18, Township 17 North, Range 6 East, Gila and Salt River Meridian, monumented by a 3" brass cap dated 2003 from which the quarter corner for said Sections 7 and 18 bears South 89°49'58" West a distance of 1317.09 feet (measured and Basis of Bearings for this description);

Thence North 01°05'44" West, a distance of 1142.98 feet to a rebar and cap stamped "RLS 60237" and a 1/4096 corner of said Section 7;

Thence South 89°39'53" West, a distance of 244.56 to a 3" brass cap dated 2003 at a 1/4096 corner of said Section 7 and the True Point of Beginning;

Thence North 89°39'53" East, a distance of 98.12 feet to a rebar and cap stamped "RLS 60237";

Thence South 00°46'53" East, a distance of 36.92 feet to to a rebar and cap stamped "RLS 60237" and the beginning of a curve tangent to said line;

Thence southerly a distance of 89.32 feet along the curve concave to the east, having a radius of 248.04 feet and a central angle of 20°37'53" to a rebar and cap stamped "RLS 60237";

Thence South 19°37'56" East, a distance of 211.61 feet to a rebar and cap stamped "RLS 60237";

Thence South 15°46'47" West, a distance of 9.26 feet to a rebar and cap stamped "RLS 27253" and the beginning of a curve concave to the northwest having a radius of 262.00 feet and a central angle of 42°14'49" and being subtended by a chord which bears South 36°48'44" West 188.84 feet;

Thence southerly and southwesterly along said curve, a distance of 193.19 feet to a rebar and cap stamped "RLS 27253";

Thence South 58°30'39" West, a distance of 16.65 feet to to a rebar and cap stamped "RLS 27253" and the beginning of a curve tangent to said line;

Thence southwesterly a distance of 68.60 feet along the curve concave to the southeast, having a radius of 147.59 feet and a central angle of 26°37'46" to a rebar and cap stamped "RLS 60237";

Thence North 00°58'22" West, a distance of 209.11 feet to a 3" aluminum cap dated 2005;

Thence North 88°25'46" East, a distance of 4.97 feet to a 3" aluminum cap dated 2005;

Thence North 1°00'01" West, a distance of 142.21 feet to a 3" aluminum cap dated 2005;

Thence North 86°07'20" West, a distance of 4.92 feet to a 3" aluminum cap dated 2005;

Thence North 00°58'22" West, a distance of 188.27 feet to the True Point of Beginning.

Containing 64839 square feet (1.49 Acres) more or less.

This legal description was prepared by Aron M. Reay, RLS at the request of Shephard-Wesnitzer, Inc.





PLOTTED: Aug 28, 2020-12:22pm

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TRUE POINT OF BEGINNING



**PARCEL 1**  
64839 SQ. FT. (1.49 ACRES) ±

**PARCEL 2**

**PARCEL 3**

BREWER ROAD

POINT OF COMMENCEMENT

SCALE: 1" = 60'



Shephard Wesnitzer, Inc.

75 Kolof Place  
 Sedona, AZ 86336  
 928.282.1061  
 928.282.2058 fax  
 www.swioz.com

JOB NO.	20193
DATE	AUG. 2020
SCALE	AS SHOWN
DRAWN	AMR
DESIGN	N/A
CHECKED	J/C

BREWER ROAD

SEDONA ARIZONA

PARCEL 1  
 EXHIBIT TO ACCOMPANY  
 LEGAL DESCRIPTION

SHEET

**2**

OF 2

**EXHIBIT "B"**

**Warranty Deed**

[See following pages.]

WHEN RECORDED MAIL THIS  
WARRANTY DEED TO:

City of Sedona  
Office of the City Clerk  
102 Roadrunner Drive  
Sedona, Arizona 86326

Exempt from Affidavit per A.R.S. 11-1134(A)(3)

---

(Space Above for Recorder's Use)

Tax Parcel Number: 401-38-013F

### WARRANTY DEED

THE CRAIG L CURTIS REVOCABLE LIVING TRUST dated June 7, 2021, by Craig L. Curtis Trustee, ("Grantor"), for and in consideration of the Ten Dollars (\$10.00), in hand paid to Grantor by the City of Sedona, an Arizona municipal corporation ("Grantee"), and other good and valuable consideration, the receipt and sufficiency of such consideration Grantor acknowledges, by this deed assigns, bargains, conveys, grants, transfers and delivers to Grantee all that certain plot, parcel of land or real property situated in Coconino County, Arizona, and described on **Schedule "A"** attached to this deed and made a part of this deed for all purposes (the "Property") together with all the estate, right, title and interest to the Property, including all groundwater and surface water rights appurtenant to said real property.

SUBJECT ONLY TO: existing taxes, assessments, reservations in patents covenants, conditions, restrictions, rights of way, easements of record, and restrictions as may appear of record.

GRANTOR hereby covenants with the Grantee that Grantor is lawfully seized in fee simple of the Property and has good right to sell and convey the same and binds itself and its heirs, successors, assigns, executors, and administrators to warrant and defend the title unto the Grantee against all acts of the Grantor and against all lawful claims whatsoever.

[Signatures on following page]

EXECUTED as of the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

GRANTOR:

THE CRAIG L CURTIS REVOCABLE LIVING TRUST  
dated June 7, 2021

By Craig L.Curtis, Trustee \_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF ARIZONA                    )  
                                                  ) ss.  
County of \_\_\_\_\_)

On this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared Craig L. Curtis, Trustee of The CRAIG L CURTIS REVOCABLE LIVING TRUST dated June 7, 2021, whose identity/ies was/were proven to me on the basis of satisfactory evidence to be the person who they claim to be, and acknowledged that they signed the Warranty Deed on behalf of said Trust.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires:

In order to comply with A.R.S. § 33-404, the name and address of the current beneficiaries of the Grantor, The CRAIG L CURTIS REVOCABLE LIVING TRUST dated June 7, 2021, are:

Craig L. Curtis

**Schedule A**

Legal Description

[See following pages.]

Legal Description  
SWI Job #20193  
August 27, 2020  
Parcel 1

The following is a description of a parcel of land being a portion of that certain parcel described in instrument number 3676194 in the the Coconino County Recorder's official records, lying in Section 7, Township 17 North, range 6 East, Gila and Salt River Meridian, Coconino County Arizona, more particularly described as follows:

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PLOTTED: Aug 28, 2020-12:22pm

TRUE POINT OF BEGINNING

PARCEL 2

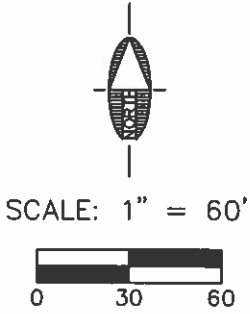


PARCEL 1  
64839 SQ. FT. (1.49 ACRES) ±

BREWER ROAD

PARCEL 3

POINT OF COMMENCEMENT



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Shephard Wesnitzer, Inc.

75 Kallaf Place  
Sedona, AZ 86336  
928.282.1061  
928.282.2058 fax  
www.swiaz.com

JOB NO.	20183
DATE	AUG. 2020
SCALE	AS SHOWN
DRAWN	AMR
DESIGN	N/A
CHECKED	J/C

BREWER ROAD

SEDONA  
ARIZONA

PARCEL 1  
EXHIBIT TO ACCOMPANY  
LEGAL DESCRIPTION

SHEET

2

OF 2



**CITY COUNCIL  
AGENDA BILL**

**AB 3050  
May 28, 2024  
Regular Business**

**Agenda Item: 8a**  
**Proposed Action & Subject:** Public hearing/discussion/possible action regarding approval of the Tentative City Budget for Fiscal Year 2024-2025.

<b>Department</b>	Financial Services
<b>Time to Present</b>	30 minutes
<b>Total Time for Item</b>	40 minutes
<b>Other Council Meetings</b>	Council Retreat December 13-14, 2023 Budget Work Sessions April 17-18, 2024
<b>Exhibits</b>	A. FY 2024-25 Tentative Budget Summary B. FY 2024-25 Tentative Official Budget Forms C. FYs 2025-2034 Capital Improvement Plan D. Summary of Changes from Proposed to Tentative Budget E. Summary of Budget Changes from FY24 Adopted to FY25 Tentative F. PowerPoint Presentation

Finance Approval	Reviewed 5/21/24 RMS	<p><b>Expenditure Required</b></p> <p>\$ Based on past history, expenditures will be within budget amounts and likely be less</p> <p><b>Amount Budgeted</b></p> <p>\$ 106,155,786</p> <p>Account No. All budget accounts (Description) included</p>
City Attorney Approval	Reviewed 5/20/24 KWC	
City Manager's Recommendation	Recommend adoption ABS 05/20/24	

**SUMMARY STATEMENT**

**Background:** The purpose of this item is to hold a public hearing on the Tentative Budget for Fiscal Year (FY) 2024-25, and to request City Council approval of the Tentative Budget, which sets the expenditure limit for FY 2024-25.

The previous and remaining Council meetings for the FY 2025 budget process are as follows:



## FY 2024 BUDGET PROCESS COUNCIL MEETINGS

	Dates
Retreat	December 13-14, 2023
Work Sessions	April 17-18, 2024
Tentative City Budget Adoption	May 28, 2024
Final City Budget Adoption	June 25, 2024

### ***Explanation of Budget Process***

#### Council Retreat

The Council Retreat was the kickoff for the annual budget process with Council. Information discussed during the Retreat provided direction to staff for areas to be addressed during budget development.

A financial update was included, providing the opportunity to review the current financial status, long-range forecasts, and expected forecasts with Council.

#### Budget Work Sessions

In the Budget Work Sessions, the Council reviewed the proposed budget. Prior to the Work Sessions, departments prepared their budget requests and presented them in review meetings with the City Manager. The proposed budget represented the City Manager's recommendations as a result of the discussions in the review meetings.

The Work Sessions encompassed 2 days of presentations and Council discussions. The presentation included:

- Citizens Budget Work Group recommendations
- Community budget survey results
- Summary of individual department budget requests
- Overall total budget summaries and strategic issues
- Budget summaries by fund
- Capital Improvements Plan
- Impacts to long-range forecasts based on the budget as proposed and Council directed changes

When additional information was needed, department heads were available to answer questions.

The Work Sessions were the opportunity for Council to provide direction to staff regarding:

- Any changes to be incorporated for the budget adoption process
- Any changes to the services/programs provided to citizens or the level of service

#### Tentative Budget Adoption

This Tentative Budget adoption occurs at a regular meeting. A presentation will include discussion of summary budget information and a recap of the changes directed by Council in the Budget Work Sessions, as well as additional changes identified by staff.

At this point in the budget process, additional changes to the Tentative Budget are few, if any. Following the presentation, a public hearing will be held. Once the Council adopts the Tentative Budget, the total budget amount establishes the maximum expenditure for the final budget adoption.

Final Budget Adoption

The Final Budget adoption will occur at a special meeting. The presentation will include discussion of summary budget information. At this point in the budget process, additional changes to the Final Budget are extremely rare. After the maximum expenditure has been set in the Tentative Budget adoption, any changes can only reduce budget amounts or move amounts between funds or departments. Following the presentation, a public hearing will be held.

**FY 2024-25 Tentative Budget**

The total budget, after adjustments made, is \$106,155,786. This is comprised of an operating budget of \$57,991,626 and a capital improvements budget of \$48,164,160.

The operating budget represents a \$5.8 million or 11% increase from the FY 2024 Adopted Budget. The most significant increases include \$2.6 million surplus allocation for PSPRS unfunded liability; \$1 million surplus allocation for uptown parking management system (CIP); \$0.9 million for estimated debt service payment for 2024 series bond issuance; \$0.7 million increase in PT-04b North SR 179 Park and Ride (CIP); and \$0.1 million for increase in the base operating budget.

The capital improvements budget represents a \$14.6 million or 43% decrease from the FY 2024 Adopted Budget. The most significant increase is \$13.9 million for the uptown parking garage.

Additional information regarding the budget changes from FY 2024 to FY 2025 are included in Exhibit E.

The FY 2025 tentative budget is balanced with available surpluses exceeding reserve requirements, including an estimated General Fund surplus of \$3.7 million<sup>1</sup>.

(In Thousands)

	<b>FY2025 Tentative Budget</b>	<b>FY2024 Adopted Budget</b>	<b>% Change</b>
Operating Budget	\$57,992	\$52,236	11%
Capital Improvements Budget	48,164	33,584	43%
<b>Total Expenditure Budget</b>	<b>\$106,156</b>	<b>\$85,820</b>	<b>24%</b>

<sup>1</sup> Allocation of the remaining actual FY 2024 General Fund surplus to advance Council priorities will be determined during the FY 2026 budget process, and allocation of the actual FY 2025 General Fund surplus to advance Council priorities will be determined during the FY 2027 budget process.

The FY 2025 expenditure budget by fund is as follows:

(In Thousands)

<b>Fund</b>	<b>FY2025 Tentative Budget</b>	<b>FY2024 Adopted Budget</b>	<b>% Change</b>
General Fund	\$35,849	\$29,280	22%
Streets Fund	2,882	2,519	14%
Housing Fund	576	957	-40%
Grants, Donations & Restricted Funds	1,379	3,096	-55%
Transportation Sales Tax Fund	489	499	-2%
Capital Improvements Fund	31,231	17,586	78%
Development Impact Fee Funds	6,223	9,075	-31%
Art in Public Places Fund	119	232	-49%
Public Transit Fund	5,480	4,673	17%
Wastewater Fund	19,253	15,548	24%
Information Technology Fund	2,675	2,352	14%
<b>Total</b>	<b>\$106,156</b>	<b>\$85,820</b>	<b>24%</b>

The Official Budget Forms required by the Auditor General’s Office for formal budget adoption are included in Exhibit B. The adjustments to the original Proposed Budget presented to the Council during the work sessions on June 14th and 15th, are set forth in Exhibit D.

The City of Sedona’s Tentative Annual Budget includes funding to respond to City Council priorities as well as other issues that were identified at the December 2023 Council Retreat and at subsequent public meetings.

The recommended budget does not include any new taxes.

The budget requests in the FY 2025 Tentative Budget, as discussed and reviewed during the City Council work sessions, include:

- Salary and benefit increases:
  - The tentative budget includes pay adjustments and salary study adjustments averaging 6.0%. Each year, we typically use the December Western Region CPI to adjust the pay scale. For December 2023, the CPI was 3.6%.
  - Medical insurance rates increased approximately 7%.
  - The Arizona State Retirement System (ASRS) rates decreased from 12.29% of wages to 12.27%.
  - While the Public Safety Personnel Retirement System (PSPRS) minimum contribution rates changed from 40.58% of wages to 39.34%, the level-funding approach of \$1.2 million is continued in the FY 2025 Proposed Budget. In addition, the budget includes an additional one-time contribution of \$4.1 million to fully fund the PSPRS liability.
- Staffing changes:
  - Seven full-time positions were added:
    - A Human Resources Specialist position was added to the Human Resources Department to address capacity needs and improve service

- levels for recruitment, retention, and workplace safety.
  - As the in-house Tourism Bureau is developed, staffing needs are being identified. Staffing levels are well below the levels previously included in the budget for the former Sedona Chamber of Commerce & Tourism Bureau (SCC&TB) contract. One additional Tourism & Economic Initiatives Coordinator position has been added for fiscal year 2024-25.
  - A Program Manager position was added to the Public Works Department for a growing need for parking and trails management.
  - A Facilities Maintenance Worker position was added to the Public Works Department for a growing need due to the City's aging facilities and the addition of the Sycamore facility (the former School District admin site). The Ranger Station Park will be completed soon, so the house and barn will also be added to the list of facilities maintained.
  - A Custodial Maintenance Worker position was added to the Public Works Department. This is contingently recommended as a placeholder pending additional analysis. An analysis of contracting out a portion of the custodial needs vs. adding another position will be performed, in addition to better defining service level expectations. Hiring would not be authorized until the analysis is complete.
  - A Victim Services Specialist/Background Investigator position was added to the Police Department to enhance services for victims and address the growing need for background investigations.
  - A Court Clerk - Post Adjudicated Cases position was added to the Municipal Court to catch up on post adjudicated cases.
- The following positions were added or eliminated for facilitation of retirement transitions:
  - TO BE ADDED: A temporary 2-month overlap of the retiring GIS Analyst with the incoming GIS Analyst will be included in the Information Technology Department to assist with training and transition of the position.
- The following positions were transferred to the new Communications, Tourism & Economic Initiatives Department:
  - The Communications & Public Affairs Manager position was transferred from the City Manager's Office and restructured as a Communications & Tourism Director position.
  - The Web Content Manager position was transferred from the City Manager's Office and restructured as a Marketing Manager position.
  - The Special Initiatives Coordinator position was transferred from the City Manager's Office.
  - The Tourism Manager and two Tourism & Economic Initiatives Coordinator positions were transferred from the former Tourism & Economic Initiatives Department.
- Six positions were increased from part-time to full-time:
  - In fiscal year 2021-22, an Assistant City Attorney position was reduced to part-time and contracted legal services were increased to fill the gap. For fiscal year 2024-25, the Assistant City Attorney position has been returned to full-time and contracted legal services were reduced.
  - The Property & Evidence Technician position was increased from part-time to full-time to address the growing demands for the position.
  - The equivalent of four 19-hour-per-week part-time Community Service Aide

- positions have been restructured to two full-time Community Service Officer positions due to the difficulties filling the part-time Community Service Aide positions and the need for consistent staffing.
  - Other operating budget changes:
    - The former Tourism & Economic Initiatives Department and the former Communications & Citizen Engagement program in the City Manager's Office have been combined to form the new Communications, Tourism & Economic Initiatives Department. The new Department presents separate programs for Communications & Citizen Engagement and Tourism & Economic Initiatives. The Tourism & Economic Initiatives program includes the recently created in-house Tourism Bureau, as well as economic diversification efforts.
  - Streets maintenance operating costs increased approximately \$430,000 largely due to increases in streets rehabilitation/pavement preservation costs, drainage maintenance costs, equipment replacement costs, and a Decision Package for an additional vehicle.
  - Indirect cost allocations for Information Technology costs increased approximately \$297,000 largely due to increases in hardware/software maintenance and support costs, in addition to Decision Packages for hardware and software costs for added positions and Wi-Fi at the Wastewater Reclamation Plant.
  - Facilities Maintenance operating costs increased by approximately \$167,000 largely due to Decision Packages for vehicle, furniture, and other costs for added positions; increases in asphalt work for City parking lots; and increases in utility costs.
  - Public Transit operating costs increased by approximately \$450,000 largely due to increases for a full year of micro-transit service, increase in Verde Shuttle costs, and an Uptown circular study in connection with consolidation of parking.
  - As directed by Council during the December retreat, the Small Grants program budget was increased from \$200,000 to \$350,000.
  - Other Decision Packages impacting operating costs were approximately \$96,000, including lighting at the Skate Park.
- Capital improvement alternative option projects:
    - The 10-year CIP plan includes alternative option wastewater projects. Currently, the plan includes the costs for WW-06 Recharge Wells. The construction of Wells No. 3 and 4 would mean 200 acres of irrigation can be abandoned and the following projects would not be needed:
      - WW-06A Area 4 Irrigation Improvements – \$1,800,000
      - WW-07 Reservoir Liner Replacement – \$1,050,000
      - WW-14 Area 4 Pump Station Valve Upgrade – \$345,000
    - The total cost of these 3 projects is \$3,195,000. Between the options of project WW-06 and projects WW-06A, WW-07, and WW-14, the Wastewater Director's recommendation is WW-06 primarily for better reliability of effluent disposal.

The Tentative Budget sets the spending cap for the combined FY 2025 expenditures at \$106,155,786. Once the Tentative Budget is approved, changes may only be made within the total amount or to reduce the total amount – no increase to the total budget can be made.

Estimated remaining general fund surplus balances of \$3.7 million; FY24 \$1.6 million & FY25 \$2.1 million.

Next Steps

The final budget is scheduled for public hearing and final approval at a required special meeting on June 25, 2024 at 4:00 p.m.

The Community Facilities District (CFD) budgets associated with capital improvements benefiting those Districts are a separate process. The CFD Board meetings are scheduled for May 28, 2024 for tentative budget adoption and June 25, 2024 for final budget adoption.

Public Notice

Arizona Revised Statutes requires a summary of the adopted tentative budget be published once a week for two consecutive weeks. If adopted, the summary included as Exhibit A and the “Schedule A” of the Official Budget Forms will be published in the Sedona Red Rock News, along with a notice of public hearing for the final budget adoption. In addition, hard copies of the adopted tentative budget will be available at the Sedona Public Library and the City Clerk’s Office.

**Climate Action Plan/Sustainability Consistent:** Yes - No - Not Applicable

**Board/Commission Recommendation:** Applicable - Not Applicable

**Alternative(s):** Council could elect to make changes to line items and/or increase or decrease the budget cap. After the cap is set, it cannot be increased; however, changes within the approved total cap can be made.

**MOTION**

**I move to:** approve the Tentative Budget for FY 2024-25 and thereby set the expenditure limit for the budget at \$106,155,786.

**Exhibit A**  
**City of Sedona**  
**FY 2024-25 Tentative Budget - Consolidated Financial Schedule**

Fund/Department	Beginning Fund Balances	Revenues							Other Financing Sources (Uses)			Ending Fund Balances
		Taxes	Contingent Revenues	In-Lieu Fees	Intergovernmental	Charges for Services	Other Revenues	Total Revenues	Transfers In	Transfer Out	Expenditures	
<b>General Fund</b>												
General Revenues		\$37,711,000		\$570,000	\$4,207,500		\$1,492,800	\$43,981,300			(\$18,539,060)	
General Government					\$14,500	\$281,330	\$825,440	\$1,121,270				\$7,125,680
Public Safety					\$1,100	\$484,200	\$131,300	\$616,600				\$15,018,010
Public Works & Streets						\$15,700	\$6,200	\$21,900				\$2,442,490
Health & Welfare								\$0				\$1,688,960
Public Transportation								\$0				\$82,880
Culture & Recreation							\$80,400	\$61,150	\$141,550			\$3,792,850
Tourism Management & Economic Development								\$0				\$2,197,400
Debt Service								\$0				\$3,200,600
Contingencies								\$0				\$300,000
<b>Total General Fund</b>	<b>\$26,734,418</b>	<b>\$37,711,000</b>	<b>\$0</b>	<b>\$570,000</b>	<b>\$4,223,100</b>	<b>\$861,630</b>	<b>\$2,516,890</b>	<b>\$45,882,620</b>	<b>\$0</b>	<b>(\$18,539,060)</b>	<b>\$35,848,870</b>	<b>\$18,229,108</b>
<b>Special Revenue Funds</b>												
Streets Fund	\$1,159,950				\$1,078,000		\$29,600	\$1,107,600	\$1,938,220		\$2,881,930	\$1,323,840
Affordable Housing Fund	\$18,900,000						\$76,200	\$76,200	\$900,000		\$576,200	\$19,300,000
Grants, Donations & Restricted Funds	\$257,102		\$10,400		\$3,289,980		\$81,220	\$3,381,600		(\$1,911,860)	\$1,378,810	\$348,032
Transportation Sales Tax Fund	\$7,659,808	\$4,737,000					\$168,500	\$4,905,500		(\$11,841,330)	\$489,310	\$234,668
<b>Total Special Revenue Funds</b>	<b>\$27,976,860</b>	<b>\$4,737,000</b>	<b>\$10,400</b>	<b>\$0</b>	<b>\$4,367,980</b>	<b>\$0</b>	<b>\$355,520</b>	<b>\$9,470,900</b>	<b>\$2,838,220</b>	<b>(\$13,753,190)</b>	<b>\$5,326,250</b>	<b>\$21,206,540</b>
<b>Capital Projects Funds</b>												
Capital Improvements Fund	\$35,929,599				\$1,225,000		\$470,900	\$1,695,900	\$20,327,180	(\$1,354,420)	\$31,230,930	\$25,367,329
Development Impact Fees Funds <sup>(1)</sup>	\$1,507,160						\$536,920	\$536,920	\$1,311,520		\$6,222,680	(\$2,867,080)
Art in Public Places Fund <sup>(2)</sup>	\$89,803						\$4,090	\$4,090	\$42,900		\$119,000	\$17,793
<b>Total Capital Projects Funds</b>	<b>\$37,526,562</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,225,000</b>	<b>\$0</b>	<b>\$1,011,910</b>	<b>\$2,236,910</b>	<b>\$21,681,600</b>	<b>(\$1,354,420)</b>	<b>\$37,572,610</b>	<b>\$22,518,042</b>
<b>Enterprise Funds</b>												
<b>Public Transit Fund</b>												
Administration					\$183,600			\$183,600	\$4,179,990		\$307,070	
Operations & Capital Projects Management							\$35,700	\$35,700			\$2,721,400	
Departmental Allocations							\$800	\$114,000			\$80,440	
Capital Projects					\$616,600			\$616,600			\$2,371,070	
<b>Total Public Transit Fund</b>	<b>\$6,603,886</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800,200</b>	<b>\$36,500</b>	<b>\$114,000</b>	<b>\$950,700</b>	<b>\$4,179,990</b>	<b>\$0</b>	<b>\$5,479,980</b>	<b>\$6,254,596</b>
<b>Wastewater Fund</b>												
Administration						\$6,251,100	\$2,223,701	\$8,474,801	\$4,911,860		\$964,300	
Operations & Capital Projects Management								\$0			\$4,183,030	
Departmental Allocations								\$0			\$1,090,380	
Capital Projects								\$0			\$8,580,420	
Debt Service								\$0			\$4,334,500	
Contingencies								\$0			\$100,000	
<b>Total Wastewater Fund</b>	<b>\$15,818,335</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,251,100</b>	<b>\$2,223,701</b>	<b>\$8,474,801</b>	<b>\$4,911,860</b>	<b>\$0</b>	<b>\$19,252,630</b>	<b>\$9,952,366</b>
<b>Total Enterprise Funds</b>	<b>\$22,422,221</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800,200</b>	<b>\$6,287,600</b>	<b>\$2,337,701</b>	<b>\$9,425,501</b>	<b>\$9,091,850</b>	<b>\$0</b>	<b>\$24,732,610</b>	<b>\$16,206,962</b>
<b>Internal Service Fund</b>												
Information Technology Fund	\$1,696,498						\$2,859,710	\$19,600	\$2,879,310	\$35,000	\$2,675,446	\$1,935,362
<b>Total Internal Service Fund</b>	<b>\$1,696,498</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,859,710</b>	<b>\$19,600</b>	<b>\$2,879,310</b>	<b>\$35,000</b>	<b>\$0</b>	<b>\$2,675,446</b>	<b>\$1,935,362</b>
<b>Total All Funds</b>	<b>\$116,356,559</b>	<b>\$42,448,000</b>	<b>\$10,400</b>	<b>\$570,000</b>	<b>\$10,616,280</b>	<b>\$10,008,940</b>	<b>\$6,241,621</b>	<b>\$69,895,241</b>	<b>\$33,646,670</b>	<b>(\$33,646,670)</b>	<b>\$106,155,786</b>	<b>\$80,096,014</b>

<sup>(1)</sup> A balance sheet loan has been budgeted in the General Fund to cover the estimated deficit in the Development Impact Fees Funds and is projected to be repaid in FY 2027-28.

# Official Budget Forms

City of Sedona

Fiscal year 2025

City Council adoption of the Tentative Budget scheduled for May 28, 2024



Final budget adoption will occur on June 25, 2024 at 4:00 p.m.  
in the City Council Chambers, 102 Roadrunner Drive, Sedona, Arizona 86336

The Budget may be reviewed at:  
City's website [www.sedonaaz.gov](http://www.sedonaaz.gov)  
City of Sedona in the Clerk's Office, 102 Roadrunner Drive, Sedona, Arizona  
City of Sedona Public Library, 3250 White Bear Road, Sedona Arizona



**City of Sedona**

**Table of Contents**

**Fiscal year 2025**

Resolution for the adoption of the budget

Schedule A—Summary Schedule of estimated revenues and expenditures/expenses

Schedule C—Revenues other than property taxes

Schedule D—Other financing sources/(uses) and interfund transfers

Schedule E—Expenditures/expenses by fund

Schedule F—Expenditures/expenses by department (as applicable)

Schedule G—Full-time employees and personnel compensation

**City of Sedona**  
**Summary Schedule of estimated revenues and expenditures/expenses**  
**Fiscal year 2025**

Fiscal year	S c h		Funds							
			General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total all funds
2024	E	1	28,922,279	7,071,290	0	27,393,700	0	19,734,336	2,519,030	85,640,635
2024	E	2	27,440,880	4,221,770	0	22,146,320	0	15,586,080	2,293,930	71,688,980
2025		3	26,734,418	27,976,860	0	37,526,562	0	22,422,221	1,696,498	116,356,560
2025	B	4	0							0
2025	B	5								0
2025	C	6	45,882,620	9,470,900	0	2,236,910	0	9,425,500	2,879,310	69,895,240
2025	D	7	0	0	0	0	0	0	0	0
2025	D	8	0	0	0	0	0	0	0	0
2025	D	9	0	2,838,220	0	21,681,600	0	9,091,850	35,000	33,646,670
2025	D	10	18,539,060	13,753,190	0	1,354,420	0	0	0	33,646,670
2025			Line 11: Reduction for fund balance reserved for future budget year expenditures							
										0
				1,887,650		26,363,520		5,700,000		33,951,170
			9,656,576	1,129,640				1,988,720		12,774,936
		11								0
			2,867,080	19,300,000						22,167,080
								5,300,245		5,300,245
			2,001,478	194,200				1,903,563	1,509,328	5,608,569
								268,680		268,680
2025		12	39,552,844	4,021,300	0	33,727,132	0	25,778,363	3,101,480	106,181,120
2025	E	13	35,848,870	5,326,250	0	37,572,610	0	24,732,610	2,675,446	106,155,786

Expenditure limitation comparison		2024	2025
1	Budgeted expenditures/expenses	\$ 85,640,635	\$ 106,155,786
2	Add/subtract: estimated net reconciling items		
3	Budgeted expenditures/expenses adjusted for reconciling items	85,640,635	106,155,786
4	Less: estimated exclusions		
5	Amount subject to the expenditure limitation	\$ 85,819,636	\$ 106,155,786
6	EEC expenditure limitation or voter-approved alternative expenditure limitation	\$ 85,819,636	\$ 106,155,786

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

\* Includes expenditure/expense adjustments approved in the current year from Schedule E.

\*\* Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

\*\*\* Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund). See the Instructions tab, cell C17 for more information about the amounts that should and should not be included on this line.

**City of Sedona**  
**Revenues other than property taxes**  
**Fiscal Year 2025**

Source of revenues	Estimated revenues 2024	Actual revenues* 2024	Estimated revenues 2025
<b>General Fund</b>			
<b>Local taxes</b>			
City Sales Taxes	\$ 26,052,000	\$ 28,123,000	\$ 28,450,000
Bed Taxes	8,025,000	9,079,000	9,261,000
Franchise Fees	906,500	862,800	848,000
<b>Licenses and permits</b>			
Building Permit Fees	310,000	256,000	256,000
Business Licenses	54,000	50,000	50,000
Short-Term Rental Permit Fees	236,400	214,000	230,000
Misc Community Development/Public Works	41,100	38,160	38,160
City Clerk	3,080	5,260	5,260
<b>Intergovernmental</b>			
State Shared Sales Taxes	1,454,000	1,490,000	1,505,000
State Urban Revenue Sharing	2,618,000	2,594,000	1,946,000
State Grants, Aid, & Reimbursements	37,550	83,700	500
County-Vehicle License Taxes	677,000	748,000	748,000
County-IGA/Other	10,700	15,100	15,100
Other Govt	8,550	8,500	8,500
<b>Charges for services</b>			
Recreation Programs	43,920	34,000	34,000
Daily Swim Fees/Swimming Lessons/Water Aerobics/Aquatics Special Programs	24,180	29,050	30,300
Plan Review Fees	250,000	233,000	233,000
Misc. Community Development Fees	61,680	48,030	48,030
Misc. Parks and Recreation Fees	16,000	15,350	16,150
Paid Parking Fees	500,000	475,000	475,000
Misc. Police Fees	13,500	9,200	9,200
Other Misc. Charges for Services	16,910	30,700	15,700
<b>Fines and forfeits</b>			
Court Fines	180,000	228,000	228,000
Short-Term Rental Fines/Late Fees	57,000		10,000
STEP Administration Fees	4,800	5,800	5,800
Parking Fines	80,000	110,000	110,000
Misc. Fines	11,050	12,430	18,680
<b>Interest on investments</b>			
Interest Earnings	586,440	586,500	586,500
Tax Audits - Interest/Penalty	2,000		
<b>Miscellaneous</b>			
In-lieu Fees	552,340	1,100,000	570,000
Parks & Recreation Rentals	70,200	61,100	61,100
AMRRP Dividends			
Auction Revenues	16,000	63,000	18,000
Other Misc. Revenues	34,500	51,320	51,640
<b>Total General Fund</b>	\$ 42,954,400	\$ 46,660,000	\$ 45,882,620

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**City of Sedona**  
**Revenues other than property taxes**  
**Fiscal Year 2025**

Source of revenues	Estimated revenues 2024	Actual revenues* 2024	Estimated revenues 2025
<b>Special revenue funds</b>			
Streets Fund:			
HURF Revenues	\$ 994,000	\$ 1,078,000	\$ 1,078,000
Interest Earnings	29,560	29,600	29,600
	<u>\$ 1,023,560</u>	<u>\$ 1,107,600</u>	<u>\$ 1,107,600</u>
Housing Fund:			
Intergovernmental - Other IGA	\$ 60,330	\$ 60,000	\$ 61,600
Interest Earnings	61,520	61,600	61,600
Rental Revenue			14,600
	<u>\$ 121,850</u>	<u>\$ 121,600</u>	<u>\$ 76,200</u>
Grants, Donations, & Restricted Funds:			
Federal Grants & Aid	\$ 2,465,820	\$ 297,170	\$ 2,716,980
State Grants & Aid	103,220	110,260	73,000
Fines & Forfeitures	27,700	33,500	34,900
Donations	70,150	11,800	10,400
Interest Earnings	9,020	46,320	46,320
Contingent Grants & Donations	500,000		500,000
	<u>\$ 3,175,910</u>	<u>\$ 499,050</u>	<u>\$ 3,381,600</u>
Transportation Sales Tax Fund:			
Transportation Sales Tax	\$ 4,332,000	\$ 4,686,000	\$ 4,737,000
Interest Earnings	168,540	168,500	168,500
	<u>\$ 4,500,540</u>	<u>\$ 4,854,500</u>	<u>\$ 4,905,500</u>
<b>Total special revenue funds</b>	<u>\$ 8,821,860</u>	<u>\$ 6,582,750</u>	<u>\$ 9,470,900</u>
<b>Capital projects funds</b>			
Capital Improvements Fund:			
Federal Grants & Aid	\$ 425,000	\$ 122,000	\$ 1,075,000
County Flood Control	350,000	300,000	150,000
Interest Earnings	471,330	470,900	470,900
	<u>\$ 1,246,330</u>	<u>\$ 892,900</u>	<u>\$ 1,695,900</u>
Art in Public Places Fund:			
Interest Earnings	4,090	4,090	4,090
	<u>\$ 4,090</u>	<u>\$ 4,090</u>	<u>\$ 4,090</u>
Development Impact Fees Funds:			
Development Impact Fees	\$ 993,500	\$ 503,600	\$ 465,900
Interest Earnings	71,100	71,020	71,020
	<u>\$ 1,064,600</u>	<u>\$ 574,620</u>	<u>\$ 536,920</u>
<b>Total capital projects funds</b>	<u>\$ 2,315,020</u>	<u>\$ 1,471,610</u>	<u>\$ 2,236,910</u>

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**City of Sedona**  
**Revenues other than property taxes**  
**Fiscal Year 2025**

Source of revenues	Estimated revenues 2024	Actual revenues* 2024	Estimated revenues 2025
<b>Enterprise funds</b>			
Public Transit Fund:			
Federal Grants	\$ 1,387,290	\$ 752,580	\$ 800,200
Charges for Services	115,300	7,600	36,500
Interest Earnings	1,502,590	114,000	114,000
	<u>\$ 1,502,590</u>	<u>\$ 874,180</u>	<u>\$ 950,700</u>
Wastewater Fund:			
Charges for Services	\$ 6,270,370	\$ 6,258,000	\$ 6,250,000
Capacity Fees	1,675,570	1,094,300	1,717,000
Interest Earnings	403,860	403,800	403,800
Misc. Revenues	98,800	44,000	104,000
	<u>\$ 8,448,600</u>	<u>\$ 7,800,100</u>	<u>\$ 8,474,800</u>
<b>Total enterprise funds</b>	<u>\$ 9,951,190</u>	<u>\$ 8,674,280</u>	<u>\$ 9,425,500</u>
<b>Internal service funds</b>			
Information Technology Fund:			
Internal Cost Charges	\$ 2,561,760	\$ 2,515,640	\$ 2,859,110
Other Charges for Services	500	670	600
Interest Earnings	19,600	19,600	19,600
	<u>\$ 2,581,860</u>	<u>\$ 2,535,910</u>	<u>\$ 2,879,310</u>
<b>Total internal service funds</b>	<u>\$ 2,581,860</u>	<u>\$ 2,535,910</u>	<u>\$ 2,879,310</u>
<b>Total all funds</b>	<u>\$ 66,624,330</u>	<u>\$ 65,924,550</u>	<u>\$ 69,895,240</u>

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**City of Sedona**  
**Other financing sources/(uses) and interfund transfers**  
**Fiscal year 2025**

Fund	Other financing 2025		Interfund transfers 2025	
	Sources	(Uses)	In	(Out)
<b>General Fund</b>				
Transfer to Streets Fund	\$	\$	\$	\$ 1,938,220
Transfer to Housing Fund				900,000
Transfer to Cap. Impr. Fund				12,300,000
Transfer to Public Transit Fund				365,840
Transfer to Wastewater Fund				3,000,000
Transfer to Info. Tech. Fund				35,000
<b>Total General Fund</b>	\$	\$	\$	\$ 18,539,060
<b>Special revenue funds</b>				
Streets - from General Fund	\$	\$	\$ 1,938,220	\$
Housing - from General Fund			900,000	
Grants, Don. & Restr. - to Wastewater				1,911,860
Transp. Sales Tax - to Cap. Impr. Fund				8,027,180
Transp. Sales Tax - to Public Transit				3,814,150
<b>Total special revenue funds</b>	\$	\$	\$ 2,838,220	\$ 13,753,190
<b>Capital projects funds</b>				
Cap. Impr. - from General Fund	\$	\$	\$ 12,300,000	\$
Cap. Impr. - from Transp. Sales Tax			8,027,180	
Cap. Impr. - to Dev. Impact Fees Funds				1,311,520
Cap. Impr. - to Art in Public Places				42,900
Art in Public Places - from Cap. Impr.			42,900	
Dev. Impact Fees Funds - from Cap. Impr.			1,311,520	
<b>Total capital projects funds</b>	\$	\$	\$ 21,681,600	\$ 1,354,420
<b>Enterprise funds</b>				
Public Transit - from General Fund	\$	\$	\$ 365,840	\$
Public Transit - from Transp. Sales Tax			3,814,150	
Wastewater - From General Fund			3,000,000	
Wastewater - From Grants, Don. & Restr.			1,911,860	
<b>Total enterprise funds</b>	\$	\$	\$ 9,091,850	\$
<b>Internal service funds</b>				
Info. Tech - from General Fund	\$	\$	\$ 35,000	\$
<b>Total Internal Service Funds</b>	\$	\$	\$ 35,000	\$
<b>Total all funds</b>	\$	\$	\$ 33,646,670	\$ 33,646,670

**City of Sedona  
Expenditures/expenses by fund  
Fiscal year 2025**

Fund/Department	Adopted budgeted expenditures/ expenses 2024	Expenditure/ expense adjustments approved 2024	Actual expenditures/ expenses* 2024	Budgeted expenditures/ expenses 2025
<b>General Fund</b>				
City Council	\$ 78,220	\$ (5)	\$ 68,750	\$ 74,520
City Manager	1,475,620	3	1,242,780	1,045,420
Human Resources	403,300	2	436,560	553,700
Financial Services	1,641,350	16	1,516,400	1,810,620
City Attorney	718,570	(3)	716,740	804,640
City Clerk	406,660	12,493	410,750	468,750
Parks & Recreation	1,066,000	15	946,490	1,079,120
General Services	2,692,870		2,615,490	2,896,360
Community Development	1,945,630	(6,357)	1,754,990	2,062,730
Public Works	4,358,270	(345)	4,546,960	5,298,700
Tourism & Economic Initiatives	959,650	(89,998)	1,050,410	2,358,770
Sustainability	841,920	(25,209)	795,190	746,480
Police	7,616,270	53	7,369,030	11,062,100
Municipal Court	667,970	9	638,700	786,750
Other Public Safety	30,000		24,900	30,000
Indirect Cost Allocations	509,270		565,520	597,270
Debt Service	2,821,990	5	2,741,220	3,872,940
Contingency	867,720	(69,680)		300,000
<b>Total General Fund</b>	<b>\$ 29,101,280</b>	<b>\$ (179,001)</b>	<b>\$ 27,440,880</b>	<b>\$ 35,848,870</b>
<b>Special revenue funds</b>				
Streets Fund	\$ 2,518,842	\$ (2)	\$ 2,477,800	\$ 2,881,930
Housing Fund	957,350		801,810	576,200
Grants, Don. & Restr. Funds	3,095,750		491,930	1,378,810
Transportation Sales Tax Fund	499,349	1	450,230	489,310
<b>Total special revenue funds</b>	<b>\$ 7,071,291</b>	<b>\$ (1)</b>	<b>\$ 4,221,770</b>	<b>\$ 5,326,250</b>
<b>Capital projects funds</b>				
Capital Improvements Fund	\$ 17,586,210	\$ 276,900	\$ 15,870,810	\$ 31,230,930
Art in Public Places Fund	232,000		115,000	119,000
Develop. Impact Fees Funds	9,075,490	223,100	6,160,510	6,222,680
<b>Total capital projects funds</b>	<b>\$ 26,893,700</b>	<b>\$ 500,000</b>	<b>\$ 22,146,320</b>	<b>\$ 37,572,610</b>
<b>Enterprise funds</b>				
Public Transit Fund	\$ 4,673,490	\$ (487,510)	\$ 3,310,550	\$ 5,479,980
Wastewater Fund	15,548,340	16	12,275,530	19,252,630
<b>Total enterprise funds</b>	<b>\$ 20,221,830</b>	<b>\$ (487,494)</b>	<b>\$ 15,586,080</b>	<b>\$ 24,732,610</b>
<b>Internal service funds</b>				
Information Technology Fund	\$ 2,352,460			\$ 2,675,446
<b>Total internal service funds</b>	<b>\$ 2,352,460</b>	<b>\$ 166,570</b>	<b>\$ 2,293,930</b>	<b>\$ 2,675,446</b>
<b>Total all funds</b>	<b>\$ 85,640,561</b>	<b>\$ 74</b>	<b>\$ 71,688,980</b>	<b>\$ 106,155,786</b>

\* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

**City of Sedona**  
**Expenditures/expenses by department**  
**Fiscal year 2025**

Department/Fund	Adopted budgeted expenditures/expenses	Expenditure/expense adjustments approved	Actual expenditures/expenses*	Budgeted expenditures/expenses
	2024	2024	2024	2025
<b>City Council:</b>				
General Fund	\$ 78,220	\$ (5)	\$ 68,750	\$ 74,520
<b>Department total</b>	<b>\$ 78,220</b>	<b>\$ (5)</b>	<b>\$ 68,750</b>	<b>\$ 74,520</b>
<b>City Manager:</b>				
General Fund	\$ 1,475,620	\$ 3	\$ 1,242,780	\$ 1,045,420
Information Technology Fund	1,320		1,320	1,300
<b>Department total</b>	<b>\$ 1,476,940</b>	<b>\$ 3</b>	<b>\$ 1,244,100</b>	<b>\$ 1,046,720</b>
<b>Human Resources:</b>				
General Fund	\$ 403,300	\$ 2	\$ 436,560	\$ 553,700
<b>Department total</b>	<b>\$ 403,300</b>	<b>\$ 2</b>	<b>\$ 436,560</b>	<b>\$ 553,700</b>
<b>Financial Services:</b>				
General Fund	\$ 1,641,350	\$ 16	\$ 1,516,400	\$ 1,810,620
Public Transit Fund	4,000		4,000	4,000
Wastewater Fund	139,350		104,250	139,350
* <b>Department total</b>	<b>\$ 1,784,700</b>	<b>\$ 16</b>	<b>\$ 1,624,650</b>	<b>\$ 1,953,970</b>
<b>City Attorney:</b>				
General Fund	\$ 718,570	\$ (3)	\$ 716,740	\$ 804,640
Wastewater Fund	100,000			100,000
<b>Department total</b>	<b>\$ 818,570</b>	<b>\$ (3)</b>	<b>\$ 716,740</b>	<b>\$ 904,640</b>
<b>City Clerk:</b>				
General Fund	\$ 406,660	\$ 12,493	\$ 410,750	\$ 468,750
<b>Department total</b>	<b>\$ 406,660</b>	<b>\$ 12,493</b>	<b>\$ 410,750</b>	<b>\$ 468,750</b>
<b>Parks &amp; Recreation:</b>				
General Fund	\$ 1,066,000	\$ 15	\$ 946,490	\$ 1,079,120
Grants, Don. & Restr. Funds	13,750		16,980	13,200
<b>Department total</b>	<b>\$ 1,079,750</b>	<b>\$ 15</b>	<b>\$ 963,470</b>	<b>\$ 1,092,320</b>
<b>General Services:</b>				
General Fund	\$ 2,692,870	\$	\$ 2,615,490	\$ 2,896,390
Grants, Don. & Restr. Funds	53,480		1,480	
Develop. Impact Fee Funds	78,000		30,000	48,000
<b>Department total</b>	<b>\$ 2,824,350</b>	<b>\$</b>	<b>\$ 2,646,970</b>	<b>\$ 2,944,390</b>
<b>Community Development:</b>				
General Fund	\$ 1,945,630	\$ -6,357	\$ 1,754,990	\$ 2,062,730
Information Technology Fund	2,800		2,800	2,700
<b>Department total</b>	<b>\$ 1,948,430</b>	<b>\$ -6,357</b>	<b>\$ 1,757,790</b>	<b>\$ 2,065,430</b>



**City of Sedona  
Expenditures/expenses by department  
Fiscal Year 2025**

Department/Fund	Adopted budgeted expenditures/expenses 2024	Expenditure/expense adjustments approved 2024	Actual expenditures/expenses* 2024	Budgeted expenditures/expenses 2025
<b>Public Works:</b>				
General Fund	\$ 4,358,270	\$ -345	\$ 4,546,960	\$ 5,400,750
Streets Fund	2,194,820	-2	2,162,200	2,474,720
Grants, Don. & Restr. Funds	1,500		1,300	1,500
Transportation Sales Tax Fund	158,760	1	109,640	147,730
Public Transit Fund	55,500		65,310	72,900
Wastewater Fund	261,210	-4	243,690	273,600
Information Technology Fund	19,800		18,940	22,090
<b>Department total</b>	<b>\$ 7,049,860</b>	<b>\$ -350</b>	<b>\$ 7,148,040</b>	<b>\$ 8,393,290</b>
<b>Tourism &amp; Economic Initiatives:</b>				
General Fund	\$ 959,650	\$ (89,998)	\$ 1,050,410	\$ 2,358,770
Grants, Don. & Restr. Funds	10,000			
Public Transit Fund	95,000	95,000		
Information Technology Fund				650
<b>Department total</b>	<b>\$ 1,064,650</b>	<b>\$ 5,002</b>	<b>\$ 1,050,410</b>	<b>\$ 2,359,420</b>
<b>Sustainability:</b>				
General Fund	\$ 841,920	\$ -25,209	\$ 795,190	\$ 746,480
<b>Department total</b>	<b>\$ 841,920</b>	<b>\$ -25,209</b>	<b>\$ 795,190</b>	<b>\$ 746,480</b>
<b>Police:</b>				
General Fund	\$ 7,616,270	\$ 53	\$ 7,369,030	\$ 11,062,100
Grants, Don. & Restr. Funds	120,590	11,990	148,290	81,990
Information Technology Fund	55,050		44,600	52,720
<b>Department total</b>	<b>\$ 7,791,910</b>	<b>\$ 12,043</b>	<b>\$ 7,561,920</b>	<b>\$ 11,196,810</b>
<b>Municipal Court:</b>				
General Fund	\$ 667,970	\$ 9	\$ 638,700	\$ 786,750
Information Technology Fund	15,120		15,120	120
<b>Department total</b>	<b>\$ 683,090</b>	<b>\$ 9</b>	<b>\$ 653,820</b>	<b>\$ 786,870</b>
<b>Other Public Safety:</b>				
General Fund	\$ 30,000	\$	\$ 24,900	\$ 30,000
<b>Department total</b>	<b>\$ 30,000</b>	<b>\$</b>	<b>\$ 24,900</b>	<b>\$ 30,000</b>
<b>Indirect Cost Allocations:</b>				
General Fund	\$ 509,270	\$	\$ 565,520	\$ 597,270
Streets Fund	228,780		220,360	247,930
Housing Fund	82,190		77,030	85,400
Public Transit Fund	160,060		155,930	255,590
Wastewater Fund	1,420,810		1,346,910	1,546,220
Information Technology Fund	160,650		149,800	126,700
<b>Department total</b>	<b>\$ 2,561,760</b>	<b>\$</b>	<b>\$ 2,515,550</b>	<b>\$ 2,859,110</b>
<b>Debt Service:</b>				
General Fund	\$ 2,821,990	\$ 5	\$ 2,741,220	\$ 3,872,940
Streets Fund	95,240		95,240	159,280
Transportation Sales Tax Fund	340,590		340,590	341,580
Develop. Impact Fee Funds	248,570		248,570	248,570
Public Transit Fund	303,830		303,830	300,570
Wastewater Fund	4,745,090		4,733,390	4,541,620
Information Technology Fund	40,140		23,300	50,200
<b>Department total</b>	<b>\$ 8,595,450</b>	<b>\$ 5</b>	<b>\$ 8,486,140</b>	<b>\$ 9,514,760</b>

**City of Sedona**  
**Expenditures/expenses by department**  
**Fiscal Year 2025**

Department/Fund	Adopted budgeted expenditures/ expenses 2024	Expenditure/ expense adjustments approved 2024	Actual expenditures/ expenses* 2024	Budgeted expenditures/ expenses 2025
<b>Contingency:</b>				
General Fund	\$ 867,720	\$ (69,680)	\$	\$ 300,000
Housing Fund				56,850
Grants, Don. & Restr. Funds	2,363,330	-11,990		500,000
Wastewater Fund	100,000			100,000
<b>Department total</b>	<b>\$ 3,331,050</b>	<b>\$ -81,670</b>	<b>\$</b>	<b>\$ 956,850</b>
<b>Capital Improvement Projects:</b>				
Housing Fund	\$	\$	\$ 148,820	\$
Grants, Don. & Restr. Funds	78,700		223,230	
Capital Improvements Fund	17,863,110	276,910	15,870,810	31,230,930
Art in Public Places Fund	232,000		115,000	119,000
Develop. Impact Fee Funds	8,972,020	223,100	5,881,940	5,926,110
Public Transit Fund	1,326,370	-455,000	827,500	2,301,000
Wastewater Fund	5,156,890	5	2,648,900	8,587,120
<b>Department total</b>	<b>\$ 33,629,090</b>	<b>\$ 45,015</b>	<b>\$ 25,716,200</b>	<b>\$ 48,164,160</b>
<b>Housing:</b>				
Housing Fund	\$ 957,350	\$ 3	\$ 801,810	\$ 519,350
Grants, Don. & Restr. Funds	406,100		203,880	772,120
<b>Department total</b>	<b>\$ 1,363,450</b>	<b>\$ 3</b>	<b>\$ 1,005,690</b>	<b>\$ 1,291,470</b>
<b>Public Transit:</b>				
Public Transit Fund	\$ 2,241,220	\$ -127,510	\$ 1,953,980	\$ 2,545,920
<b>Department total</b>	<b>\$ 2,241,220</b>	<b>\$ -127,510</b>	<b>\$ 1,953,980</b>	<b>\$ 2,545,920</b>
<b>Wastewater:</b>				
Wastewater Fund	\$ 3,503,020	\$ -13,680	\$ 3,091,160	\$ 3,835,960
<b>Department total</b>	<b>\$ 3,503,020</b>	<b>\$ -13,680</b>	<b>\$ 3,091,160</b>	<b>\$ 3,835,960</b>
<b>Information Technology:</b>				
Grants, Don. & Restr. Funds	\$ 48,300	\$	\$ 38,300	\$ 10,000
Wastewater Fund	121,970	13,695	107,230	128,760
Information Technology Fund	2,224,150	166,565	2,038,050	2,418,966
<b>Department total</b>	<b>\$ 2,394,420</b>	<b>\$ 180,260</b>	<b>\$ 2,183,580</b>	<b>\$ 2,557,726</b>

\* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

**City of Sedona**  
**Full-time employees and personnel compensation**  
**Fiscal year 2025**

Fund	Full-time equivalent (FTE) 2025	Employee salaries and hourly costs 2025	Retirement costs 2025	Healthcare costs 2025	Other benefit costs 2025	Total estimated personnel compensation 2025
<b>General Fund</b>	157	\$ 11,299,120	\$ 6,443,400	\$ 3,419,450	\$ 190,800	\$ 21,352,770
<b>Special revenue funds</b>						
Streets Fund	4	\$ 294,010	\$ 36,550	\$ 96,520	\$ 7,560	\$ 434,640
Housing Fund	2	176,320	21,660	44,570	2,400	244,950
Grants, Don. & Restr. Funds			71,990			71,990
Transportation Sales Tax Fund	1	80,560	9,760	25,910		116,230
<b>Total special revenue funds</b>	<b>7</b>	<b>\$ 550,890</b>	<b>\$ 139,960</b>	<b>\$ 167,000</b>	<b>\$ 9,960</b>	<b>\$ 867,810</b>
<b>Enterprise funds</b>						
Public Transit Fund	2	\$ 159,810	\$ 19,730	\$ 30,380	\$ 3,000	\$ 212,920
Wastewater Fund	17	1,391,707	184,509	459,937	15,007	2,051,160
<b>Total enterprise funds</b>	<b>19</b>	<b>\$ 1,551,517</b>	<b>\$ 204,239</b>	<b>\$ 490,317</b>	<b>\$ 18,007</b>	<b>\$ 2,264,080</b>
<b>Internal service funds</b>						
Information Technology Fund	6	\$ 625,785	\$ 75,918	\$ 145,731	\$ 600	\$ 848,034
<b>Total internal service fund</b>	<b>6</b>	<b>\$ 625,785</b>	<b>\$ 75,918</b>	<b>\$ 145,731</b>	<b>\$ 600</b>	<b>\$ 848,034</b>
<b>Total all funds</b>	<b>189</b>	<b>\$ 14,027,312</b>	<b>\$ 6,863,517</b>	<b>\$ 4,222,498</b>	<b>\$ 219,367</b>	<b>\$ 25,332,694</b>

**SUMMARY OF CAPITAL PROJECTS**

continued

**FY 2025 - FY 2034 Master Summary Project List by Major Program**

*Project dollar amounts in grey and italics are unfunded.*

(Click on a Project Page # to navigate to that page)

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
<b>AC - Arts &amp; Culture</b>									
Art in the Roundabouts	Restricted	Important (Could-Do)	AC-02	\$248,675	\$119,000	\$0	\$0	\$0	\$119,000
<b>IT - Information Technology</b>									
Citywide Business Software	Capital Reserves	Imperative (Must-Do)	IT-01	\$50,000	\$1,150,000	\$1,150,000	\$0	\$0	\$2,300,000
<b>PR - Parks &amp; Recreation</b>									
Concession Stand/Restrooms Building - Renovation and Redesign	Restricted	Important (Could-Do)	PR-01	\$0	\$0	\$0	\$90,000	\$982,000	\$1,072,000
Improvements at Ranger Station / Interior Restoration of House and Barn	Restricted & Capital Reserves	Important (Could-Do)	PR-03B	\$94,166	\$1,063,660	\$0	\$0	\$0	\$1,063,660
Build-Out of Ranger Station Park	Restricted & Capital Reserves	Essential (Should-Do)	PR-03C	\$1,542,652	\$754,770	\$0	\$0	\$0	\$754,770
Posse Grounds Park Pickleball Courts	Restricted	Essential (Should-Do)	PR-09	\$394,085	\$1,205,000	\$0	\$0	\$0	\$1,205,000
Creekside Preservation/Walking Path (ESP)	Restricted & Capital Reserves	Important (Could-Do)	PR-10	\$0	\$0	\$0	\$0	\$5,553,170	\$5,553,170
Sunset Park Playground Structure	Capital Reserves	Important (Could-Do)	PR-11	\$0	\$0	\$285,000	\$0	\$0	\$285,000
<b>PR - Parks &amp; Recreation Subtotal</b>				<b>\$2,030,903</b>	<b>\$3,023,430</b>	<b>\$285,000</b>	<b>\$90,000</b>	<b>\$6,535,170</b>	<b>\$9,933,600</b>
<b>PD - Police</b>									
Radio Infrastructure	Capital Reserves	Imperative (Must-Do)	PD-02	\$286,755	\$100,000	\$150,000	\$500,000	\$0	\$750,000
Body-Worn Camera Upgrade	Capital Reserves	Imperative (Must-Do)	PD-07	\$0	\$500,000	\$125,000	\$125,000	\$250,000	\$1,000,000
<b>PD - Police Subtotal</b>				<b>\$286,755</b>	<b>\$600,000</b>	<b>\$275,000</b>	<b>\$625,000</b>	<b>\$250,000</b>	<b>\$1,750,000</b>
<b>PT - Public Transit (SIM subcategory)</b>									
Transit Maintenance/Operations Center (ESP)	Restricted	Essential (Should-Do)	PT-01	\$286,576	\$520,000	\$600,000	\$10,090,000	\$13,860,000	\$25,070,000
Transit RIDE Exchange (ESP)	Restricted	Essential (Should-Do)	PT-02	\$1,057,881	\$0	\$0	\$0	\$3,430,000	\$3,430,000
Transit Bus Acquisition - Grant-Funded (ESP)	Restricted	Essential (Should-Do)	PT-03	\$417,500	\$236,000	\$0	\$829,000	\$5,700,000	\$6,765,000
Bus Stop Improvements (ESP)	Restricted	Essential (Should-Do)	PT-04	\$14,927	\$75,000	\$225,000	\$175,000	\$400,000	\$875,000
The Y Property Development (ESP)	Restricted	Essential (Should-Do)	PT-04a	\$194,500	\$20,000	\$0	\$0	\$330,000	\$350,000
North SR 179 Park and Ride (ESP)	Restricted	Essential (Should-Do)	PT-04b	\$1,918,524	\$1,350,000	\$0	\$0	\$0	\$1,350,000
West Sedona Intercept Lot (ESP)	Unidentified	Essential (Should-Do)	PT-05	\$2,338,822	\$0	\$0	\$0	<i>\$20,700,000</i>	\$20,700,000
South SR 179 Park and Ride (ESP)	Restricted	Essential (Should-Do)	PT-06	\$0	\$0	\$0	\$0	\$300,000	\$300,000
Intersection Improvements - 7500 West SR 89A	Restricted & Capital Reserves	Essential (Should-Do)	PT-08	\$0	\$100,000	\$300,000	\$5,050,000	\$0	\$5,450,000
<b>PT - Public Transit (SIM subcategory) Subtotal</b>				<b>\$6,228,730</b>	<b>\$2,301,000</b>	<b>\$1,125,000</b>	<b>\$16,144,000</b>	<b>\$24,020,000</b>	<b>\$43,590,000</b>
<b>Projects Not Funded</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,700,000</b>	<b>\$20,700,000</b>
<b>PW - Public Works</b>									
Uptown Enhancements	Restricted & Unidentified	Important (Could-Do)	PW-01	\$195,856	\$0	\$0	\$0	<i>\$645,000</i>	\$645,000
Facilities Study	Capital Reserves	Desirable (Other Year)	PW-04	\$0	\$0	\$0	\$0	\$50,000	\$50,000
Real Estate/Land Acquisition	Unidentified	Essential (Should-Do)	PW-05	\$20,017,663	\$0	\$0	\$0	<i>\$8,000,000</i>	\$8,000,000
City Hall Window and Door Replacement (ESP)	Capital Reserves	Important (Could-Do)	PW-06	\$0	\$252,500	\$252,500	\$454,500	\$454,500	\$1,414,000
Cultural Park Improvements	Capital Reserves	Important (Could-Do)	PW-08	\$0	\$0	\$0	\$2,000,000	\$2,000,000	\$4,000,000
Solar PV and Battery Storage at City Hall and Contractors Road (Decarbonization) (ESP)	Capital Reserves	Essential (Should-Do)	PW-09	\$0	\$0	\$181,800	\$303,000	\$303,000	\$787,800
<b>PW - Public Works Subtotal</b>				<b>\$20,213,519</b>	<b>\$252,500</b>	<b>\$434,300</b>	<b>\$2,757,500</b>	<b>\$2,807,500</b>	<b>\$6,251,800</b>
<b>Projects Not Funded</b>								<b>\$8,645,000</b>	<b>\$8,645,000</b>

ESP = Environmental Sustainability Project

**SUMMARY OF CAPITAL PROJECTS**

continued

**FY 2025 - FY 2034 Master Summary Project List by Major Program**

*Project dollar amounts in grey and italics are unfunded.*

*(Click on a Project Page # to navigate to that page)*

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
<b>SIM - Sedona in Motion</b>									
Uptown Northbound Improvements (ESP)	Restricted	Essential (Should-Do)	SIM-01b	\$4,814,667	\$250,000	\$0	\$0	\$0	\$250,000
Uptown Pedestrian Improvements (ESP)	Restricted & Unidentified	Desirable (Other Year)	SIM-02	\$0	\$0	\$0	\$0	\$6,250,000	\$6,250,000
Uptown Parking Garage	Restricted	Imperative (Must-Do)	SIM-03a	\$3,406,058	\$13,893,610	\$8,700,000	\$0	\$0	\$22,593,610
Uptown Residential Parking Improvements	Restricted	Essential (Should-Do)	SIM-03b	\$0	\$15,000	\$130,000	\$0	\$0	\$145,000
Forest Rd Improvements associated with new Parking Garage	Restricted & Capital Reserves	Essential (Should-Do)	SIM-03d	\$0	\$80,000	\$1,010,000	\$0	\$0	\$1,090,000
Parking Management System (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-03e	\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000
Schnebly Hill Roundabout Expansion	Unidentified	Desirable (Other Year)	SIM-04a	\$0	\$0	\$0	\$0	\$5,447,990	\$5,447,990
SR 179 Lane Expansion from Schnebly Hill Roundabout to Y	Unidentified	Desirable (Other Year)	SIM-04b	\$0	\$0	\$0	\$0	\$111,000	\$111,000
Pedestrian Crossing at Oak Creek (ESP)	Restricted & Capital Reserves	Imperative (Must-Do)	SIM-04c	\$4,844,937	\$300,000	\$1,313,000	\$0	\$0	\$1,613,000
Ranger/SR 179 Intersection Improvements (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-04e	\$0	\$0	\$97,500	\$984,170	\$0	\$1,081,670
Y Roundabout Adaptive Signals	Restricted	Important (Could-Do)	SIM-04f	\$0	\$0	\$30,000	\$50,000	\$350,000	\$430,000
Portal Lane to Brewer Road Connection	Restricted & Capital Reserves	Essential (Should-Do)	SIM-05a	\$75,977	\$516,200	\$1,508,310	\$0	\$0	\$2,024,510
Forest Road Connection	Restricted	Imperative (Must-Do)	SIM-05b	\$12,787,561	\$8,215,340	\$0	\$0	\$0	\$8,215,340
Ranger Road / Brewer Road RAB Intersection & Ranger Ext Improvements (ESP)	Restricted & Capital Reserves	Imperative (Must-Do)	SIM-05d	\$974,993	\$2,594,160	\$2,755,660	\$0	\$0	\$5,349,820
Forest/Ranger/SR 89A Intersection Improvements	Restricted & Capital Reserves	Essential (Should-Do)	SIM-05e	\$325,258	\$105,000	\$0	\$4,915,000	\$0	\$5,020,000
Neighborhood Street Connections	Restricted & Unidentified	Desirable (Other Year)	SIM-06	\$0	\$0	\$0	\$0	\$1,166,420	\$1,166,420
West SR 89A Access Improvements and Adaptive Signal Control	Unidentified	Desirable (Other Year)	SIM-10	\$0	\$0	\$0	\$0	\$3,320,000	\$3,320,000
Traffic Calming and SUP - White Bear Rd to Pinon Dr (ESP)	Restricted	Essential (Should-Do)	SIM-10a	\$0	\$370,000	\$0	\$0	\$0	\$370,000
Rodeo Road to Dry Creek Road - Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11a	\$0	\$0	\$200,000	\$400,000	\$600,000	\$1,200,000
Dry Creek Road Pathway, White Bear to Two Fences (ESP)	Restricted	Essential (Should-Do)	SIM-11m	\$1,009,410	\$1,370,000	\$0	\$0	\$0	\$1,370,000
Andante Shared-Use Path and Drainage Improvements (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-11n	\$185,547	\$1,545,400	\$1,515,000	\$0	\$0	\$3,060,400
Brewer Road Shared-Use Path (ESP)	Restricted	Important (Could-Do)	SIM-11p	\$167,190	\$750,000	\$200,000	\$0	\$0	\$950,000
Shelby II Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11q	\$100,000	\$675,000	\$725,000	\$0	\$0	\$1,400,000
Rodeo Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11r	\$0	\$0	\$70,000	\$300,000	\$0	\$370,000
Little Horse Shared-Use Path (ESP)	Restricted	Important (Could-Do)	SIM-11s	\$0	\$115,000	\$0	\$0	\$0	\$115,000
Coffee Pot Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11t	\$0	\$100,000	\$600,000	\$0	\$0	\$700,000
Navoti Dr to Upper Red Rock Loop Rd Shared-Use Path (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-11v	\$0	\$120,000	\$808,000	\$707,000	\$0	\$1,635,000
Tranquil-Madole Shared-Use Path (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SIM-11w	\$0	\$0	\$120,000	\$707,000	\$0	\$827,000
Zane Grey Shared-Use Path (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SIM-11x	\$0	\$0	\$75,000	\$606,000	\$0	\$681,000
Thunder Mountain II Shared-Use Path (ESP)	Restricted	Important (Could-Do)	SIM-11y	\$0	\$0	\$0	\$150,000	\$800,000	\$950,000
Gun Fury Shared-Use Path (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-11z	\$0	\$0	\$100,000	\$707,000	\$0	\$807,000
Travel Information System	Restricted & Unidentified	Important (Could-Do)	SIM-12a	\$99,301	\$0	\$0	\$0	\$312,500	\$312,500
Traffic Video Cameras	Restricted	Important (Could-Do)	SIM-12b	\$71,492	\$50,000	\$0	\$0	\$0	\$50,000
<b>SIM - Sedona in Motion Subtotal (excluding projects not funded)</b>				<b>\$28,862,391</b>	<b>\$32,064,710</b>	<b>\$19,957,470</b>	<b>\$9,526,170</b>	<b>\$1,750,000</b>	<b>\$63,298,350</b>
<b>Projects Not Funded</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,607,910</b>	<b>\$16,607,910</b>

ESP = Environmental Sustainability Project

**SUMMARY OF CAPITAL PROJECTS**

continued

**FY 2025 - FY 2034 Master Summary Project List by Major Program**

*Project dollar amounts in grey and italics are unfunded.*

*(Click on a Project Page # to navigate to that page)*

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
<b>SD - Storm Drainage</b>									
View Drive Area Drainage Improvements (Yavapai County) (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SD-04	\$0	\$0	\$0	\$150,000	\$1,461,500	\$1,611,500
Saddlerock Area Drainage Improvements (Yavapai County) (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SD-05	\$0	\$150,000	\$503,500	\$0	\$0	\$653,500
Mystic Hills Lift Station Access Improvements (Coconino County) (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SD-08	\$0	\$0	\$40,000	\$402,000	\$0	\$442,000
<b>SD - Storm Drainage Subtotal (excluding projects not funded)</b>				<b>\$0</b>	<b>\$150,000</b>	<b>\$543,500</b>	<b>\$552,000</b>	<b>\$0</b>	<b>\$1,245,500</b>
<b>Projects Not Funded</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,461,500</b>	<b>\$1,461,500</b>
<b>ST - Streets &amp; Transportation</b>									
Back O' Beyond Road & Trailhead Safety Improvements	Restricted & Capital Reserves	Essential (Should-Do)	ST-07	\$0	\$0	\$121,200	\$3,006,000	\$0	\$3,127,200
Citywide Safety Analysis Corridor Studies	Restricted & Capital Reserves	Essential (Should-Do)	ST-11	\$0	\$0	\$250,000	\$0	\$0	\$250,000
<b>ST - Streets &amp; Transportation Subtotal</b>				<b>\$0</b>	<b>\$0</b>	<b>\$371,200</b>	<b>\$3,006,000</b>	<b>\$0</b>	<b>\$3,377,200</b>
<b>SUS - Sustainability</b>									
Streetlights LED Retrofit (ESP)	Capital Reserves	Essential (Should-Do)	SUS-05	\$120,000	\$80,800	\$0	\$0	\$0	\$80,800
DC Fast EV Chargers (Decarbonization) (ESP)	Capital Reserves	Essential (Should-Do)	SUS-06	\$0	\$0	\$0	\$404,000	\$0	\$404,000
Building Retrofit of Natural Gas Systems (Decarbonization) (ESP)	Capital Reserves	Essential (Should-Do)	SUS-07	\$0	\$0	\$0	\$0	\$505,000	\$505,000
Decarbonization Roadmap Projects	Capital Reserves	Essential (Should-Do)	SUS-09	\$0	\$353,500	\$757,500	\$707,000	\$1,565,500	\$3,383,500
<b>SUS - Sustainability Subtotal</b>				<b>\$120,000</b>	<b>\$434,300</b>	<b>\$757,500</b>	<b>\$1,111,000</b>	<b>\$2,070,500</b>	<b>\$4,373,300</b>
<b>Subtotal Non-Wastewater Projects (excluding projects not funded)</b>				<b>\$58,331,323</b>	<b>\$40,094,940</b>	<b>\$24,898,970</b>	<b>\$33,811,670</b>	<b>\$37,433,170</b>	<b>\$136,238,750</b>

ESP = Environmental Sustainability Project

**SUMMARY OF CAPITAL PROJECTS**

continued

**FY 2025 - FY 2034 Master Summary Project List by Major Program**

*Project dollar amounts in grey and italics are unfunded.*

*(Click on a Project Page # to navigate to that page)*

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
<b>WW - Wastewater</b>									
WW Collection System Improvements - Misc. Rehabs/Replacements (ESP)	WW Revenues	Essential (Should-Do)	WW-01D	\$240,000	\$401,000	\$0	\$0	\$0	\$401,000
WW Collection System Improvements - Future Collections Projects (ESP)	WW Revenues	Important (Could-Do)	WW-01E	\$0	\$0	\$50,000	\$500,000	\$1,360,000	\$1,910,000
WW Collection System Improvements - Major Lift Station Upgrades (ESP)	Restricted & WW Revenues	Imperative (Must-Do)	WW-01F	\$3,736,240	\$3,460,620	\$0	\$0	\$0	\$3,460,620
SCADA System Master Plan	WW Revenues	Important (Could-Do)	WW-04	\$0	\$0	\$0	\$310,000	\$0	\$310,000
WWRP Odor Control Upgrades	WW Revenues	Important (Could-Do)	WW-05	\$24,660	\$0	\$0	\$0	\$335,000	\$335,000
WWRP Recharge Wells (ESP)	WW Revenues	Essential (Should-Do)	WW-06	\$5,477,699	\$0	\$971,820	\$4,621,780	\$15,600,000	\$21,193,600
WWRP Area 4 Irrigation Improvements	WW Revenues	Important (Could-Do)	WW-06A	\$0	\$0	\$0	\$0	\$0	\$0
WWRP Reservoir Liner Replacement	WW Revenues	Important (Could-Do)	WW-07	\$0	\$0	\$0	\$0	\$0	\$0
WWRP Drying Beds Replacement (ESP)	WW Revenues	Important (Could-Do)	WW-08	\$0	\$0	\$150,000	\$1,500,000	\$0	\$1,650,000
WWRP Treatment Process Upgrades (ESP)	WW Revenues	Essential (Should-Do)	WW-09	\$219,500	\$3,515,500	\$0	\$50,000	\$1,820,000	\$5,385,500
Wastewater Master Plan Update	WW Revenues	Important (Could-Do)	WW-10	\$0	\$0	\$100,000	\$0	\$100,000	\$200,000
WWRP Paving	WW Revenues	Desirable (Other Year)	WW-11	\$0	\$0	\$0	\$0	\$420,000	\$420,000
WWRP Area 4 Pump Station Valve Upgrade	WW Revenues	Essential (Should-Do)	WW-14	\$0	\$0	\$0	\$0	\$0	\$0
WWRP Secondary Clarifier Rehabilitation (ESP)	WW Revenues	Imperative (Must-Do)	WW-16	\$0	\$310,000	\$0	\$0	\$255,000	\$565,000
WWRP Laboratory Remodel	WW Revenues	Desirable (Other Year)	WW-17	\$0	\$0	\$0	\$0	\$500,000	\$500,000
WWRP Recharge Well Filter Backwash System (ESP)	WW Revenues	Essential (Should-Do)	WW-18	\$83,000	\$300,000	\$0	\$0	\$0	\$300,000
WWRP Facility Plan	WW Revenues	Essential (Should-Do)	WW-19	\$0	\$250,000	\$0	\$0	\$0	\$250,000
<b>WW - Wastewater Subtotal</b>				<b>\$9,781,099</b>	<b>\$8,237,120</b>	<b>\$1,271,820</b>	<b>\$6,981,780</b>	<b>\$20,390,000</b>	<b>\$36,880,720</b>
<b>TOTAL ALL PROJECTS (excluding projects not funded)</b>				<b>\$68,112,422</b>	<b>\$48,332,060</b>	<b>\$26,170,790</b>	<b>\$40,793,450</b>	<b>\$57,823,170</b>	<b>\$173,119,470</b>
<b>Total Projects Not Funded</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,414,410</b>	<b>\$47,414,410</b>
<b>Grand Totals Funded and Unfunded</b>				<b>\$68,112,422</b>	<b>\$48,332,060</b>	<b>\$26,170,790</b>	<b>\$40,793,450</b>	<b>\$105,237,580</b>	<b>\$220,533,880</b>
<b>Funding Sources Summary</b>									
1% for Arts					\$119,000	\$0	\$115,000	\$50,000	\$284,000
Capital Reserves					\$7,400,760	\$11,503,250	\$14,964,170	\$9,490,860	\$43,359,040
Coconino County Flood Control					\$0	\$40,000	\$200,000	\$0	\$240,000
Debt Financing					\$16,936,410	\$10,127,820	\$6,135,280	\$18,508,000	\$51,707,510
Development Impact Fees - Post 7/2014					\$3,409,590	\$839,070	\$58,500	\$2,888,240	\$7,195,400
Development Impact Fees - Pre 8/2014					\$1,205,000	\$150,000	\$240,000	\$120,000	\$1,715,000
Equipment Replacement Reserve					\$421,020	\$0	\$0	\$0	\$421,020
Fairfield CFD					\$65,000	\$0	\$90,000	\$522,000	\$677,000
Grant					\$2,736,460	\$873,000	\$15,701,150	\$20,091,000	\$39,401,610
Outside Participation					\$0	\$0	\$0	\$1,250,000	\$1,250,000
Summit CFD					\$60,000	\$0	\$0	\$460,000	\$520,000
Transportation Sales Tax					\$9,607,580	\$2,187,650	\$779,350	\$2,651,000	\$15,225,580
Unidentified					\$0	\$0	\$0	\$44,116,480	\$44,116,480
Wastewater Revenues					\$6,221,240	\$3,495,000	\$2,360,000	\$4,790,000	\$16,866,240
Yavapai County Flood Control					\$150,000	\$150,000	\$150,000	\$300,000	\$750,000
<b>TOTAL FUNDING SOURCES</b>					<b>\$48,332,060</b>	<b>\$29,365,790</b>	<b>\$40,793,450</b>	<b>\$105,237,580</b>	<b>\$223,728,880</b>

ESP = Environmental Sustainability Project

**SUMMARY OF CAPITAL PROJECTS**  
continued

**FY 2025 - FY 2034 Master Summary Project List by Major Program**

*Project dollar amounts in grey and italics are unfunded.*

(Click on a Project Page # to navigate to that page)

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
<b>Project Funding Status Summary</b>									
Carry Over					\$36,938,266	\$12,687,477	\$22,586,852	\$14,456,918	\$86,669,513
New Appropriation					\$11,393,794	\$10,212,113	\$7,105,688	\$5,233,082	\$33,944,677
Future Estimate					\$0	\$3,271,200	\$11,100,910	\$64,087,840	\$78,459,950
Unfunded					\$0	\$0	\$0	\$21,459,740	\$21,459,740
<b>TOTALS BY FUNDING STATUS</b>					<b>\$48,332,060</b>	<b>\$26,170,790</b>	<b>\$40,793,450</b>	<b>\$105,237,580</b>	<b>\$220,533,880</b>
<b>Category Summary</b>									
Arts Transfer					\$42,900	\$96,470	\$112,670	\$99,080	\$351,120
Construction - Contracted					\$40,816,550	\$21,175,000	\$35,095,720	\$53,517,100	\$150,604,370
Construction - In-House					\$75,000	\$0	\$0	\$500,000	\$575,000
Contingency					\$680,000	\$0	\$1,116,060	\$600,000	\$2,396,060
Design - Contracted					\$2,905,590	\$2,936,320	\$590,000	\$3,741,400	\$10,173,310
Environmental					\$40,000	\$138,000	\$0	\$250,000	\$428,000
Equipment Purchase					\$1,321,020	\$0	\$0	\$3,320,000	\$4,641,020
Future Estimate Placeholder					\$0	\$275,000	\$2,625,000	\$31,350,000	\$34,250,000
Land Acquisition					\$650,000	\$50,000	\$0	\$6,060,000	\$6,760,000
Master Plan					\$0	\$100,000	\$310,000	\$0	\$410,000
Project Management - Contracted					\$150,000	\$150,000	\$0	\$0	\$300,000
Public Art Purchase					\$65,000	\$0	\$115,000	\$50,000	\$230,000
Study					\$350,000	\$250,000	\$0	\$50,000	\$650,000
Technology					\$1,000,000	\$1,000,000	\$0	\$0	\$2,000,000
Vehicle Purchase					\$236,000	\$0	\$829,000	\$5,700,000	\$6,765,000
<b>TOTALS BY CATEGORY</b>					<b>\$48,332,060</b>	<b>\$26,170,790</b>	<b>\$40,793,450</b>	<b>\$105,237,580</b>	<b>\$220,533,880</b>
<b>Summary of Project Costs Managed by Public Works PMs</b>									
Total Project Costs					\$48,332,060	\$26,170,790	\$40,793,450		
Projects not managed by Public Works project managers:									
AC-02 Art in Roundabouts					(\$119,000)	\$0	\$0		
IT-01 ERP System					(\$1,150,000)	(\$1,150,000)	\$0		
PD-02 Radio Infrastructure					(\$100,000)	(\$150,000)	(\$500,000)		
PD-07 Body Worn Camera System					(\$500,000)	(\$125,000)	(\$125,000)		
PT-03 Transit Bus Acquisition					(\$236,000)	\$0	(\$829,000)		
All Land Acquisitions					(\$650,000)	(\$50,000)	\$0		
All Sustainability Projects (managed by Bryce)					(\$434,300)	(\$757,500)	(\$1,111,000)		
All Wastewater Projects (managed by Roxanne)					(\$8,237,120)	(\$1,271,820)	(\$6,981,780)		
<b>Net Project Costs Manager by Public Works PMs</b>					<b>\$36,905,640</b>	<b>\$22,666,470</b>	<b>\$31,246,670</b>		



City of Sedona  
 FY2025 Proposed Budget - Expenditures Summary  
 All Funds

Description	Op?	General Fund	Streets Fund	Housing Fund	Grants, Donations & Restricted Funds	Transportation Sales Tax Fund	Capital Improvement Fund	Development Impact Fees Funds	Art in Public Places Fund	Public Transit Fund	Wastewater Fund	Information Technology Fund	Total
<b>Proposed Budgeted Expenditures</b>		<b>\$ 32,235,050</b>	<b>\$ 2,881,930</b>	<b>\$ 576,200</b>	<b>\$ 1,368,810</b>	<b>\$ 489,310</b>	<b>\$ 29,915,790</b>	<b>\$ 6,010,930</b>	<b>\$ 119,000</b>	<b>\$ 5,079,980</b>	<b>\$ 19,057,630</b>	<b>\$ 2,602,900</b>	<b>\$ 100,337,530</b>
<b>City Council and Staff Adjustments</b>													
IT carryover - WW cell boost/Springbrook upgrade	Y				10,000						10,000		20,000
PT-04b est. construction increase	N									700,000			700,000
Est. bond interest payment for garage	N	900,000											900,000
Push portion of PT-08 to FY26	N									(300,000)			(300,000)
Increase for SUS-09	N						350,000						350,000
Push PW-09 to FY26	N						(180,000)						(180,000)
PSPRS one-time contribution (GF surplus)	Y	2,600,000											2,600,000
Parking Management system (GF surplus)	N						1,000,000						1,000,000
Clerk for post-adjudicated cases	Y	75,320										1,980	77,300
WW carryover - Injection Well 1 Backflush	Y										30,000		30,000
Push WW-16 FY24 to FY25	N										155,000		155,000
Facilities maintenance base budget	Y	800											800
P&R ASCAP licenses	Y	2,000											2,000
Push portion of PR-03C to FY25	N						145,140	106,750					251,890
Court Clerk Publicity Pamphlet - One-Time	Y	2,500											2,500
CM & DCM Cell Phone	Y											1,300	1,300
GIS Analyst position overlap	Y											69,266	69,266
PR-09 FY25 increase	N							105,000					105,000
PW Curbside program amendment	Y	13,200											13,200
Tourism contract carryover	Y	20,000											20,000
Sub-Total Council Changes		\$ 3,613,820	\$ -	\$ -	\$ 10,000	\$ -	\$ 1,315,140	\$ 211,750	\$ -	\$ 400,000	\$ 195,000	\$ 72,546	\$ 5,818,256
<b>Tentative Budgeted Expenditures</b>		<b>\$ 35,848,870</b>	<b>\$ 2,881,930</b>	<b>\$ 576,200</b>	<b>\$ 1,378,810</b>	<b>\$ 489,310</b>	<b>\$ 31,230,930</b>	<b>\$ 6,222,680</b>	<b>\$ 119,000</b>	<b>\$ 5,479,980</b>	<b>\$ 19,252,630</b>	<b>\$ 2,675,446</b>	<b>\$ 106,155,786</b>

City of Sedona  
 FY2025 Proposed Budget - Revenues Summary  
 All Funds

Description	General Fund	Streets Fund	Housing Fund	Grants, Donations & Restricted Funds	Transportation Sales Tax Fund	Capital Improvement Fund	Development Impact Fees Funds	Art in Public Places Fund	Public Transit Fund	Wastewater Fund	Information Technology Fund	Total
<b>Proposed Budgeted Revenues</b>	<b>\$ 45,879,720</b>	<b>\$ 1,107,600</b>	<b>\$ 76,200</b>	<b>\$ 3,381,600</b>	<b>\$ 4,905,500</b>	<b>\$ 1,695,900</b>	<b>\$ 536,920</b>	<b>\$ 4,090</b>	<b>\$ 950,700</b>	<b>\$ 8,474,800</b>	<b>\$ 2,879,310</b>	<b>\$ 69,892,340</b>
<u>City Council and Staff Adjustments</u>												
Swimming Lesson Revenue Update	2,900											2,900
Sub-Total Council Changes	\$ 2,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,900
<b>Tentative Budgeted Revenues</b>	<b>\$ 45,882,620</b>	<b>\$ 1,107,600</b>	<b>\$ 76,200</b>	<b>\$ 3,381,600</b>	<b>\$ 4,905,500</b>	<b>\$ 1,695,900</b>	<b>\$ 536,920</b>	<b>\$ 4,090</b>	<b>\$ 950,700</b>	<b>\$ 8,474,800</b>	<b>\$ 2,879,310</b>	<b>\$ 69,895,240</b>

City of Sedona  
 FY2025 Other Financing Sources (Uses) Summary  
 All Funds

Description	General Fund	Streets Fund	Housing Fund	Grants, Donations & Restricted Funds	Transportation Sales Tax Fund	Capital Improvement Fund	Development Impact Fees Funds	Art in Public Places Fund	Public Transit Fund	Wastewater Fund	Information Technology Fund	Total
<b>Proposed Budgeted Other Financing Sources</b>	\$ -	\$ 1,938,220	\$ 500,000	\$ -	\$ -	\$ 10,527,180	\$ 1,311,520	\$ 41,200	\$ 4,479,990	\$ 4,911,860	\$ 35,000	\$ 23,744,970
<u>City Council and Staff Adjustments</u>												
Fix allocations for SIM projects to be covered with cap reserves												-
Reduce transfer for PT-08									(300,000)			(300,000)
Additional capital reserves						9,800,000						9,800,000
Housing Fund loans			400,000									400,000
Reduce arts transfer for PW-09								(1,800)				(1,800)
Increase arts transfer for SUS-09								3,500				3,500
Sub-Total Council Changes	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 9,800,000	\$ -	\$ 1,700	\$ (300,000)	\$ -	\$ -	\$ 9,901,700
<b>Tentative Budgeted Other Financing Sources</b>	\$ -	\$ 1,938,220	\$ 900,000	\$ -	\$ -	\$ 20,327,180	\$ 1,311,520	\$ 42,900	\$ 4,179,990	\$ 4,911,860	\$ 35,000	\$ 33,646,670
<b>Proposed Budgeted Other Financing Uses</b>	\$ 8,339,060	\$ -	\$ -	\$ 1,911,860	\$ 12,141,330	\$ 1,352,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,744,970
<u>City Council and Staff Adjustments</u>												
Fix allocations for SIM projects to be covered with cap reserves												-
Reduce transfer for PT-08					(300,000)							(300,000)
Additional capital reserves	9,800,000											9,800,000
Housing Fund loans	400,000											400,000
Reduce arts transfer for PW-09						(1,800)						(1,800)
Increase arts transfer for SUS-09						3,500						3,500
Sub-Total Council Changes	\$ 10,200,000	\$ -	\$ -	\$ -	\$ (300,000)	\$ 1,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,901,700
<b>Tentative Budgeted Other Financing Uses</b>	\$ 18,539,060	\$ -	\$ -	\$ 1,911,860	\$ 11,841,330	\$ 1,354,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,646,670

City of Sedona  
 FY2024 Proposed Budget - Beginning Fund Balances Summary  
 All Funds

Description	General Fund	Streets Fund	Housing Fund	Grants, Donations & Restricted Funds	Transportation Sales Tax Fund	Capital Improvement Fund	Development Impact Fees Funds	Art in Public Places Fund	Public Transit Fund	Wastewater Fund	Information Technology Fund	Total
<b>Proposed Budgeted Beginning Fund Balances</b>	<b>\$ 26,711,518</b>	<b>\$ 1,159,950</b>	<b>\$ 18,900,000</b>	<b>\$ 247,102</b>	<b>\$ 7,659,808</b>	<b>\$ 35,786,609</b>	<b>\$ 1,402,040</b>	<b>\$ 89,803</b>	<b>\$ 6,603,886</b>	<b>\$ 15,623,335</b>	<b>\$ 1,696,498</b>	<b>\$ 115,880,550</b>
<u>City Council and Staff Adjustments</u>												
IT carryover - WW cell boost/Springbrook upgrade				10,000						10,000		20,000
FY24 estimate of PR-03C pushed to FY25						142,990						142,990
FY24 estimate of PR-03C pushed to FY25							105,120					105,120
FY24 estimate of WW-16 pushed to FY25										155,000		155,000
FY24 estimate of base budget - Injection Well 1 Backflush - pushed to FY25										30,000		30,000
Tourism contract carryover	20,000											20,000
P&R Revenue increase for FY24	2,900											2,900
Sub-Total	\$ 22,900	\$ -	\$ -	\$ 10,000	\$ -	\$ 142,990	\$ 105,120	\$ -	\$ -	\$ 195,000	\$ -	\$ 476,010
<b>Tentative Budgeted Beginning Fund Balances</b>	<b>\$ 26,734,418</b>	<b>\$ 1,159,950</b>	<b>\$ 18,900,000</b>	<b>\$ 257,102</b>	<b>\$ 7,659,808</b>	<b>\$ 35,929,599</b>	<b>\$ 1,507,160</b>	<b>\$ 89,803</b>	<b>\$ 6,603,886</b>	<b>\$ 15,818,335</b>	<b>\$ 1,696,498</b>	<b>\$ 116,356,560</b>

City of Sedona  
 FY2025 Proposed Budget - Overall Summary  
 All Funds

Description	General Fund	Streets Fund	Housing Fund	Grants, Donations & Restricted Funds	Transportation Sales Tax Fund	Capital Improvement Fund	Development Impact Fees Funds	Art in Public Places Fund	Public Transit	Wastewater Fund	Information Technology Fund	Total
<b>Beginning Fund Balances</b>	<b>\$ 26,734,418</b>	<b>\$ 1,159,950</b>	<b>\$ 18,900,000</b>	<b>\$ 257,102</b>	<b>\$ 7,659,808</b>	<b>\$ 35,929,599</b>	<b>\$ 1,507,160</b>	<b>\$ 89,803</b>	<b>\$ 6,603,886</b>	<b>\$ 15,818,335</b>	<b>\$ 1,696,498</b>	<b>\$ 116,356,560</b>
Council Proposed Revenues	45,882,620	1,107,600	76,200	3,381,600	4,905,500	1,695,900	536,920	4,090	950,700	8,474,800	2,879,310	69,895,240
Council Proposed Expenditures	35,848,870	2,881,930	576,200	1,378,810	489,310	31,230,930	6,222,680	119,000	5,479,980	19,252,630	2,675,446	106,155,786
Net Other Financing Sources (Uses)	(18,539,060)	1,938,220	900,000	(1,911,860)	(11,841,330)	18,972,760	1,311,520	42,900	4,179,990	4,911,860	35,000	-
<b>Ending Fund Balances</b>	<b>\$ 18,229,108</b>	<b>\$ 1,323,840</b>	<b>\$ 19,300,000</b>	<b>\$ 348,032</b>	<b>\$ 234,668</b>	<b>\$ 25,367,329</b>	<b>\$ (2,867,080)</b>	<b>\$ 17,793</b>	<b>\$ 6,254,596</b>	<b>\$ 9,952,365</b>	<b>\$ 1,935,362</b>	<b>\$ 80,096,013.86</b>
Rehab/Preservation Reserve	-	300,000	-	-	-	-	-	-	-	-	-	300,000
Capital Reserve	-	-	-	-	1,887,650	25,374,450	989,070	-	-	5,700,000	-	33,951,170
Equipment Replacement Reserve	2,001,478	194,200	-	-	-	-	-	-	473,420	1,430,143	1,509,328	5,608,569
Major Maintenance Reserve	-	-	-	-	-	-	-	-	-	268,680	-	268,680
Reserve for Loans	2,867,080	-	19,300,000	-	-	-	-	-	-	-	-	22,167,080
Future Transit System Reserve	-	-	-	-	-	-	-	-	5,300,245	-	-	5,300,245
Operating Reserve*	9,656,576	829,640	-	-	-	-	-	-	-	2,002,053	-	12,488,269
<b>Remaining Available Fund Balances</b>	<b>\$ 3,703,974</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 348,032</b>	<b>\$ (1,652,982)</b>	<b>\$ (7,121)</b>	<b>\$ (3,856,150)</b>	<b>\$ 17,793</b>	<b>\$ 480,931</b>	<b>\$ 551,489</b>	<b>\$ 426,034</b>	<b>\$ 12,001</b>

\* Operating reserve is 30% of operating expenditures for General Fund and Streets Fund, and 33.3% of operating expenditures for Wastewater Fund.

## SUMMARY OF OVERALL BUDGET CHANGES

### All Funds

	Operating Budget	CIP Budget	Totals
<b>Comparison to FY 2024 Adopted</b>			
<b>FY 2024 Adopted Budget</b>	<b>\$52,235,530</b>	<b>\$33,584,090</b>	<b>\$85,819,620</b>
<u>Significant Changes:</u>			
Increases for <b>traffic</b> improvements including construction of the Uptown parking garage	\$0	\$10,200,830	\$10,200,830
Increases for <b>wastewater operating and capital infrastructure needs</b>	\$234,060	\$2,925,235	\$3,159,295
Decrease for <b>grant contingencies</b>	(\$1,875,320)		(\$1,875,320)
Net increases for <b>Police Department</b> operations and capital infrastructure needs (including addition of 1.4 FTEs)	\$607,408	\$384,200	\$991,608
Decreases for <b>Parks &amp; Recreation</b> capital infrastructure needs		(\$875,000)	(\$875,000)
Decreases for <b>Storm Drainage</b> capital infrastructure needs		(\$780,000)	(\$780,000)
Increases for <b>citywide business software</b>		\$550,000	\$550,000
Increases in <b>streets maintenance</b> costs	\$395,900		\$395,900
Increases in <b>facilities maintenance</b> costs (including addition of 2.0 FTEs)	\$393,155		\$393,155
Increase in one-time additional contribution toward <b>PSPRS unfunded</b>	\$2,900,000		\$2,900,000
Increases in <b>information technology</b> costs	\$208,970		\$208,970
Increases for <b>tourism and economic initiatives</b> costs (including addition of 1.0 FTEs)	\$276,580		\$276,580
Decreases for <b>debt service</b> payments on bonds compared to placeholder in prior year	(\$197,230)		(\$197,230)
Increase in <b>small grants program</b> costs	\$150,000		\$150,000
Increases in other existing <b>personnel costs</b> for pay adjustments, other added positions, and change in insurance and pension rates	\$1,155,540		\$1,155,540
Increases in indirect cost allocations (allocations result in double counting of expenditures, not an increase in payments to employees or	\$297,350		\$297,350
Net increases in other CIP projects		\$2,174,805	\$2,174,805
Other miscellaneous changes	\$1,209,683		\$1,209,683
<b>FY 2025 Proposed Budget</b>	<b>\$57,991,626</b>	<b>\$48,164,160</b>	<b>\$106,155,786</b>
<b>% Change</b>	<b>11%</b>	<b>43%</b>	<b>24%</b>

**City Council  
Tentative Budget Adoption**

**May 28, 2024**

**FY 24-25 ANNUAL BUDGET**



## FY 2024-25 Budget Calendar

	Participants	Date
City Manager review with departments	CM, Finance, Staff	February 20-28, 2024
CBWG review of Decision Packages/finalize recommendations to Council	CBWG, CMO, Finance, Staff	February 29, 2024
City Manager final approval of proposed budget amounts	CM, Finance	March 4, 2024
Dept revisions based on CM meetings due	Staff	March 7, 2024
Proposed budget distributed to City Council	Finance	March 28, 2024
City Council work sessions	Council, Staff	April 17-18, 2024
Dept revisions based on work sessions due	Staff	April 25, 2024
City Council adoption of tentative budget	Council, Staff	★ May 28, 2024
Board Adoption of Tentative CFD Budget	Board, Staff	★ May 28, 2024
Dept revisions based on tentative adoption due	Staff	June 3, 2024
City Council adoption of final budget	Council, Staff	June 25, 2024
Board Adoption of Final CFD Budget	Board, Staff	June 25, 2024
Dept Final Narrative Revisions Due	Staff	July 3, 2024





# Revenue Forecasts

## *Special Thanks for Input Provided*

Lauren  
Browne

Michelle  
Kostecki

Cari Meyer



# FY 24-25 ANNUAL BUDGET



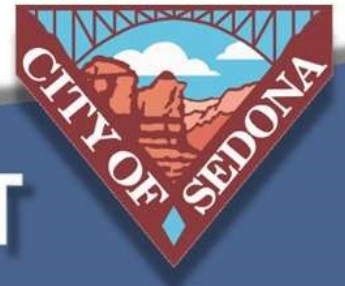


# Community Survey

*Special Thanks for Input Provided*



**FY 24-25 ANNUAL BUDGET**





# Citizens Budget Work Group

## *Special Thanks for Input Provided*

Jack Benzie

Patricia  
Livingstone

Robert  
Masters

Ed  
Southwell

Lance  
Waldrop

Daniel  
Wiencek

Mei Wei  
Wong

Lynn  
Zonakis



# FY 24-25 ANNUAL BUDGET





**For years of service**

*Special Thanks*

**Cherie  
White**



**FY 24-25 ANNUAL BUDGET**



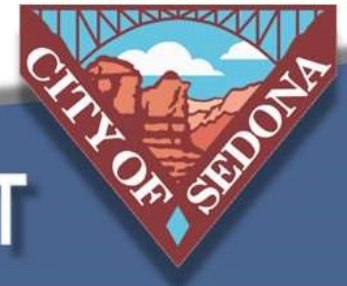


## FY 2025 Tentative Budget Changes

All Funds	FY 2025 Budget (in thousands)
<b>FY25 Adopted Budget - Total Expenditures</b>	<b>\$100,338</b>
FY23 surplus allocations	\$3,600
New debt service estimate	\$900
CIP Increases <sup>(1)</sup>	\$1,082
Operations Increases attributed to operations <sup>(2)</sup>	\$159
Increase attributed to the addition of the court decision package	\$77
<b>Tentative Expenditures FY25</b>	<b>\$106,156</b>
<i>Net increases to council adopted budget</i>	<i>\$5,818</i>

<sup>(1)</sup> PT-04b 700,000 increase; PT-08 300,00 decrease; SUS-09 350,000 increase; PW-09 180,000 decrease; WW-16 155,000 increase; PR-03c 251,890 increase; PR-09 105,000 increase.

<sup>(2)</sup> 70,000 in carryovers from FY24; 70,000 GIS analyst position overlap; 19,000 in miscellaneous increases



# FY 24-25 ANNUAL BUDGET



## FY 2025 Budget is Balanced<sup>(1)</sup>

All Funds	FY 2025 Budget (in millions)
Estimated July 1, 2024 Fund Balances	\$116.4
Estimated Revenues	69.9
Less Estimated Policy Reserves as of June 30, 2025:	
Operating Reserves <sup>(1)</sup>	(12.5)
Capital Reserves	(29.4)
Equipment Replacement Reserves	(5.6)
Major Maintenance Reserve	(0.3)
Streets Rehab/Preservation Reserve	(0.3)
Future Transit System Implementation	(5.3)
Reserve for Loans	(22.2)
<b>Total Resources Available</b>	<b>\$110.7</b>
Budgeted Expenditures	(106.2)
<b>Excess Resources Available</b>	<b>\$ 4.5</b>

<sup>(1)</sup> Reserves fully funded in accordance with policy.

# FY 24-25 ANNUAL BUDGET



# Revenues & Other Financing Sources by Type

(in Thousands)

	FY 2025 Proposed	FY 2024 Budget	Increase/ (Decrease)	%
<b>Ongoing Revenues</b>				
City Sales Taxes	\$33,187	\$30,384	\$2,803	9%
Bed Taxes	9,261	8,025	1,236	15%
State Shared Revenues	5,349	5,830	(481)	(8%)
Other Intergovernmental	359	793	(434)	(55%)
Wastewater Charges for Services	6,250	6,270	(20)	(<1%)
Other Miscellaneous	8,880	8,964	(84)	(1%)
<b>Subtotal Ongoing Revenues</b>	<b>\$63,285</b>	<b>\$60,266</b>	<b>\$3,020</b>	<b>5%</b>
<b>One-Time Revenues</b>				
Other Intergovernmental	4,409	3,969	439	11%
Other Miscellaneous	1,698	1,890	(191)	(10%)
Contingent Revenues	500	500	-	0%
<b>Subtotal One-Time Revenues</b>	<b>\$ 6,607</b>	<b>\$ 6,358</b>	<b>\$ 248</b>	<b>4%</b>
<b>Subtotal All Revenues</b>	<b>\$69,892</b>	<b>\$66,624</b>	<b>\$3,268</b>	<b>5%</b>
<b>Other Financing Sources</b>				
Bonds Issued <sup>(1)</sup>	\$ 18,000	\$ -	\$ -	0%
<b>Grand Totals</b>	<b>\$87,892</b>	<b>\$66,624</b>	<b>\$3,268</b>	<b>5%</b>

<sup>(1)</sup> Potential bond issuance for Uptown parking garage anticipated to be issued in FY 2024, but assumed to be issued in FY 2025 in the FY 2024 budget process.



# Revenues Changes

(in Thousands)

<b>FY 2024 Budget</b>	<b>\$66,627</b>
City sales tax increase	2,803
Bed tax increase	1,236
State shared income tax (urban revenue sharing) decrease	(672)
Yavapai County Flood Control decrease	(150)
Transit operating grants decrease	(139)
Transit CIP grants decrease	(448)
Add Safe Place to Park grant	366
Congressionally Directed Funding for emergency operations center	900
One-time development impact fees decrease	(295)
Information Technology internal charges decrease	(297)
Miscellaneous decreases	(39)
<b>FY 2025 Budget</b>	<b>\$69,892</b>

## FY 24-25 ANNUAL BUDGET





## Expenditures by Type

(in Thousands)

	FY2024 Budget	FY2025 Base	Increase/ (Decrease)	% Increase/ (Decrease)
<b>Ongoing:</b>				
Personnel	18,951	21,122	2,171	11%
Operations	16,961	19,553	2,592	15%
<b>Subtotal Operational Costs - Ongoing</b>	<b>35,912</b>	<b>40,675</b>	<b>4,763</b>	<b>13%</b>
<b>One-Time:</b>				
Personnel	1,342	4,169	2,827	211%
Operations	4,180	4,063	(117)	-3%
<b>Subtotal Operational Costs – One-Time</b>	<b>5,522</b>	<b>8,232</b>	<b>2,710</b>	<b>49%</b>
<b>Subtotal All Operational Costs</b>	<b>41,434</b>	<b>48,907</b>	<b>7,473</b>	<b>18%</b>
Debt Service	7,425	8,128	703	9%
Contingencies	3,331	957	(2,374)	-71%
<b>Subtotal Operating Budget</b>	<b>52,191</b>	<b>57,992</b>	<b>5,801</b>	<b>11%</b>
Capital Improvement Projects <sup>(1)</sup>	33,629	48,164	14,535	43%
<b>Totals</b>	<b>85,820</b>	<b>106,156</b>	<b>20,336</b>	<b>24%</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 2024 Budget</b>	<b>\$20,293</b>
Decision Packages (including \$4.1M for FY25 one-time PSPRS contribution) <b>FY23 Surplus</b>	5,035
Net wage, allowance, and other position adjustments	923
Health insurance 6% rate increase (net employee plan changes)	40
ASRS <1% rate decrease (increases due to net wage adjustments)	85
Increase for PSPRS level-funding amount	100
Decrease for PSPRS FY24 one-time contribution (FY25 amount in Decision Packages above)	(1,200)
Net increase to other benefits	15
<b>FY 2025 Budget</b>	<b>\$25,291</b>



## FY 24-25 ANNUAL BUDGET

## Decision Packages Included – Salary & Benefits

Department	Description	Requested FTEs	One-Time Costs	Ongoing Costs	Total Request
Human Resources	HR Specialist	1.0	5,800	85,700	91,500
Comm, Tourism & Econ Init.	Two Tourism Coordinators	1.0	6,550	125,170	131,720
Public Works	Program Manager (Parking/Trails)	1.0	5,870	141,790	147,660
Public Works	Custodial Maintenance Worker/EV Work Truck	1.0	-	88,140	88,140
Public Works	Facilities Maintenance Worker/EV Van	1.0	5,870	102,220	108,090
Police	Evidence Technician PT to FT	0.3	-	43,810	43,810
Police	Victim Services Specialist/Background Investigator	1.0	2,900	79,970	82,870
Police	Reallocation of 4 Part-Time CSAs to 2 FT CSOs	0.1	10,680	95,370	106,050
Municipal Court	Ongoing Temporary Court Clerk	0.8	-	58,250	58,250
Municipal Court	 New Court Clerk Position - Post-Adjudicated Cases	1.0	-	77,300	77,300
Police	PSPRS One-Time Contribution <sup>(1)</sup>	0.0	4,100,000	-	4,100,000
<b>Total All Funds</b>		<b>8.1</b>	<b>\$4,137,670</b>	<b>\$ 897,720</b>	<b>\$5,035,390</b>

<sup>(1)</sup> Council allocated an additional 2.6 million from the FY23 surplus to fully fund the PSPRS pension liability.



## Operations Changes

(in Thousands)

<b>FY 2024 Budget</b>	<b>\$21,141</b>
Decision Packages	359
Increase for in-house Tourism Bureau <sup>(1)</sup>	248
Increase for public transit including Verde Shuttle	450
Increase for streets maintenance including one-time and streets rehab	385
Increase for facilities maintenance including utilities	110
Increase to indirect cost allocations for Information Technology	297
Increase to Small Grant program	150
FY24 budget carryover	390
Miscellaneous increases	133
<b>FY 2025 Budget</b>	<b>\$23,663</b>

# FY 24-25 ANNUAL BUDGET



## Decision Packages Included – Operations

Department	Description	One-Time Costs	Ongoing Costs	Total Request
Comm, Tourism & Econ Init.	Destination Marketing	-	200,000	200,000
Parks & Recreation	Autism & Sensory Awareness Guides and Training	7,600	3,200	10,800
Parks & Recreation	Skate Park Lighting in Posse Grounds	68,500		68,500
	General Fund Total	76,100	203,200	279,300
Public Works	Snowplow/Supervisor Truck	22,000	22,800	44,800
	Streets Fund Total	22,000	22,800	44,800
Information Technology	WW Wi-Fi	35,000	-	35,000
	Information Technology Fund Total	35,000	-	35,000
	<b>Grand Total</b>	<b>\$ 133,100</b>	<b>\$ 226,000</b>	<b>\$ 359,100</b>



# CIP Changes

(in Thousands)

(including 1% Arts Transfers and CFD Funding)

<b>FY 2024 Budget</b>	<b>\$34,008</b>
Arts & Culture decrease	(113)
Information Technology increase	550
Municipal Court decrease	(79)
Parks & Recreation decrease	(803)
Police increase	384
Public Transit increase	520
Public Works increase	253
Sedona in Motion increase	11,865
Storm Drainage decrease	(785)
Streets & Transportation decrease	(650)
Sustainability increase	102
Wastewater increase	3,080
<b>FY 2025 Budget</b>	<b>\$48,332</b>




## FY 24-25 ANNUAL BUDGET



# Debt Service Changes

(in Thousands)

<b>FY 2024 Budget</b>	<b>\$7,425</b>
Elimination of Series 1998 bond payment	(4,310)
Change in Second Series 2015 bond payment	7
Change in Series 2021 bond payment	4,105
Change in Second Series 2022 bond payment	(1)
Change in trustee administration fees	(1)
 Estimated Series 2024 interest payment <sup>(1)</sup>	900
<b>FY 2025 Budget</b>	<b>\$8,228</b>

<sup>(1)</sup> Final amount determined June 11<sup>th</sup>; actual will be updated for final budget adoption.

## FY 24-25 ANNUAL BUDGET





# Contingency Changes

(in Thousands)

<b>FY 2024 Budget</b>	<b>\$3,331</b>
Eliminate tourism initiatives contingency	(568)
Add Housing Fund contingency based on available balance	57
Eliminate ARPA contingency	(1,863)
<b>FY 2025 Budget</b>	<b>\$957</b>

**FY 24-25 ANNUAL BUDGET**







# FY 2025 Contingencies Totals

(in Thousands)

	General Fund	Housing Fund	Grants, Donations, & Restricted Funds	Wastewater Enterprise Fund
General operating contingency	\$200	\$ -	\$ -	\$100
Remaining available fund balance	-	57	-	-
Unknown grants and donations	-	-	500	-
Judgments	100	-	-	-
<b>Total Budgeted</b>	<b>\$300</b>	<b>\$57</b>	<b>\$500</b>	<b>\$100</b>

## FY 24-25 ANNUAL BUDGET



## FY 2025 Inter-Fund Transfers

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><u>Transfers Out</u></b>									
General Fund	\$1,938,220	\$900,000	\$12,300,000	\$ -	\$ -	\$ 365,840	\$3,000,000	\$35,000	<b>18,539,060</b>
Grants, Donations & Restricted Funds	-	-	-	-	-	-	1,911,860	-	<b>1,911,860</b>
Transportation Sales Tax Fund	-	-	8,027,180	-	-	3,814,150	-	-	<b>11,841,330</b>
Capital Improvements Fund	-	-	-	1,311,520	42,900	-	-	-	<b>1,354,420</b>
<b>Totals</b>	<b>\$1,938,220</b>	<b>\$900,000</b>	<b>\$20,327,180</b>	<b>\$1,311,520</b>	<b>\$42,900</b>	<b>\$4,179,990</b>	<b>\$4,911,860</b>	<b>\$35,000</b>	<b>\$33,646,670</b>

# Capital Improvements by Category

(including 1% Arts Transfers and CFD Funding)  
(In Thousands)

Category	Carryover	New Appropriation	FY 2025 Proposed
Sedona in Motion <sup>(1)</sup>	28,024,222	4,040,488	32,064,710
Wastewater	4,409,789	3,827,331	8,237,120
Parks & Recreation	2,324,402	699,028	3,023,430
Public Transit <sup>(1)</sup>	849,053	1,451,947	2,301,000
Information Technology	1,150,000		1,150,000
Police		600,000	600,000
Sustainability	61,800	372,500	434,300
Public Works		252,500	252,500
Storm Drainage		150,000	150,000
Arts & Culture	119,000		119,000
<b>Total</b>	<b>36,938,266</b>	<b>11,393,794</b>	<b>48,332,060</b>

<sup>(1)</sup> Spent on SIM/PT projects to date = \$45.2M (FY18-FY23 actual plus FY24 estimate)

# Capital Improvements by Funding Source

(In Thousands)

Funding Source	FY 2025 Proposed
Unrestricted:	
Capital Reserves	\$ 7,401
Restricted:	
Debt Financing <sup>(1)</sup>	16,936
Transportation Sales Tax	9,608
Wastewater Revenues/Equipment Replacement Reserve	6,221
Development Impact Fees Funds	4,614
Grants and Donations	2,736
Equipment Replacement Reserve	421
Yavapai County Flood Control	150
Community Facilities Districts	125
1% for Arts	119
<b>Total</b>	<b>\$48,332</b>

<sup>(1)</sup> Assumed the \$25M bond proceeds will be fully spent in FY2025 and additional bonds issued for the Uptown parking garage.

# Council Priorities Included

Priority Item	Budget Location	FY2025 Proposed Amount <sup>(1)</sup>	FY2024 Adopted Amount <sup>(1)</sup>
Traffic/transportation improvements	CIP	\$32,035,150	\$20,399,420
Public transit system	CIP	\$2,301,000	\$1,781,370
	<u>Operations</u>	<u>\$3,178,980</u>	<u>\$2,892,110</u>
	Total	\$5,479,980	\$4,673,480
Affordable/workforce housing & homelessness	Housing Fund Operations	\$ 519,350	\$ 557,350
	Steps to Recovery	\$ 406,100	\$ 406,100
	Safe Place to Park	<u>\$ 366,020</u>	<u>\$ 400,000</u>
	Total	\$1,291,470	\$1,363,450
		\$19,300,000 in balance sheet loans	\$18,900,000 in balance sheet loans
Climate Action Plan Goal 50/50 by 2030	CIP	\$18,017,780	\$15,891,015
	Sustainability	\$ 907,370	\$ 1,008,590
	PW	\$ 136,430	\$ 121,670
	<u>General Services</u>	<u>\$ 371,000</u>	<u>\$ 362,000</u>
	Total	\$19,432,580	\$17,383,275
Broadband	CTEI	\$10,000	\$10,000
Cultural Park planning/other property acquisitions	CIP	None in FY2025	None in FY2024
	ComDev	\$121,700	\$125,000

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

# Council Priorities Included

Priority Item	Budget Location	FY2025 Proposed Amount <sup>(1)</sup>	FY2024 Adopted Amount <sup>(1)</sup>
Manage impact from short-term rentals	Clerk	\$255,500	\$256,970
City Tourism Bureau management	CTEI	\$1,851,000	\$ 983,250
	IT	\$ 177,600	\$ 134,680
	Transit	\$ <u>0</u>	\$ <u>229,680</u>
		\$2,028,600	\$1,347,610
Airport	General Services	\$10,000	\$80,000

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

<sup>(2)</sup> Transit portion was coded to CTEI.



# General Fund Surpluses

Fiscal Year	Surplus (in millions)
2015	\$ 2.9
2016	\$ 3.1
2017	\$ 2.8
2018	\$ 1.0
2019	\$ 2.3
2020	\$ 3.5
2021	\$12.2
2022	\$13.8
2023 <sup>(1)</sup>	\$10.8
2024 est.	\$11.1
2025 bud.	\$ 2.1

What is a surplus

## Policy

- Eliminate shortfalls in other funds
- Reduction or avoidance of debt
- One-time capital needs
- Tax, fee, or rate stabilization

\$5.8 M of FY23 surplus allocated in work sessions

- DP recommendation to use \$1.5M for PSPRS unfunded liability
- Council decision to apply additional \$2.6M to fully fund PSPRS liability
- \$1M used for Uptown Parking System
- \$400k loan to Housing Fund
- \$300k applied to Capital Reserves

\$9.5M of FY24 surplus applied to capital reserves

# FY 24-25 ANNUAL BUDGET



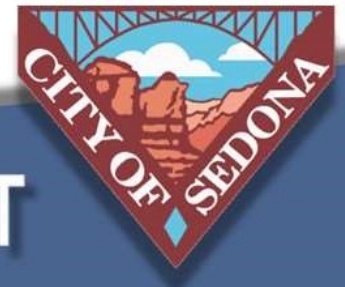


## Estimated Remaining General Fund Surplus Balances<sup>(1)</sup>

	General Fund
<b>Estimated Remaining Surpluses:</b>	
FY 2024	\$1.6
FY 2025	2.1
<b>Total</b>	<b>\$3.7</b>

<sup>(1)</sup> Allocation of the remaining actual FY 2024 General Fund surplus to advance Council priorities will be determined during the FY 2026 budget process, and allocation of the actual FY 2025 General Fund surplus to advance Council priorities will be determined during the FY 2027 budget process.

# FY 24-25 ANNUAL BUDGET







# Next Step - Final Budget Adoption June 25, 2024

**FY 24-25 ANNUAL BUDGET**





**CITY COUNCIL  
AGENDA BILL**

**AB 3062  
May 28, 2024  
Regular Business**

**Agenda Item: 8b**

**Proposed Action & Subject:** Discussion/possible action regarding approval of a Resolution approving a Development Agreement with the Villas on Shelby, LLC allowing exemptions from the LDC for the provision of 30 units of affordable housing.

<b>Department</b>	CM – Housing
<b>Time to Present</b>	15 minutes
<b>Total Time for Item</b>	45 minutes
<b>Other Council Meetings</b>	March 28, 2023 November 14, 2023
<b>Exhibits</b>	A. Development Agreement B. Land Lease Agreement C. Resolution

Finance Approval	Reviewed 5/21/24 RMS	
City Attorney Approval	Reviewed 5/21/24 KWC	<b>Expenditure Required</b>
		\$ 2,250,000 (loan)
City Manager’s Recommendation	Recommend approval ABS 5/21/24	<b>Amount Budgeted</b>
		\$ 2,250,000 (earmarked and available)
		Account No. 12-0000-00-1500 (Description)

**SUMMARY STATEMENT**

**Background:**

As Arizona continues to grow faster than much of the country, housing affordability and accessibility have become critical issues. The Arizona Voters’ Agenda survey by the Center for the Future of Arizona published findings this month showing 84% of voters find rental prices “too high” and 82% of all voters say, “State and local government must do more to ensure that housing options are affordable and available to middle and low-income earners throughout the state.”

Ensuring an adequate supply of affordable housing in Sedona is a key interest of City Council, established for years as a Council priority area. The 2020 Sedona Housing Needs Assessment and Action Plan by Elliott D. Pollack and Associates found that the affordable housing demand would reach nearly 1500 units by 2025 and that the lack of traditional apartment units creates a significant impediment to affordable housing in Sedona.

This 30-unit apartment project was proposed initially in 2023 when the developer sought collaboration in applying for competitive 9% Low-income Housing Tax Credits (LIHTC) to provide housing affordable to households earning an average of 60% AMI on the city-owned property at 2250 Shelby Dr. The project was not awarded the competitive LIHTCs, but was restructured to utilize less lucrative 4% LIHTCs, an award of HOME funds from the Arizona Department of Housing (ADOH), and a \$2.25 million loan from the City of Sedona. The Land Lease and Loan Agreement was approved by Council in November of 2023.

The restrictions imposed by the LIHTC program provided the guarantees of long-term rental and affordability through the ADOH contracts and deed restrictions, making a development agreement unnecessary. However, after architectural plans were completed and submitted, Community Development staff determined some aspects of the Land Development Code (LDC) were not being met. Because of the deeply affordable nature of the project, and state and federal funding already awarded, redesigning to meet the codes is cost prohibitive. The developer requests the following exceptions:

LDC and DIGAH Allowances.

2.2.1 Pursuant to LDC Section 8. 8 and the DIGAH, to maximize the number of affordable housing units and for consistent design and layout of the site, the City agrees to permit a building height of up to 40 feet without requiring the largest unrelieved building plane to be reduced to a maximum of 400 square feet, as required by the Sunset Live/Work Community Focus Area Plan

The unrelieved building plane is at the north end of the building and appears to be approximately 1800 square feet (pending confirmation).

2.2.2. Pursuant to LDC Section 8. 8 and the DIGAH, to maximize the number of affordable housing units, the City agrees to modify LDC Section 5. 7. F( 2) d. 1. Building Length — Multifamily Residential and Lodging Uses) to allow the entirety of the building, exceeding 150 feet, to be subject to the maximum height allowed by the Land Development Code and CFA, and not require 25% of the building to be limited to 16 feet in height.

The building height is 40 feet at the tallest portion. No portion is limited to 16', although there is variation in height.

2.2.3 Pursuant to LDC Section 8. 8 and the DIGAH, to maximize the number of affordable housing units and contain project costs, the City agrees to modify LDC Section 5. 5. D(1), Table 5. 2 (Required Off -Street Parking Spaces): Residential; Household Living; Dwelling, Multifamily, to remove the requirement that .5 parking spaces per unit must be covered.

The code would require 15 covered parking spaces. No covered parking will be provided.

**Climate Action Plan/Sustainability Consistent:** Yes - No - Not Applicable

**Board/Commission Recommendation:** Applicable - Not Applicable

**Alternative(s):** None

**MOTION**

**I move to:** approve Resolution 2024-\_\_\_\_, approving the Development Agreement with the Villas on Shelby, LLC.

**WHEN RECORDED RETURN TO:**  
**Office of the City Clerk**  
**City of Sedona, Arizona**  
**102 Roadrunner Drive**  
**Sedona, AZ 86336**

**DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SEDONA  
AND VILLAS ON SHELBY, LLC**

THIS DEVELOPMENT AGREEMENT (“Agreement”) made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2024 (“Effective Date”), by and between the City of Sedona, an Arizona municipal corporation (“City”) and The Villas on Shelby, LLC, an Ohio limited liability company and its successor or assigns (“Developer”). City and Developer are sometimes referred to herein collectively as the “Parties,” or individually as a “Party.”

**RECITALS**

The following recitals are incorporated by reference into and constitute an integral part of this Agreement.

- A. WHEREAS**, City is the owner of property generally described as 2250 Shelby Drive located in Sedona, AZ, as more fully described in Exhibit “A” attached hereto and incorporated herein by this reference (“Property”) to the City of Sedona.
- B. WHEREAS**, City and Developer have entered into the related Land Lease Agreement, Promissory Note, Leasehold Deed of Trust, and Land Use Restriction Agreement to develop the 30 units of affordable workforce housing on the Property.
- C. WHEREAS**, Developer intends to develop the Property by constructing certain residential improvements consisting of 30 affordable workforce multi-family apartment dwelling units (“Project”). As a condition of, and concurrent with, development of the Project, and subject to and in accordance with the other provisions and requirements of this Agreement, Developer intends and has the ability to finance, construct and complete the Project and Public Improvements (as defined below), and to otherwise accomplish all of the Obligations of Developer.
- D. WHEREAS**, this Agreement is entered into under the authority of A.R.S. §9-441 et. seq. which declares municipal assistance in providing for the acquisition, construction or rehabilitation of housing a valid public purpose and authorizes municipalities to use its monies to aid the planning, undertaking and carrying out of housing development projects.
- E. WHEREAS**, this Agreement is entered into by authority of A.R.S. §9-500.05, the City

finding that the consideration and commitments herein from and to the Developer and the City are justified based on other consideration provided hereby, including without limitation the benefits to the community resulting from this Agreement.

- F. WHEREAS,** The Parties acknowledge that the Project qualifies as an economic development activity; that the Project will assist in the creation and retention of jobs and will otherwise improve and enhance the economic welfare of the residents of the City by increasing access to affordable housing, stimulating further economic development in the City, generally enhancing the economic welfare of the city's citizens and by constructing public infrastructure improvements; that the City's participation in this Agreement will in fact serve legitimate economic development purposes as authorized by A.R.S. §9-500.11; and that the City's participation authorized by this Agreement is not grossly disproportionate to the benefits the City will receive during the Agreement and that in the absence of the City's participation the affordable housing Project would not be constructed.
- G. WHEREAS,** City is entering into this Agreement to implement and to facilitate development of the Property consistent with the policies of the City. This Agreement is consistent with the Development Incentives and Guidelines for Affordable Housing ("DIGAH"), and the City's Community Plan in effect on the date of this Agreement. The Project, as shown in the Site Plan, meets DIGAH requirements and is eligible for a density bonus.
- H. WHEREAS,** Developer agrees to restrict 100% of the Project units for affordable housing for 75 years commencing on the date the Project receives a certificate of occupancy as detailed below.

## **AGREEMENT**

**NOW, THEREFORE,** in consideration of the foregoing recitals and the promises and mutual obligations contained herein, City and Developer agree to proceed under the following terms and conditions:

### **1. OBLIGATIONS OF DEVELOPER**

- 1.1 Property Development. The Developer shall construct or cause to be constructed the Project, a multi-family residential community with no less than 30 units in general conformance to the Site Plan attached hereto as Exhibit "B" and incorporated herein by this reference, subject to conditions, review and approval of City Community Development staff and the Planning and Zoning Commission. The Developer shall be responsible for the planning, permitting, financing, management and development of the Project and Property in accordance with local, state and federal requirements. The Developer shall be responsible for arranging and securing construction and permanent financing for the Project. The Developer shall require the contractor to obtain a performance and payment bond in the full amount of the improvements in addition to general liability and course of construction insurance of reasonable limits to protect the interests of the Property. Developer warrants that it has adequate financing or financial

resources to complete the Project and comply with all of its obligations as contained herein.

- 1.2 Condominium Conversion; Short-Term Rental Use Prohibition. The Property shall not be used for short-term rentals (rental terms of less than 30 days) or conversion to a condominium or otherwise divide the Property during the term of the Land Use Restriction Agreement signed in connection with this Agreement.
- 1.3 Developer Representations. Developer represents and warrants that:
  - 1.3.1 Developer has the full right, power and authority to enter into and perform this Agreement and each of the obligations and undertakings of Developer under this Agreement, and the execution, delivery and performance of this Agreement by Developer has been duly authorized and agreed to in compliance with the Developer's organizational documents.
  - 1.3.2 As of the date of this Agreement, Developer knows of no litigation, proceeding or investigation pending or threatened against or affecting Developer contesting the validity or enforceability of this Agreement or Developer's performance under this Agreement.
  - 1.3.3 The execution, delivery and performance of this Agreement by Developer is not prohibited by, and does not conflict with, Developer's organizational documents or any other agreements, instruments, judgments or decrees to which Developer is a party or to which Developer is otherwise subject.
  - 1.3.4 Developer has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, consultants, engineers and attorneys and any licensed real estate broker retained by the Developer. Developer has been assisted by counsel of its own choosing in connection with the preparation and execution of this Agreement.
- 1.4 Development Standards. The development of the Property and construction of the Project will be governed by the Sedona City Code, Sedona Land Development Code ("LDC:), ordinances, regulations, rules, guidelines, engineering standards, Building Code, Fire Code and policies controlling permitted uses of the Property. Design review standards, the density and intensity of uses, parking spaces requirements, and the maximum and minimum height and size of the buildings in existence as of the Effective Date of this Agreement will apply, except as modified by this Agreement. Developer will comply with all applicable Federal, State, County and City laws, regulations and policies.
- 1.5 Materials Management. Developer agrees to incorporate infrastructure to support recycling activities on-site, including the provision of recycling collection locations near those dedicated for trash.

## 2. OBLIGATIONS OF CITY

### 2.1 LDC, DIGAH, and CFA Allowances.

- 2.1.1 Pursuant to LDC Section 8. 8 and the DIGAH, to maximize the number of affordable housing units and for consistent design and layout of the site, the City agrees to permit a building height of up to 40 feet without requiring the largest unrelieved building plane to be reduced to a maximum of 400 square feet, as required by the Sunset Live/Work Community Focus Area Plan.
- 2.1.2. Pursuant to LDC Section 8. 8 and the DIGAH, to maximize the number of affordable housing units, the City agrees to modify LDC Section 5.7.F(2)d.1. (Building Length — Multifamily Residential and Lodging Uses) to allow the entirety of the building, exceeding 150 feet, to be subject to the maximum height allowed by the Land Development Code, CFA, and this Agreement, and not require 25% of the building to be limited to 16 feet in height.
- 2.1.3 Pursuant to LDC Section 8. 8 and the DIGAH, to maximize the number of affordable housing units and contain project costs, the City agrees to modify LDC Section 5. 5. D(1), Table 5. 2 ( Required Off -Street Parking Spaces): Residential; Household Living; Dwelling, Multifamily, to remove the requirement that the development provide 0.5 covered parking spaces per unit.

## 3. TERM; DEFAULT

- 3.1 Term. Notwithstanding anything in this Agreement to the contrary, the term of this Agreement (“**Term**”) shall begin on the Effective Date and shall terminate seventy-five (75) years from the issuance of the certificate of occupancy for the Project unless this Agreement is terminated sooner pursuant to any earlier termination provision of this Agreement.
- 3.2 Survival of Certain Provisions. Notwithstanding the termination of this Agreement as set forth in Section 3.1, the indemnity and hold harmless obligations as found in Section 4.9 shall survive the expiration of this Agreement for a period of one year.
- 3.3 Events Constituting Default. A party shall be in default under this Agreement if it fails to perform, in material respect, any covenants made by it or obligations assumed by it under this Agreement, which failure adversely affects the other party's interest under this Agreement, including failure to begin construction by December 31, 2024 or failure to complete construction of the Project by June 30, 2026, and in such an event, each party shall be entitled to all available legal and equitable remedies, including, but not limited to, termination of leasehold tenancy, foreclosure upon the Leasehold Deed of Trust, the right of specific performance, including all costs of enforcement of this Agreement.
- 3.4 This Agreement is conditioned upon compliance with the Land Lease and Loan Agreement, Promissory Note, Leasehold Deed of Trust and Land Use Restriction



Agreement signed in connection with this Agreement. Developer's failure to execute or comply, in material respect, with the terms of any those connected agreements will result in termination of this Agreement, subject to expiration of respective cure periods as provided in said connected agreements

#### 4. MISCELLANEOUS PROVISIONS

- 4.1 Entire Agreement; Assignment. This Agreement constitutes the entire agreement and understanding of the parties hereto and supersedes all offers, negotiations, and other agreements of any kind. This Agreement may be amended only in writing and signed by both parties. This Agreement and all the covenants, terms and provisions contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated by any party, without the prior written consent of the other party. Such consent may not be unreasonably withheld or delayed. This Agreement is not intended to confer any rights or benefits to any individual or entity other than to the City and to Developer, nor shall anything contained herein create any partnership, joint venture or similar arrangement between the Developer and the City.
- 4.2 Arizona Law; Venue. This Agreement is and shall constitute a contract under and is to be construed in accordance with the laws of the State of Arizona. Any action brought to interpret, enforce or construe any provision of this Agreement must be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Yavapai. The Parties irrevocably consent to jurisdiction and venue in such courts for such purposes and agree not to seek transfer or removal of any action commenced in accordance with the terms of this Section.
- 4.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall have the force and effect of an original, and all of which shall constitute but one document.
- 4.4 Notices. All notices required to be given under this Agreement shall be deemed given upon the earlier of actual receipt or two (2) days after being mailed by registered or certified mail, return receipt requested, addressed as follows:

If to City:                      City Manager  
                                            105 Roadrunner Drive  
                                            Sedona, AZ 86336

With a copy to:                City Attorney  
                                            108 Roadrunner Drive  
                                            Sedona, Arizona 86336

If to Developer:                Villas on Shelby, LLC

c/o HS Development Partners, LLC  
30 S. Oak Street  
London, Ohio 43140

- 4.5 Authority. This Agreement is not intended to supersede the authority granted by law to any regulatory board or agency of the City. Therefore, nothing in this Agreement shall be construed or implied to require the City's Planning, Zoning or other regulatory boards or agencies (however designated) to approve the plans for any aspect of the Project or other action required under this Agreement.
- 4.6 Time of Essence. Time is of the essence and a material provision of this Agreement.
- 4.7 Tax Consequences. City makes no representation concerning the tax consequences or liability resulting from this Agreement. The parties have each had an opportunity to consult with legal counsel concerning the terms and effects of this Agreement and either party's failure to do so is at its own choosing.
- 4.8 Conflicts of Interest. This Agreement is subject to the provisions of A.R.S. §38-511, relating to conflicts of interest.
- 4.9 Indemnification. Developer, during the term of this Agreement, agrees to indemnify, hold, protect and save harmless the City and any and all of its officers, agents, and employees from and against any and all actions, audits, proceedings, claims and demands, loss liens, costs expense and liability of any kind and nature whatsoever, for injury to or death of persons, or damage to property, imposed upon or sustained by Sedona, its officers, agents, or employees in and arising from or attributable to or caused directly or indirectly by the gross negligence, wrongful acts, material omissions or from operations conducted by Developer, its officers, agents or employees or by any person or persons acting on behalf of Developer.
- 4.10 Insurance. Developer, at Developer's own expense, shall purchase and maintain Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 general aggregate limit, Automobile Liability insurance with an individual single limit for bodily injury and property damage of no less than \$1,000,000, each occurrence, and Workers' Compensation insurance to cover obligations imposed by applicable federal and state statutes. Additionally, Developer shall maintain property insurance coverage sufficient to cover the full replacement cost value of the Project and all improvements on the Property. All insurance required herein shall be maintained in full force and effect during the term of this agreement. The Developer's insurance shall be primary insurance as respects to City and any insurance maintained by City shall not contribute to it. The insurance policies required by this Agreement, except workers' compensation, shall name City as additional insureds. Insurance policies required by this Agreement, except workers' compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against Sedona for any claims arising out of Developer's performance of this Agreement.

- 4.11 Exhibits. The Parties agree that all references to this Agreement include all Exhibits designated in and attached to this Agreement, such Exhibits being incorporated into and made an integral part of this Agreement for all purposes.
- 4.12 No Agency Created. Nothing contained in this Agreement creates any partnership, joint venture or agency relationship between the City and Developer. No term or provision of this Agreement is intended to be for the benefit of any person, firm, organization or corporation not a party hereto, and no other person, firm, organization or corporation may have any right or cause of action hereunder.
- 4.13 Recordation. Within ten (10) days after this Agreement has been executed by the Parties, Developer will cause this Agreement to be recorded in the Official Records of Yavapai County.
- 4.14 No Personal Liability. No former or current City Council member, official, representative, agent, attorney or employee of City will be personally liable to the Developer, or to any successor in interest, in the event of any Default or breach by City or for any amount which may become due to any of the other Parties or their successors, or with respect to any obligation of City under the terms of this Agreement.
- 4.15 WAIVER OF JURY TRIAL. THE CITY AND DEVELOPER HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING, COUNTERCLAIM OR DEFENSE BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN ANY WAY CONNECTED TO THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO RELATING TO THIS AGREEMENT.
- 4.16 Force Majeure. In no event shall the Parties be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused by a Force Majeure. "Force Majeure" means and shall be limited to: an event which is beyond the reasonable complete control of a Party and which causes a delay or failure to perform obligations hereunder, including without limitation acts of God, earthquake, fire, explosion, war, civil insurrection, acts of the public enemy, acts of civil or military authority, sabotage, terrorism, floods, lightning, hurricanes, tornadoes, severe snow storms, major equipment failure, utility disruption, or pandemics.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

CITY OF SEDONA,  
an Arizona municipal corporation

Development Agreement between  
City of Sedona and Villas on Shelby, LLC  
Page 8

By: \_\_\_\_\_  
Scott M. Jablow, Mayor

ATTEST:

Date: \_\_\_\_\_

By: \_\_\_\_\_  
JoAnne Cook, City Clerk

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Kurt W. Christianson, City Attorney

Date: \_\_\_\_\_

DEVELOPER:

Villas on Shelby, LLC, an Ohio limited liability company

By: HSDP The Villas on Shelby, LLC, an Ohio limited liability company, Manager

By: HSDP Holdings, LLC, an Ohio limited liability company, Manager

By: \_\_\_\_\_  
\_\_\_\_\_, Manager

Development Agreement between  
City of Sedona and Villas on Shelby, LLC  
Page 9

Date: \_\_\_\_\_

STATE OF OHIO     )  
                                  )  
County of \_\_\_\_\_)

This Development Agreement was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2024  
by \_\_\_\_\_, Manager of HSDP Holdings, LLC, Manager of HSDP The Villas on  
Shelby, LLC, Manager of The Villas on Shelby, LLC.

\_\_\_\_\_  
Notary Public

My commission expires:

Exhibit "A"  
PROPERTY

Exhibit "B"

SITE PLAN

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**CITY OF SEDONA, ARIZONA**  
**LAND LEASE AGREEMENT**  
**THE VILLAS ON SHELBY, LLC**

**(2250 Shelby Drive)**

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**(PLEASE DO NOT REMOVE-THIS IS PART OF THE OFFICIAL DOCUMENT)**



## LAND LEASE AGREEMENT

This Land Lease Agreement (“this Lease”) is executed to be effective the \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (“Effective Date”), between the City of Sedona, an Arizona municipal corporation (“the City”), and The Villas on Shelby, LLC an Ohio limited liability company (“Lessee”). City and Lessee are sometimes referred to herein collectively as the “Parties,” or individually as a “Party.”

### RECITALS

WHEREAS, the City is the owner of vacant land located at 2250 Shelby Drive, Sedona, AZ 86336, also known as Yavapai County APN 408-28-103F, containing approximately 1.14 acres and being more particularly described in the Legal Description attached to **Exhibit A** of this Lease (the “Property”).

WHEREAS, Lessee desires to lease the Property solely for the purpose of constructing and operating a multi-family, rental housing project comprised of 30 residential rental units for the purpose of housing tenants with an income of sixty percent (60%) of Yavapai County area median income (“AMI”) as more particularly described in **Exhibit B** attached to this Lease (the “Project”);

WHEREAS, the Property is located in the City’s Housing Development Area as declared in Resolution 2012-21 and this Lease is entered into under the authority of A.R.S. §9-441 et. seq., which declares municipal assistance in providing for the acquisition, construction or rehabilitation of housing a valid public purpose and authorizes municipalities to use its monies to aid the planning, undertaking and carrying out of housing development projects and authorizes the City the powers listed in A.R.S. §9-441.02.

WHEREAS, the Parties acknowledge that the Project qualifies as an economic development activity; that the Project will assist in the creation and retention of jobs and will otherwise improve and enhance the economic welfare of the residents of the City by increasing access to affordable housing, stimulating further economic development in the City, , and by constructing public infrastructure improvements; that the City’s participation in this Lease will serve legitimate economic development purposes as authorized by A.R.S. §9-500.11; and that the City’s participation authorized by this Lease is not grossly disproportionate to the benefits the City will receive during the Lease and that in the absence of the City’s participation the affordable housing Project would not be constructed.

WHEREAS, the Project will be financed, in part, by funds received in exchange for tax credits awarded under the Arizona Department of Housing Low Income Housing Tax Credit Program and Lessee agrees to restrict 100% of the Project units for affordable housing for tenants at 60% AMI) for the duration of this Lease. This Lease is consistent with the City’s Development Incentives and Guidelines for Affordable Housing (“DIGAH”), and the City’s Community Plan in effect on the date

of this Lease. The Project, as shown in the Site Plan, meets DIGAH requirements and is eligible for a density bonus, if applicable.

WHEREAS, Lessee desires to use the Property for the Project in accordance with the Sedona Land Development Code and subject to the terms and conditions of this Lease; and

WHEREAS, the City is willing to lease the Property to Lessee on the terms and conditions specified below.

## **AGREEMENT**

THEREFORE, in consideration of the following mutual covenants and conditions, the parties hereby agree as follows:

1. The Recitals set forth at the beginning of this Lease are deemed incorporated herein, and the Parties hereto represent they are true and correct.
2. LEASE; PRIVILEGES; RESTRICTIONS; RESERVATIONS.
  - A. The City hereby leases the Property to Lessee and grants to Lessee the following privileges, uses and rights, subject to and conditioned upon Lessee's full, timely, complete, and faithful performance of all terms and conditions:
    1. (a) Lessee will be deemed the sole owner of the Project, (b) Lessee alone will be entitled to all of the tax attributes of ownership including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the low-income housing tax credits described in Section 42 of the Internal Revenue Code of 1986, as amended, and (c) Lessee will have the right to amortize capital costs and to claim any other federal or state benefits attributable to the Project improvements.
    2. So long as Lessee is not in default of its obligations hereunder, City shall not transfer, encumber or otherwise dispose of the Property or any interest therein without the consent of Lessee.
    3. In addition to said general privileges, uses and rights, the City grants to Lessee the right to construct and operate the Project on the Property, provided Lessee complies with all applicable federal, state, and local laws, building and fire codes.
  - B. Lessee hereby accepts the Property and the terms and conditions of the Lease. Lessee shall not use the Property for any purposes other than those specified above.
3. TERM.

- A. The construction term of this Lease shall commence on the Effective Date and continue for a maximum period of eighteen (18) months or when the Certificate of Occupancy is issued, whichever comes first (the "Construction Term"). In no event shall the Construction Term last longer than eighteen months.
- B. The original term of this Lease shall be for a period of seventy-five (75) years commencing on the expiration of the Construction Term and expiring on the same date 75 years later, unless sooner terminated pursuant to the provisions contained in this Lease.

4. RENT.

- A. At the Effective Date of this Lease, Lessee will pay the City the sum of FIFTY THOUSAND DOLLARS (\$50,000.00). Annually thereafter, Lessee shall pay, without notice and free from all claims, deductions or set-offs against the City, annual rent in the amount of ONE THOUSAND TWO HUNDRED DOLLARS (\$1,200.00) per year.
- B. If Lessee fails to pay any rent in full on or before the due date, Lessee shall be responsible for interest on the unpaid principal balance at the rate of 18% per annum from the due date until payment in full is made.

5. UTILITIES.

Lessee will pay for all charges, fees, deposits and other amounts for utility connections and for utilities used at the Property. Any changes to utility facilities shall be strictly limited to the Property and shall be undertaken by Lessee at its sole cost and expense.

6. IMPROVEMENTS.

- A. Lessee shall have the right to construct a 30-unit apartment complex and related improvements (collectively, sometimes referred to herein as the "Improvements" or the "Project") on the Property. Before commencing any improvements or modifications, Lessee shall submit detailed construction plans and specifications to the City, and upon completion of any improvements or modifications, Lessee shall furnish to the City two (2) complete sets of detailed plans and specifications of the work as completed. Prior to the start of any construction of improvements or modifications to the Property, Lessee shall secure all applicable building permits and approvals from the City. In addition, Lessee shall furnish any additional information concerning any proposed improvements or modifications, which the City may deem necessary with regard to the safety of the Property and Project. Use of the Property is hereby restricted to affordable housing and related uses and the Property may not be used for any other purpose without the prior written consent of the City, which may be given or withheld at City's sole discretion.

- B. Design Requirements. All of Lessee's improvements, which includes the Improvements, shall comply with the following design requirements:

- 1. All Lessee's improvements shall be contained entirely within the Property and without any encroachment or dependence upon any other property, except that Lessee's improvements shall include construction of related curbs, gutters, pavement, landscaping, and other improvements City determines to be

- appropriate in the public right-of-way.
2. All Lessee's improvements shall be designed so as to present uniformity of design, function, appearance and quality throughout and consistency with other buildings and improvements located at the Property.
  3. All Lessee's improvements shall comply with all requirements of law. Lessee shall be responsible to directly obtain all necessary permits and approvals from any and all necessary governmental agencies.
- C. Lessee shall, at its own cost, finance, design, and construct the Project. All improvements and modifications made by Lessee shall be constructed in a good, workmanlike manner.
- D. City's consent shall not be required for minor changes deemed by Lessee during the course of construction to be necessary to complete construction as contemplated by the latest plans approved by the City. Minor changes are those that do not change compliance with the Sedona Land Development Code or materially alter the structure, size, layout, location, quality, appearance, functionality or other aspects of any area, feature, structure, or other aspects of any Improvements. Lessee shall give to the City as much advance notice of any minor changes as is reasonably possible, and in any event, no less than ten (10) days prior to making such minor changes.
- E. Prior to the start of any construction on the Property, Lessee or its contractor shall name the City as a dual obligee under the payment and performance bonds to be obtained by Lessee's general contractor with respect to construction of the Improvements. Each bond shall be filed with the Yavapai County Recorder prior to commencement by Lessee of the Improvements on the Property.
- F. Lessee shall keep the Property and all improvements free of any liens of any kind or nature for any work done, labor performed or material furnished on or to the Property. If any such lien is filed, Lessee shall, at its sole cost, remove such lien from the Property within thirty (30) days the filing of such lien.
- G. Lessee will begin construction of any improvements and modifications to the Property within a reasonable period of time following the approval of the City and the issuance of a building permit, if necessary, for the construction. Lessee will diligently pursue construction of the improvements or modifications.
- H. The Project, and all other improvements and modifications made by Lessee which become fixtures to the Property become the property of the City, at no cost to the City, upon the expiration or termination of this Lease, free of any security interest or claims of any kind from Lessee.
- I. In the event the Property consists of more or less than any stated acreage or square feet, this Lease shall nevertheless continue and Lessee's obligations hereunder shall not be

increased or diminished.

7. ACCEPTANCE; MAINTENANCE; REPAIRS.

- A. Lessee warrants that it has inspected the Property and accepts possession of the Property and any current improvements thereon “as is” in its present condition, and subject to all limitations imposed upon the use thereof by federal, state and local law, and Lessee acknowledges the suitability and sufficiency of the Property for the uses permitted hereunder. Except as may otherwise be specifically provided for herein, the City shall not be required to maintain or to make any improvements, repairs or restorations upon or to the Property, the Project, or to any of the improvements located thereon. Under no circumstances shall the City have any obligation to repair, maintain or restore the Project and any improvements placed upon the Property by Lessee.
  
- B. Lessee shall be solely responsible, at its cost, for all repairs and maintenance whatsoever on the Property and shall maintain the Project and all improvements thereon in a good workmanlike manner, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise, including following the lifetime maintenance schedule. Additionally, Lessee, without limiting the generality hereof, shall:
  - 1. Keep at all times, in a clean and orderly condition and appearance, the Property, the Project, all improvements thereon and all of Lessee’s fixtures, equipment and personal property which are located on any part of the Property; and
  - 2. Be responsible for the maintenance and repair of all utility services lines and fire suppression systems placed on the Property and used by Lessee exclusively; and
  - 3. Repair any damage caused by Lessee, or its agents, employees or invitees, to the Property or Project; and
  - 4. Maintain the Property and Project in accordance with all applicable local building, plumbing and electrical codes, construction standards, environmental regulations, neighborhood preservation ordinances, zoning ordinances, and other ordinances.
  
- C. If Lessee fails to maintain, clean, repair, replace, rebuild or repaint the Project within a period of thirty (30) days after written notice from the City to do any work required to be done by Lessee, the City may terminate this Lease or, at its option, enter the Property, without such entering causing or constituting a termination of this Lease or any interference with the possession of the Property, and repair, replace, rebuild or paint any part of the Property or the improvements thereon, and do all things reasonably necessary to accomplish the work required, and all costs thereof shall be payable to the City by Lessee on demand; provided that if in the opinion of the City, Lessee’s failure to perform any such maintenance endangers the safety of the public, the employees, the tenants or property of the City, and the City so states in its notice to Lessee, the City may, in its sole discretion, elect to perform such maintenance at any time after the giving

of such notice, and Lessee shall pay to the City all costs of such work on demand. If the City, its officers, employees or agents undertake any work hereunder, Lessee hereby waives any claim for damages, consequential or otherwise, resulting there from. The foregoing shall in no way affect or alter the primary obligations of the Lessee as set forth in this Lease and shall not impose upon the City any obligations to be stated otherwise herein.

8. ADDITIONAL OBLIGATIONS OF LESSEE.

- A. Except as expressly set forth herein, City will not make any expenditure in connection with the Property or the Project, and all costs, expenses and obligations of every kind relating to the Property and the Project, which may arise or come due during the Lease term will be paid by Lessee.
- B. Lessee agrees to pay during the Lease term, all real estate taxes and special assessments assessed with respect to the Property, Project, and improvements and all personal property taxes assessed with respect to Lessee's personal property.
- C. Lessee shall comply with all written instructions of the City in disposing of its trash and refuse and shall use a system of recycling and refuse disposal approved by the City.
- D. Lessee shall not commit nor permit to be done anything which may result in the commission of a nuisance, waste or injury on the Property.
- E. Lessee shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Property.
- F. Lessee shall not do, nor permit to be done, any act or thing upon the Property which may constitute a hazardous condition so as to increase the risks attendant upon the operations permitted by this Lease.
- G. Land Use Restriction Agreement. The Property or Project shall not be used for short-term rentals (rental terms of less than thirty (30) days) or conversion to a condominium or otherwise divide the Property during the term of this Lease. Lessee shall cause to be recorded, a deed restriction, limiting the rental of Property units in substantially the form provided in **Exhibit "D"** Land Use Restriction Agreement ("LURA") which will be effective only during the term of this Lease. Upon the expiration of the Affordability Period (as defined in the LURA) and for the remainder of the Lease Term, the parties agree that the Project will continue to be affordable housing units with income restrictions to serve households earning at or below 60% of Yavapai County Area Median Income.
- H. Tenant Selection. Prior to leasing any unit at the Property, Lessee will adopt written tenant selection policies and criteria ("Tenant Selection Policies") consistent with applicable

federal laws and regulations, and approved in writing by the City, that are consistent with the purpose of providing affordable housing for low income families and provide for (1) the selection of tenants from written waiting lists in the chronological order of their application, insofar as is practicable, and (2) the prompt written notification to any rejected applicant of the grounds of any rejection.

I. Annual Audit Report and Review of Rents. Lessee shall provide a copy of an annual audit to the City for the previous twelve (12) months of operation of the Project. Additionally, the Lessee shall provide an annual occupancy report to the City providing income amounts of tenant occupied units, unit rent, employer, unit type and AMI bracket of each tenant. The Lessee shall provide to the City a copy of all required audits by HUD or LIHTC funding within ten (10) days of receiving such audit(s). The books and records of the Lessee shall be made available to the City within fourteen (14) days after written request to the Lessee. Lessee will re-examine family income, composition, and rents for the units annually and new rents proposed by Lessee for units must be approved in writing by the City before taking effect.

J. Lessee Representations. Lessee represents and warrants that:

1. Lessee has the full right, power and authority to enter into and perform this Lease and each of the obligations and undertakings of Lessee under this Lease, and the execution, delivery and performance of this Lease by Lessee has been duly authorized and agreed to in compliance with the Lessee's organizational documents.
2. As of the date of this Lease, Lessee knows of no litigation, proceeding or investigation pending or threatened against or affecting Lessee contesting the validity or enforceability of this Lease or Lessee's performance under this Lease.
3. The execution, delivery and performance of this Lease by Lessee is not prohibited by, and does not conflict with, Lessee's organizational documents or any other agreements, instruments, judgments or decrees to which Lessee is a party or to which Lessee is otherwise subject.
4. Lessee has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Lease, other than normal costs of conducting business and costs of professional services such as architects, consultants, engineers and attorneys and any licensed appraiser retained by the Lessee. Lessee has been assisted by counsel of its own choosing in connection with the preparation and execution of this Lease.

9. CITY LOAN.

A. City of Sedona Loan. Subject to the terms and conditions of this Lease and as set forth in the loan documents, the City shall provide the Lessee with a loan in an amount not to exceed TWO MILLION TWO HUNDRED AND FIFTY THOUSAND (\$2,250,000.00) ("City Loan") which Lessee shall use toward the development and construction of the Project and the Budget attached hereto as **Exhibit H** "Budget" provided, further, that Lessee must complete each milestone of the Project by no later

than required in the schedule of performance (see **Exhibit G**, “Schedule of Performance”), and Lessee must deliver each phase of the Project having no less than the attributes required by **Exhibit B** “Project Description”. The City Loan shall be evidenced by the City of Sedona Affordable Housing Loan Secured Promissory Note (“Promissory Note”) and secured by the City of Sedona Affordable Housing Loan Deed of Trust and Assignment of Rents (“Deed of Trust”) both executed by the Lessee of even date herewith, substantially in the forms attached hereto as **Exhibit E** “Loan Documents” and incorporated herein by this reference. The term of the City Loan shall be thirty (30) years. Prior to disbursement of any of the City Loan, Property Owner will execute the Deed of Trust, Promissory Note and LURA.

- B. City Loan Repayment Terms. Lessee hereby unconditionally acknowledges and promises to repay the City Loan as follows: Lessee shall pay to City three hundred sixty (360) consecutive monthly, payable on the 1<sup>st</sup> day of each month, equal principal installments and interest payments (“Loan Payments”), commencing on the expiration of the Construction Term and upon the beginning of original term of this Lease. The City Loan will bear interest at 5.30% (the current long-term Applicable Federal Rate (“AFR”)) beginning to accrue at the time of disbursement.
- C. City Loan Maturity Date. The entire unpaid principal balance and all accrued or deferred interest is due and payable three hundred seventy-eight (378) months (30.5 years) after the Effective Date of this Lease or 30 years after the commencement of the original term of this Lease, whichever occurs first (“Maturity Date”), at which time Lessee shall pay City the entire outstanding principal amount and interest payments of the City Loan.
- D. Deferment. Notwithstanding any other subsection herein, for as long as Lessee is in compliance with all terms and conditions of this Lease, including the Loan Documents, Lessee shall not be required to pay the Loan Payments prior to the Maturity Date, and the Holder shall not be entitled to receive payment on the Promissory Note prior to the Maturity Date, except to the extent Surplus Cash (as defined herein) is available and paid annually as provided herein. Upon the occurrence of any default under the terms of this Lease, or the Loan Documents, after the applicable notice and cure period, the outstanding balance of all previous Loan Payments become immediately due and payable, and the City shall be allowed to exercise any all remedies at law or equity in addition to the other remedies provided hereby.
- E. Surplus Cash Allocation. Prior to the Maturity Date, Lessee must use fifty percent (50%) of its Surplus Cash (as defined herein) to the extent available to make Loan Payments when such payments are due, to make Loan Payments that were not paid when due, and to pay all other amounts due to the City. Any portion of the Loan Payments not paid in accordance with Sections 9.A and 9.B shall be due and payable on the Maturity Date. However, nothing in this Section 9 shall prevent Lessee from making prepayments under the Note.
- F. Annual Project Cash Flow Analysis Report. Not less than thirty (30) days before the first Loan Payment is due and annually thereafter (the “Annual Cash Flow Payment Date”), Lessee shall prepare and deliver to City a cash flow analysis report (“Annual Project Cash Flow Analysis Report”), showing Lessee’s computation of Surplus Cash, as well as the sources and uses of all Project funds. The Annual Project Cash Flow Analysis Report, and the amount of the Surplus Cash deemed to be available for payment of the City Loan, shall be for the preceding calendar year (the preceding year



beginning in January and ending in December). The Annual Project Cash Flow Analysis Report shall be certified as correct by Lessee. Surplus Cash shall be calculated based on Lessee’s audited financial statements for the twelve-month period ending on the last day of December for the preceding calendar year.

G. Surplus Cash Definition. “Surplus Cash” means, for the 12-month period ending on the 31st day of December preceding the date on which each Annual Cash Flow Payment Date, the sum of gross rent revenues (less rental taxes and tenant security deposits) and other income received by Lessee from the operation of the Project, less:

1. annual accrued debt service for the permitted encumbrances described in Exhibit F, and
2. actual operating expenses (including but not limited to utilities, supplies, repair and maintenance costs, property taxes, property management fees, insurance escrows and reserves, supportive services cost, and amounts deposited in any replacement reserve account), and
3. payment of asset management fees and operating deficit loans.

H. Disbursement of City Loan. Provided Lessee is otherwise in full compliance with the terms and conditions of this Lease, Lessee will be entitled to request disbursements from the City Loan at specified construction milestones based on the following disbursement schedule:

<b>Construction Milestone</b>	<b>Disbursement Amount</b>
60% total construction completion	1/2 Loan Balance minus retention
90% total construction completion	1/2 Loan Balance minus retention
100% total construction completion	Closeout Disbursement

Construction completion will be determined by comparing the work completed to the total work needed to complete the Project. Disbursement will be for the cost items (each a “Cost Item”) reflected in the Budget; and the City will be obligated to disburse the Loan amounts in a timely manner upon delivery to the City in form and substance acceptable to the City, in accordance with the following terms and conditions:

1. Satisfactory supporting invoices, payment receipts, lien waivers, building permits, and such certifications by Lessee evidencing the reasonableness and appropriateness of the costs of the Project as may be requested by the City (collectively, the “Supporting Documents”).
2. Satisfactory evidence that the applicable lien periods have expired or, in lieu thereof, Lessee has received lien waivers or releases from all contractors, subcontractors, laborers and materialmen, and any materialmen’s or mechanic’s liens that may have been recorded have either been paid in full or Lessee has posted an appropriate surety bond to discharge the same.
3. The City may inspect the work completed that is the subject of a Request for Disbursement, or cause an inspection of the work completed to be conducted by a qualified architect or engineer of the City’s selection, to verify the statements contained in the Request for Disbursement and Supporting

Documents. After receipt of the required documents and completion of any inspection by or caused by the City, the City will compute the difference between the percentage of completion for each Cost Item approved by the City at the time of the current Request for Disbursement and the percentage of completion for each Cost Item approved by the City at the time of the immediately preceding approved Request for Disbursement, and will disburse an amount equal to 90% of the product of the percentage difference for each Cost Item and the total projected cost for each such Cost Item.

4. The remaining 10% of the City Loan will be disbursed upon delivery by Lessee of each of the following to the City:
  - i. written request with Supporting Documents,
  - ii. written certificate and warranty, in form and substance satisfactory to City, signed by Lessee, certifying the Project has been “substantially completed” in accordance with the Scope of Development and Plans. For purposes of this Agreement, “substantially completed” means the development required by the Scope of Development and the Plans is so substantially complete that it satisfies the City’s minimum property standards as defined in the Land Development Code, all applicable building, plumbing and electrical codes, construction standards, environmental regulations and zoning ordinances, and all other requirements of the City and any other governmental authorities have been satisfied, including all inspections required by those authorities, and is ready to be occupied by tenants in accordance with this Agreement, all as determined by the City.
5. If at any time it appears to the City the undisbursed portion of the City Loan and other sources of funds for construction are insufficient to pay for the completion of the Project, the City will not be required to make further disbursements unless and until within five (5) business days of delivery of notice from the City to Lessee of such deficit Lessee deposits with the City, in cash or instruments satisfactory to the City, the amount the City deems necessary to cure the deficit.

10. CONSTRUCTION CONTRACT REQUIREMENTS & PLANS.

- A. Construction Contract. All construction contracts entered into by Lessee for the Project (each a “Construction Contract”) will comply with applicable state law requirements, and will require the Project be commenced, executed and completed within the time limits set forth in the Schedule of Performance. Lessee will provide the City with copies of each Construction Contract, any amendments or substitutes approved by the City, and any and all other contracts executed pursuant to this Lease.
- B. Construction Quality. Lessee will cause all work on the Project to be performed and installed with labor and materials of at least the quality normally used by builders of good reputation in similar projects in the Yavapai and Coconino County Arizona areas, and in a good and workmanlike manner, in substantial accordance with the Plans (except for deviations approved in writing by all appropriate governmental authorities and by the City).
- C. Contractors. Each Construction Contract will require the general contractor (“General Contractor”) or the Lessee to obtain adequate builder’s all-risk, fire, and general liability insurance coverage, from an insurance company and in amounts satisfactory to Lessee and the City, to ensure the completion of the Project and to prevent the Parties from incurring

any liability for claims arising from the construction or development of the Project pursuant to this Lease. Said insurance will be in addition to, and will not take the place of, the coverage and indemnification pursuant to Section 17. Lessee will obtain and furnish the City with verification that insurance has been obtained by the General Contractor prior to the commencement of construction of the Project. Each such Construction Contract shall require the General Contractor to furnish a bond or bonds covering the Contractor's faithful performance and completion and the payment of all obligations arising thereunder in such form as may be approved by the City and with such insurance company or other surety as City may approve, which approval will not be unreasonably withheld.

- D. Plans. Lessee will provide the City with a copy of detailed plans and specifications for the Project and any amendments thereto ("Plans") and a survey acceptable to the City which will include a site plan and a legal description consistent and improvement measurements, location of adjoining streets (or the distance to the nearest intersecting streets), and location and elevation of the 100-year floodplain (when applicable).
- E. Ownership of Construction Documents. During the Construction Term, upon an event of default, or any expiration or termination of this Lease, Lessee shall promptly assign to and provide the City with all Plans, Project architectural drawings with good license to use such drawings, Project building plans, site plans, permits, and all other documents reasonably related to the construction of the Project.
- F. Procurement Compliance Evidence. Lessee will provide the City, upon request, with evidence satisfactory to the City that it complies with all applicable federal, state including A.R.S. Title 34, and local, procurement laws.

11. RIGHT OF FIRST REFUSAL; OPTION; ASSIGNMENT AND SUBLETTING.

- A. The Lessee shall grant to City (or its designee) a right of first refusal to acquire the Project at the end of the 15-year tax credit compliance period for the "minimum purchase price" as defined in Section 42 of the Code. At the end of the thirtieth (30<sup>th</sup>) lease year, Lessee shall grant to City an option to purchase the Project at a price of One Hundred Dollars (\$ 100.00). The exercise of the City's option to purchase shall cause this Lease to terminate.
- B. The Parties agree Lessee is uniquely qualified to perform the obligations imposed by this Lease and therefore, this Lessee may not assign this Lease without the prior written consent of the City. Lessee shall not assign or sublease any of its interest under this Lease, nor permit any other person to occupy the Property without the prior written consent of the City.
- C. To obtain City's consent, Lessee shall provide the City for its evaluation with written notice at least thirty (30) days prior to the proposed assignment of: the potential assignee's biographical and financial information, including but not limited to: two (2) year profit and loss statement, assignee's credit history, and a history devoid of any illegal or litigious activities, the proposed effective date of the assignment, a description of the portion of the premises to be assigned, all of the material terms of the proposed assignment and the consideration therefor, and any other information reasonably required by the City in order to evaluate the proposed transfer. Any assignment or transfer made without the City's prior written consent shall, at the City's option, be void.
- D. City has the absolute right for any reason or for no reason in its sole discretion to give or

withhold consent to any assignment or to impose any conditions upon any assignment, except as expressly provided in this Lease.

- E. This Lease shall control any conflict between this Lease and the terms of any assignment.

12. FUNDING SOURCES.

- A. Lessee will construct the Project with the proceeds of various funding sources, including some or all of the following:
  - 1. an equity investment with respect to approximately \$1,782,244 of low-income housing tax credit equity (“LIHTC Equity”) by Raymond James Affordable Housing Investments, its successors and assigns, or its affiliate (“Investor”);
  - 2. a construction loan in the approximate original principal amount of \$7,300,000 to Lessee by Red Stone [Additional Information Required \_\_\_\_\_, (“Construction Loan” or “Approved Loan”);
  - 3. a loan from the Arizona Department of Housing (State Housing Trust Funds), in the amount of \$5,000,000 (“ADOH Loan”);
  - 4. General Partner and Special Limited Partner Equity Contribution in the amount of \$100.00 each;
  - 5. Deferred Developer Fee Note from the Developers in the amount of \$121,128.00; and
  - 6. The City Loan as described in Section 9.
- B. Lessee may only mortgage, encumber or assign any portion of its right, title and interest in the leasehold estate created by this Lease to those parties and for those purposes as set forth in Exhibit “F” (“Permitted Encumbrance”), incorporated herein by this reference. Any such Permitted Encumbrance shall be subject to all of Lessee’s obligations under this Lease. Except for a Permitted Encumbrance, no person or entity shall have the right to place any mortgages, deeds of trusts, liens or encumbrances of any nature on the Property, nor shall any permitted assignment result in a subordination, in whole or in part, of the City’s rights under this Lease. After the initial closing, City has the absolute right for any reason or for no reason in its sole discretion to give or withhold approval of any additional Permitted Encumbrance, mortgage, deeds of trusts, liens, or debt of any nature on the Property.

13. SIGNS.

Lessee may install on the Property, subject to the City’s sign ordinance, signs identifying its business. The number, general type, size, and location of signs must be approved in writing by the City prior to installation.

14. DEFAULT; TERMINATION BY CITY.

- A. The City may terminate this Lease by giving Lessee thirty (30) days written notice after the happening of any of the following events:

1. The failure of Lessee to perform any of its obligations under this Lease, provided that Lessee fails to cure its default within said 30-day notice period, including failing to construct the Project within the Construction Term or failure to follow the Schedule of Performance;
2. Lessee's failure to make available for rental all units at the Property solely for the purpose of providing affordable housing to families whose annual income does not exceed 60% of the AMI.
3. Lessee's failure to make any payment of principal or interest required under the Note when due, and such failure continues for a period of ten (10) days after receipt of written notice of such failure.
4. The breach of any material representation or warranty set forth in this Agreement or any other Loan Document, or the existence of any material misrepresentation of fact by Lessee in any document submitted to the City in support of the Loan or in connection with any of the Loan Documents and remain uncured for thirty (30) days after written notice.
5. Lessee's failure to obtain and maintain the insurance required under this Agreement and the other Loan Documents, and such failure continues for a period of ten (10) days after written notice.
6. The taking of possession for a period of ten (10) days or more of substantially all of the personal property used on the Property belonging to Lessee by or pursuant to lawful authority of any legislative act, resolution, rule, order or decree or any act, resolution, rule, order or decree of any court or governmental board, agency, officer, receiver, trustee or liquidator;
7. Lessee's failure to maintain good and marketable leasehold title to the Property free and clear of all liens, charges, claims, encumbrances, and other matters (other than statutory encumbrances for work being performed on the Property, and for which the Borrower has posted payment and performance bonds), except for the Permitted Encumbrances.

B. The City may place Lessee in default of this Lease by giving Lessee thirty (30) days written notice of Lessee's failure to timely pay the rent provided for in this Lease or any other charges required to be paid by Lessee pursuant to this Lease. During said 30-day notice period, Lessee shall cure said default; otherwise, the City may elect to terminate this Lease or do any of the following:

1. Institute action(s) to enforce this Lease;
2. Take possession of the Property, together with improvements, fixtures, and equipment therein contained without terminating this Lease, and on behalf of Lessee relet the same or any part thereof for a term, shorter, longer, or equal to the then unexpired remainder of the Lease term. The City may at any time after taking possession terminate this Lease by giving notice to Lessee and sue for damages;

3. Terminate this Lease, without further notice to Lessee, re-enter the Property and recover damages, including but not limited to, all costs of repossession and reletting and brokerage commissions for services performed by or for the City;
  4. Exercise the "Remedies of Landlord" as set forth in Arizona Revised Statutes, Title 33;
  5. Exercise any other remedy allowed by law or equity.
- C. If Lessee at any time fails to maintain all insurance coverage required by this Lease, the City shall have the right, upon written notice to Lessee, to immediately terminate this Lease or to secure the required insurance at Lessee's expense.
  - D. Upon the termination of this Lease for any reason, all rights of Lessee shall terminate, including all rights of Lessee's creditors, trustees, and assigns, and all others similarly situated as to the Property.
  - E. Lessee acknowledges Lessee's unconditional obligation to comply with this Lease. No failure by City to demand any performance required of Lessee under this Lease, and no acceptance by City of any imperfect or partial performance under this Lease, shall excuse such performance or impair in any way City's ability to insist, prospectively and retroactively, full compliance with this Lease. Failure by the City to take any authorized action upon default by Lessee of any of its obligations hereunder shall not constitute a waiver of said default nor of any subsequent default by Lessee. Acceptance of rent and other fees by the City under the terms hereof for any period after a default by Lessee of any of its obligations shall not be deemed a waiver or estoppel of the City's right to terminate this Lease for any subsequent failure by Lessee to comply with its obligations. Lessee expressly disclaims and shall not have the right to rely on any supposed waiver or other change or modification, whether by word, or conduct or otherwise, not conforming to this paragraph.
  - F. At any time prior to the initial disbursement of City Loan proceeds, this Lease and any undisbursed portion of the Loan may be terminated for convenience by the City or Lessee, in whole or part.

15. TERMINATION BY LESSEE.

Lessee may terminate this Lease at any time that it is not in default in its obligations by giving the City thirty (30) days' written notice after the happening of any of the following events:

- A. Issuance by a court of competent jurisdiction of an injunction in any way preventing or restraining Lessee's use of any substantial portion of the Property and the remaining in force of such injunction for a period of thirty (30) consecutive days.
- B. The inability of Lessee to use any substantial portion of the Property for a period of

thirty (30) consecutive days, due to the enactment or enforcement of any law or regulation or because of fire, earthquake or similar casualty, or Acts of God or the public enemy.

- C. The lawful assumption by the United States Government of the operation, control, or use of the Property or any substantial part of it for military purposes in time of war or national emergency.

16. INDEMNIFICATION.

Lessee shall defend, indemnify and hold harmless the City and its elected or appointed officials, agents, boards, commissions and employees (hereinafter referred to collectively as the "City" in this Section) from all loss, damages or claims of whatever nature, including attorney's fees, expert witness fees and costs of litigation, which arise out of any act or omission of Lessee or its agents, employees and invitees (hereinafter referred to collectively as "Lessee" in this Section) in connection with Lessee's operations at the Property and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or arising out of the failure of Lessee to comply with any provisions of this Lease. The City shall in all instances, except for loss, damages or claims resulting from the sole negligence of the City, be indemnified by Lessee against all such loss, damages or claims, regardless of whether the loss, damages or claims are caused in part by the negligence, gross negligence or fault of the City. The City shall give Lessee prompt notice of any claim made or suit instituted which may subject Lessee to liability under this Section, and Lessee shall have the right to compromise and defend the same to the extent of its own interest. The City shall have the right, but not the duty, to participate in the defense of any claim or litigation with attorneys of the City's selection without relieving Lessee of any obligations hereunder. Lessee's obligations hereunder shall survive any termination or expiration of this Lease or Lessee's activities at the Property.

17. INSURANCE.

Lessee shall procure and at all times maintain, at its own cost, the types and amounts of insurance required for the full replacement cost of the Project at the limits required in **Exhibit C**. The City shall be named as an additional insured as required in **Exhibit C**. Insurance policies shall contain a provision that written notice of cancellation thereof shall be given to the City not less than thirty (30) days before such cancellation takes effect. Lessee shall deliver an appropriate certificate of insurance for each policy to the City in a form and from a company acceptable to the City. The City reserves the right to modify insurance requirements at any time. In case any improvements are fifty percent (50%) or more destroyed, then Lessee and City shall agree as to whether or not the building shall be repaired or reconstructed. Should it be agreed not to repair or reconstruct such building the insurance proceeds shall be divided proportionately as follows:

- A. Lessee's share = Time remaining from date of loss to end of Lease term.
- B. City's share = Time elapsed from Effective Date of Lease to date of Loss.

18. QUIET ENJOYMENT.

So long as Lessee shall timely pay the rent required under this Lease and perform all of its other obligations under this Lease and the Loan Documents, Lessee shall peaceably have and enjoy the exclusive use of the Property.

19. SURRENDER OF POSSESSION; REVERSION.

Upon the expiration or termination of this Lease, Lessee’s right to occupy the Property and exercise the privileges and rights herein granted shall cease, and it shall surrender the same and leave the Property in good condition, normal wear and tear excepted. All improvements, including the Project, and modifications made by Lessee to the Property shall become the property of the City, at no cost to the City, upon the expiration or termination of this Lease, free of any security interest or claims of any kind from or through Lessee; provided that if Lessee is not in default of any of its obligations under this Lease and can remove any of its trade fixtures or personal property at its own expense without materially damaging the Property, Lessee may remove such fixtures at the termination or expiration of this Lease. None of the improvements hereafter placed on the Property shall be removed there from at any time without City’s written consent.

20. NOTICE.

All notices required or permitted to be given under this Lease may be personally delivered or mailed by certified mail, return receipt requested, postage prepaid, to the following addresses:

TO THE CITY:                      City of Sedona  
                                                 City Manager  
                                                 102 Roadrunner Road  
                                                 Sedona, Arizona 86336

TO LESSEE:                        TBD  
  
                                                 \_\_\_\_\_  
                                                 \_\_\_\_\_  
                                                 Tel:  
                                                 Email:

Any notice given by certified mail shall be deemed to be received on the next business day after the date of mailing. Either Party may designate in writing a different address for notice purposes pursuant to this Section.

21. NO BOYCOTT OF ISRAEL OR USE OF FORCED LABOR OF ETHNIC UYGHURS IN PEOPLES REPUBLIC OF CHINA.

As applicable, Lessee certifies and agrees that it is not currently engaged in and for the duration of the Lease will not engage in a boycott of Israel, as that term is defined in A.R.S. §35-393 and will not use forced labor or goods or services produced by forced labor of ethnic Uyghurs in the People’s Republic of China (PRC) or any contractors, subcontractors or suppliers that use forced labor or goods or services produced by forced labor of ethnic Uyghurs in the PRC as provided by A.R.S. §35-394.

22. STATUTORY CANCELLATION RIGHT.

This Lease is subject to cancellation for conflicts of interest under the provisions of A.R.S. §38-511.



23. SEVERABILITY.

Should any provision of this Lease be declared invalid by a court of competent jurisdiction, the remaining terms shall remain effective, provided that elimination of the invalid provision does not materially prejudice either Party with regard to its respective rights and obligations.

24. TAXES AND LICENSES.

- A. Lessee shall pay any leasehold tax, possessory interest tax, sales tax, personal property tax, transaction privilege tax or other exaction assessed or assessable as a result of its occupancy of the Property or conduct of business at the Property under authority of this Lease, including any such tax assessable on the City. In the event that laws or judicial decisions result in the imposition of a real property tax on the interest of the City, such tax shall also be paid by Lessee for the period this Lease is in effect.
  
- B. Lessee acknowledges that any failure by Lessee to pay all taxes due, including under A.R.S., Title 42, Chapter 13, as applicable, after notice and an opportunity to cure shall constitute a default that could result in divesting Lessee of any interest in or right to occupancy of the Property.
  
- C. Lessee shall, at its own cost, obtain and maintain in full force and effect during the term of this lease all licenses and permits required for the operations authorized by this Lease.

25. LITIGATION

This Lease shall be governed by the laws of the State of Arizona. THE PARTIES HERETO EXPRESSLY COVENANT AND AGREE THAT IN THE EVENT OF LITIGATION ARISING FROM THIS LEASE, NEITHER PARTY SHALL BE ENTITLED TO AN AWARD OF ATTORNEY FEES, EITHER PURSUANT TO CONTRACT, PURSUANT TO A.R.S. §12-341.01 (A) AND (B), OR PURSUANT TO ANY OTHER STATE OR FEDERAL STATUTE, COURT RULE, CASE LAW, OR COMMON LAW. Both Parties hereby waive any right to a jury trial which they may otherwise have in the event of litigation arising under this Lease and consent to a trial to the court.

26. RULES AND REGULATIONS.

Lessee shall at all times comply with all federal, state and local laws, ordinances, rules, rulings, and regulations which are applicable to its operations, the Property (including the Americans with Disabilities Act), or the operation, management, maintenance or administration of the Project, including all laws, ordinances, rules and regulations adopted after the effective date of this Lease. Lessee shall display to the City, upon request, any permits, licenses, or other evidence of compliance with such laws. All rules and regulations, as currently existing or as may be amended or adopted, are hereby incorporated in this Lease. Should a court of competent jurisdiction, the Arizona Attorney General's Office, or any administrative agency with oversight authority determine that any part of this Lease is contrary to established Federal, State and City laws applicable to the respective responsibilities

of the Parties as described herein, this Lease, and any part thereto that is in conflict with said laws, shall be modified upon mutual agreement of the Parties in order to bring the Lease into full legal compliance.

27. RIGHT OF ENTRY RESERVED.

- A. The City shall have the right at all reasonable times and upon reasonable notice to enter upon the Property for any lawful purpose, provided such action does not unreasonably interfere with Lessee's use, occupancy or security of the Property.
- B. If any personal property of Lessee shall obstruct the access of the City or any utility company furnishing utility service to any of the existing utility, mechanical, electrical and other systems, and thus shall interfere with the inspection, maintenance or repair of any such system, Lessee shall move such property, as directed by the City or utility company, in order that access may be had to the system for inspection, maintenance or repair. If Lessee fails to move such property after direction from the City or utility company to do so, the City or the utility company may move it, and Lessee shall pay the cost of such moving upon demand, and Lessee hereby waives any claim for damages as a result therefrom, except for claims for damages arising from the City's sole negligence.
- C. Exercise of any or all of the foregoing rights by the City or others pursuant to the City's rights shall not constitute an eviction of Lessee, nor be made the grounds for any abatement of rent or any claim for damages.

28. SURVIVAL OF LESSEE'S OBLIGATIONS.

If this Lease is terminated by the City in accordance with the provisions herein or if the City reenters or resumes possession of the Property as provided herein, all of Lessee's obligations under this Lease shall survive such termination, re-entry or resumption of possession and shall remain in full force and effect for the full term of this Lease, and the amounts of damages or deficiencies shall become due and payable to the City to the same extent, at the same times, and in the same manner as if no termination, re-entry or resumption of possession had taken place. The City may, at its option and at any time, sue to recover the full deficiency for the entire unexpired term of this Lease. The amount of damages for the period of time subsequent to termination (or re-entry or resumption of possession) shall include all expenses incurred by the City in connection with regaining possession, restoring the Property, acquiring a new lease for the Property, putting the Property in order, maintenance and brokerage fees.

29. REMEDIES TO BE NONEXCLUSIVE.

All remedies provided in this Lease shall be deemed cumulative and additional, not in lieu of or exclusive of, each other, or of any other remedy available to the City or Lessee at law or in equity, and the exercise of any remedy, or the existence herein of other remedies, shall not prevent the exercise of any other remedy.

30. NONLIABILITY OF CITY OFFICIALS AND EMPLOYEES.

No member, official, representative or employee of City shall be personally liable to any Party, or to any successor in interest to any Party, in the event of any default or breach by City or for any amount

which may become due to any Party or successor, or with respect to any obligation of City or otherwise under the terms of this Lease or related to this Lease.

31. TIME IS OF THE ESSENCE.

Time is of the essence with regard to the performance of all of the Parties' obligations under this Lease.

32. MISCELLANEOUS.

- A. This Lease constitutes the entire agreement between the Parties concerning the matters contained herein and supersedes all prior negotiations, understandings and agreements between the parties concerning such matters.
- B. This Lease shall be interpreted, applied and enforced according to the fair meaning of its terms and shall not be construed strictly in favor of or against either Party, regardless of which Party may have drafted any of its provisions. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought to be enforced. The terms of this Lease shall be binding upon and inure to the benefit of the Parties' successors and assigns.
- C. Nothing contained in this Lease shall create any partnership, joint venture or other agreement between the Parties hereto. Except as expressly provided in this Lease, no term or provision of this Lease is intended or shall be for the benefit of any person or entity not a Party to this Lease, and no such other person or entity shall have any right or cause of action under this Lease.
- D. The City did not acquire the Property from Lessee or any personal or entity affiliated Lessee.

33. EXHIBITS.

The following exhibits, with reference to the term in which they are first referenced, are incorporated by this reference:

Exhibit A	Property Legal Description
Exhibit B	Project Description
Exhibit C	Insurance Requirements
Exhibit D	LURA
Exhibit E	Loan Documents (Promissory Note, Deed of Trust)
Exhibit F	Permitted Encumbrances
Exhibit G	Schedule of Performance
Exhibit H	Budget

EXECUTED to be effective on the date specified above.



**EXHIBIT A**

40 Culture Park Place; the PROPERTY  
(see attached legal description)

**EXHIBIT B**  
Project Description  
(see attached)

**EXHIBIT C**  
(Insurance Requirements)

1. **INSURANCE** Lessee shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Lessee, its agents, representatives, employees or contractors.

**A. MINIMUM SCOPE AND LIMIT OF INSURANCE**

Coverage shall be at least as broad as:

- i. **Commercial General Liability (CGL):** Insurance covering CGL on an “occurrence” basis, including products-completed operations, personal & advertising injury, with limits no less than **\$2,000,000** per occurrence, **\$5,000,000** aggregate. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- ii. **Premises Liability:** Insurance covering premises liability on the Property, with limit no less than **\$2,000,000** per accident for bodily injury and property damage.
- iii. **Workers’ Compensation:** as required by the State of Arizona, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
- iv. **Property Insurance:** Lessee shall obtain and keep in force during the Term of this Lease a policy or policies of commercial property insurance written on ISO form CP 00 10 10 12, or a substitute form providing coverage at least as broad, with all risk or special form coverage, covering the loss or damage to the Property and Project to the full insurable value of the improvements located on the Property (including the full value of the Project, all improvements and fixtures owned by Lessee) at least in the amount of the full replacement cost thereof, and in no event less than the total amount required by any lender holding a security interest.

If the Lessee maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Lessee.

- B. **Other Insurance Provisions.** The insurance policies are to contain, or be endorsed to contain, the following provisions:

- i. **Additional Insured Status.** The City, its officers, officials, employees, and volunteers are to be covered as additional insured’s on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations.
- ii. **Primary Coverage.** For any claims related to this contract, the Lessee’s insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its

officers, officials, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

- iii. **Notice of Cancellation.** Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City.
- iv. **Waiver of Subrogation.** Lessee hereby grants to City a waiver of any right to subrogation which any insurer of said Lessee may acquire against the City by virtue of the payment of any loss under such insurance. Lessee agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.
- v. **Acceptability of Insurers.** Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.
- vi. **Verification of Coverage.** Lessee shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received by City and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Lessee's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.
- vii. **Special Risks or Circumstances** City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.



**EXHIBIT D**  
LURA  
(see attached)

**EXHIBIT E**

Deed of Trust, Promissory Note  
(see attached)

**EXHIBIT F**  
Permitted Encumbrance  
(see attached)

**EXHIBIT G**  
Schedule of Performance

<u>Performance Item</u>	<u>Performance Date</u>
1. Execution of Agreement.....	<u>Month DD, 20XX</u>
2. Commence Construction Work on Project .....	<u>Month DD, 20XX</u>
3. 25% Construction Completion.....	<u>Month DD, 20XX</u>
4. 50% Construction Completion.....	<u>Month DD, 20XX</u>
5. 75% Construction Completion.....	<u>Month DD, 20XX</u>
6. Construction of Project Complete .....	<u>Month DD, 20XX</u>
7. First City Loan Payment Due (if applicable).....	<u>Month DD, 20XX</u>
8. First Project Cash Flow Analysis Report.....	<u>Month DD, 20XX</u>
9. First Annual Cash Flow Payment Due .....	<u>Month DD, 20XX</u>

**EXHIBIT H**  
Budget  
(see attached)

**RESOLUTION NO. 2024-\_\_**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING THE DEVELOPMENT AGREEMENT WITH THE VILLAS ON SHELBY, LLC TO CONSTRUCT AFFORDABLE APARTMENTS AT 2250 SHELBY DRIVE.**

WHEREAS, the City of Sedona wishes to encourage development and maintenance of affordable housing in the City; and

WHEREAS, the Sedona City Council by Resolution No. 2012-21 dated October 23, 2012, designated a Housing Development Area that includes the 2250 Shelby Drive; and

WHEREAS, the City of Sedona desires to construct 30 affordable apartments on 2250 Shelby Drive pursuant to the Land Lease Agreement with The Villas on Shelby LLC.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA as follows:

Section 1. That it is deemed in the best interest of the City of Sedona and its citizens that the City enter into the Development Agreement with The Villas on Shelby, LLC.

Section 2. That the Mayor is authorized and directed to execute and deliver said agreement on behalf of the City of Sedona.

ADOPTED AND APPROVED by the Mayor and Council of the City of Sedona, Arizona, this 28<sup>th</sup> day of May, 2024.

\_\_\_\_\_  
Scott M. Jablow, Mayor

ATTEST:

\_\_\_\_\_  
JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Kurt W. Christianson, City Attorney



**CITY COUNCIL  
AGENDA BILL**

**AB 3049  
Date May 28, 2024  
Regular Business**

**Agenda Item:** 8c  
**Proposed Action & Subject:** Presentation/discussion/possible direction regarding update on the Short-Term Rental Monitoring Program.

<b>Department</b>	City Clerk
<b>Time to Present</b>	30 Minutes
<b>Total Time for Item</b>	60 Minutes
<b>Other Council Meetings</b>	November 22, 2022, July 12, 2022, February 8, 2021
<b>Exhibits</b>	A. Short-Term Rental Monitoring Program PPT

Finance Approval	Reviewed 5/20/24 RMS	
City Attorney Approval	Reviewed 5/20/24 KWC	<b>Expenditure Required</b>
		\$ N/A
City Manager's Recommendation	For discussion and direction ABS 5/20/24	<b>Amount Budgeted</b>
		\$
		Account No. (Description)

**SUMMARY STATEMENT**

**Background:**

On November 22, 2022, the City Council adopted an amendment to Short Term Rental Code 5.25, which allowed Sedona to implement short-term rental regulation as outlined in SB 1168 and prohibit the operation of any short-term rental without an annual permit issued by the City.

On January 6, 2023, property owners engaged in online advertising their property for short-term rental were notified that they would be required to obtain a short-term rental permit from the City no later than February 15, 2023, the official launch date for the amended ordinance. The vendor's software made a soft launch on January 20, 2023, to allow properties to apply for permits prior to the official start of the amended ordinance.

The short-term rental permit code requires owners to maintain a valid Transaction Privilege Tax License and pay an annual permit fee of \$200.00. The ordinance also lists several additional requirements for operating a short-term rental including Neighbor Notification for adjacent residential properties, sex offender screenings on the booking guest, supplying maintaining valid emergency contact information, a notice posted in each rental outlining prohibited activities in short-term rental, maintaining liability insurance in aggregate of at least \$500,000 of insurance, and displaying the short-term rental permit number on all online listings.

The first year of the permitting program was completed with 1101 permitted properties and 95.8% compliance with the permit requirement.

An update report on the status of the Short-Term Rental Monitoring Program is attached as Exhibit A:

**Climate Action Plan/Sustainability Consistent:**  Yes -  No -  Not Applicable

**Board/Commission Recommendation:**  Applicable -  Not Applicable

**Alternative(s):** None

## **MOTION**

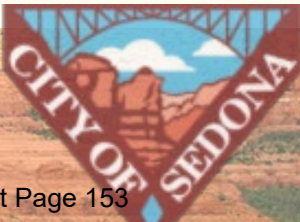
**I move to:** for presentation and direction only.



# City of Sedona Short Term Rental Monitoring Program Update

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Presentation to Council  
May 28, 2024



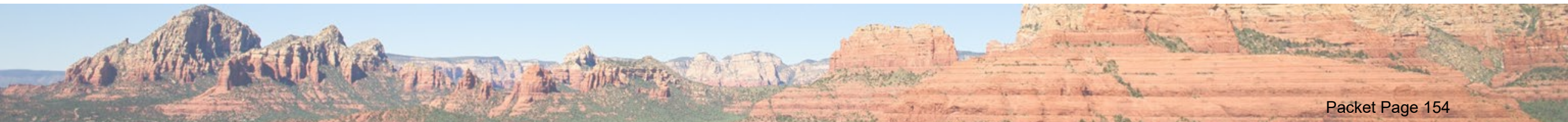
# The Short-Term Rental Program To-Date

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Sedona's permit program launched on January 20, 2023; active for 16 months.

- Currently at a compliance level of 97% with 1121 of the 1154 actively renting properties permitted as of March 30, 2024. As properties continue to change ownership with some frequency, the last 3% that would move the City to 100% compliance is an ongoing target to pursue.
- An enforcement process for permit non-compliance launched January 11, 2024. January – April 2024:
  - January: 11 properties cited for failure to obtain a permit: 7 moved to compliance, 4 adjudicated and fined \$595.00 each.
  - February: 4 properties cited for failure to comply on expired permits: 4 moved to compliance.
  - March: 71 properties notified of expired permits; 62 moved to compliance, 9 cited for failure to comply, 6 came into compliance after citation and 3 were adjudicated and fined \$595.00 each.

The Emergency contact list was published on city website in January 2024; updated on bimonthly basis.



# Addressing Enforcement Concerns

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Enforcement of permit compliance will continue. In 2025, owners will receive automated reminders 60 days prior to the permit expiration date. Citations will be issued when permits expire.

Addressing Neighbor Notification and sex offender screenings:

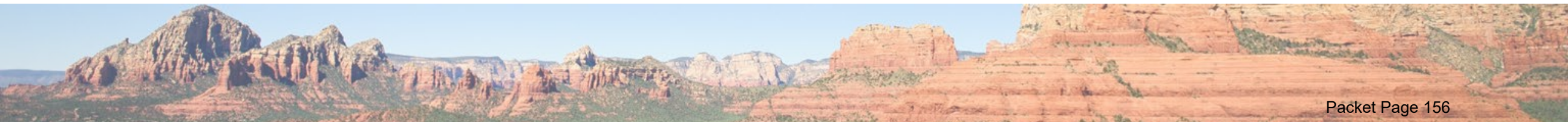
- An audit of ten permitted properties for neighbor notification and sex offender screening compliance will be conducted during the summer months. Emailed notice of the upcoming audit will be sent to all owners in June. Owners unable to provide sufficient evidence of compliance will receive citations.

# Continuing Program Development – In Progress

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Holding meetings with other cities to discuss their programs and compare practices

- The Short-Term Rental Specialist and Code Enforcement have met with Flagstaff, Prescott, Scottsdale, Chandler, Cottonwood and Lake Havasu City.
- At 97%, Sedona has the highest level of permit compliance of the cities spoken to. Currently, Scottsdale and Lake Havasu City are enforcing permit, noise, and party violations. They also pursue building and other code violations. Sedona's enforcement practices are consistent with those communities' practices.
- These meetings serve to create working relationships and gather participants for a quarterly or bi-annual short-term rental regulators meeting.



# Continuing Program Development – In Progress

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## Meetings with Property Managers

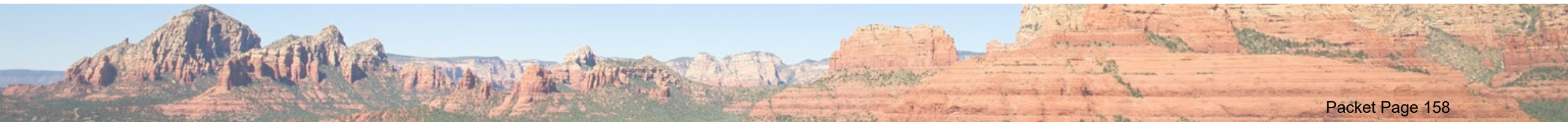
- Meetings with property managers were held in the month of May to distribute Good Neighbor Brochures, share updates and clarify understandings of city code and how the short-term rental program operates.
- All attending property managers confirmed their commitment to be responsive and proactive partners in managing complaints and promoting visitor education.
- The group requested a monthly meeting stay on top of issues and continue improving how we work together. Those meetings will begin in June.

# Program Framework

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**Arizona State Law.** State law defines the short-term rental-specific citations that can be counted as strikes towards revoking a permit:

- Noise and permit non-compliance citations that are adjudicated count as three strikes towards a permit revocation.
- Lack of neighbor notifications, lack of sex offender screenings, and building code citations that are adjudicated can count as three strikes towards a permit revocation.
- Hosting an event such as a wedding, reception, or party requires just a single strike if adjudicated, for permit revocation.
- Hosting a sex offender, prostitution, drug activity, etc., felonies committed by the owner or their designee, operating a retail space, group home or rehab home in a short-term rental require a single strike if adjudicated, for a revoked permit.



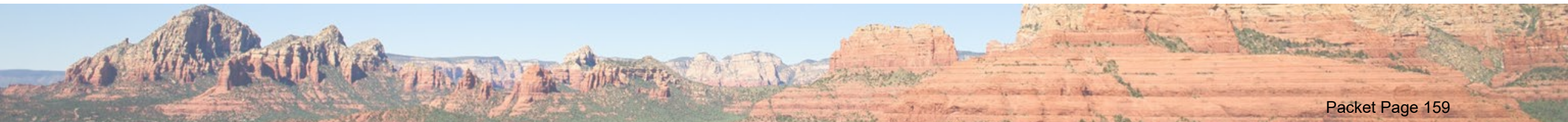
# Program Framework Continued

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Violations not counted as strikes towards revoking a permit:

- *Trash, lighting, weeds* or other aesthetic, solid waste disposal or parking code citations are not strikes unless a serious threat to public health and safety but can incur citations.

State law requires that except for the areas specifically outlined in state law, short-term rentals are to be regulated in the same manner as residential properties.



# Program Constraints

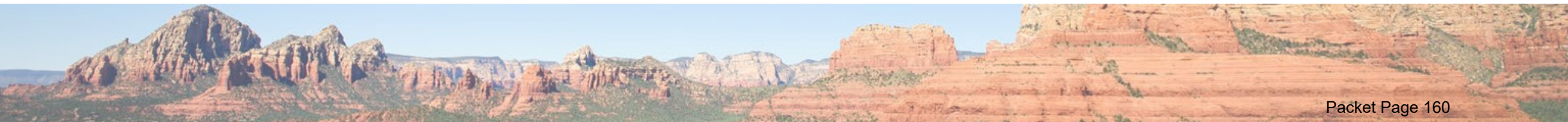
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Software: GovOS provides limited services:

- Maintaining the database and fee payment software.
- Collecting online short-term rental listings and matching them with property addresses.
- Staffing the 24/7 issues hotline and reporting complaints.
- Staffing a customer support line for owners with software issues.

GovOs software is not smart software. The City's contract with GovOS is configured for all Sedona data use to be self-service; all changes are made manually, one account at a time. Continual tasks include:

- Locate and resolve all data errors.
- Educate GovOS staff on how to work with our accounts to respond correctly to complaints and any account maintenance.
- Run all reports and filter for accuracy.
- Manage all US mail and email notices: set up letters, identify recipients in software and execute delivery.
- Manage ongoing data updates for changes in ownership or rental status.



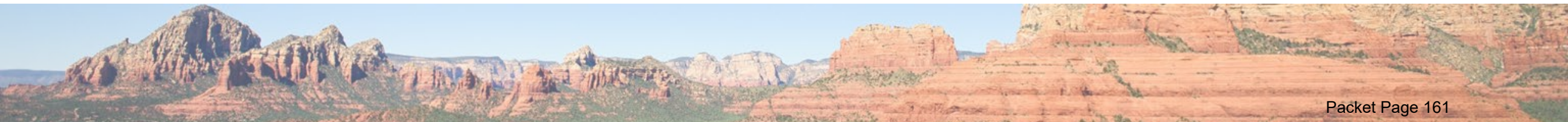


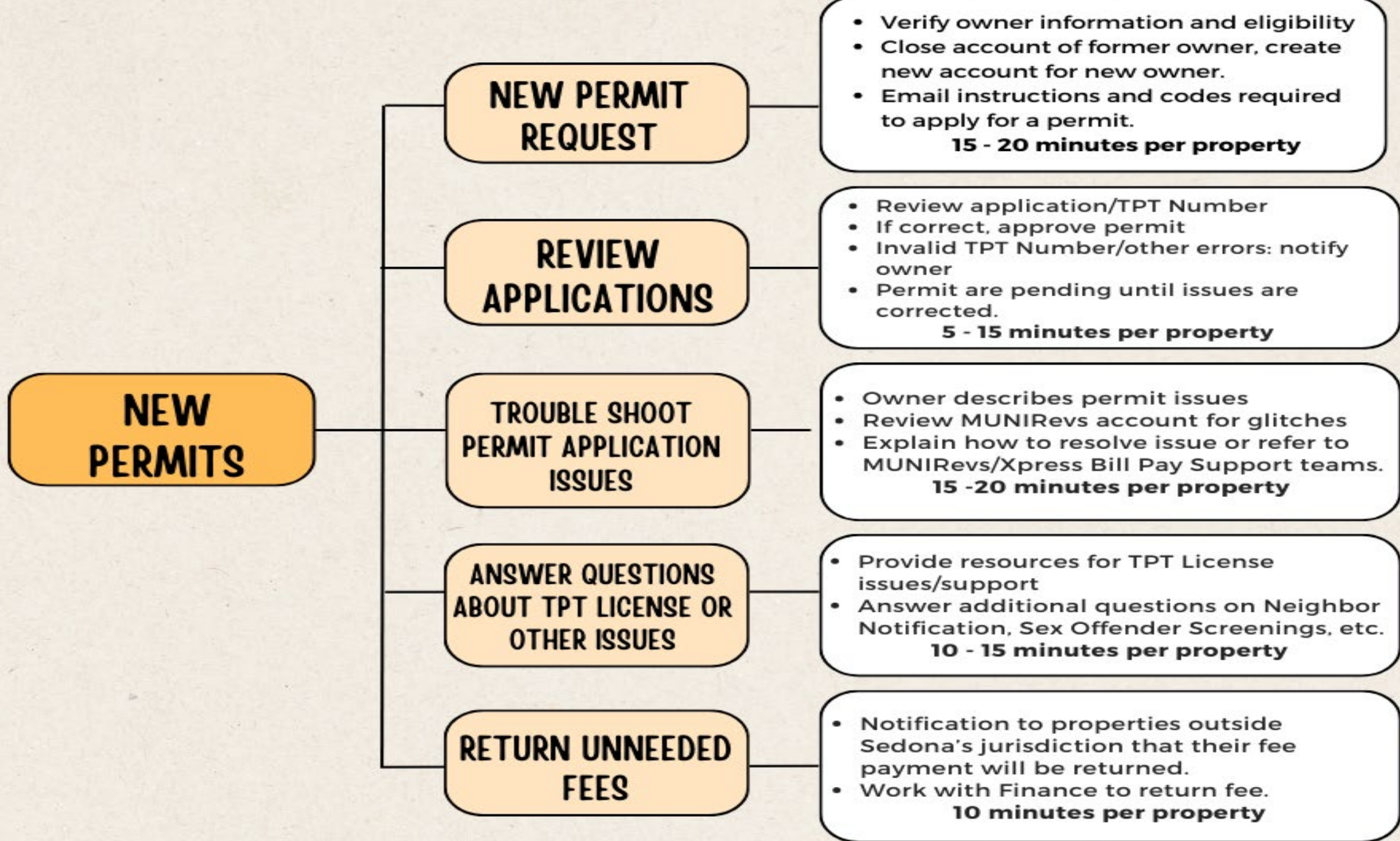
# Program Constraints Continued

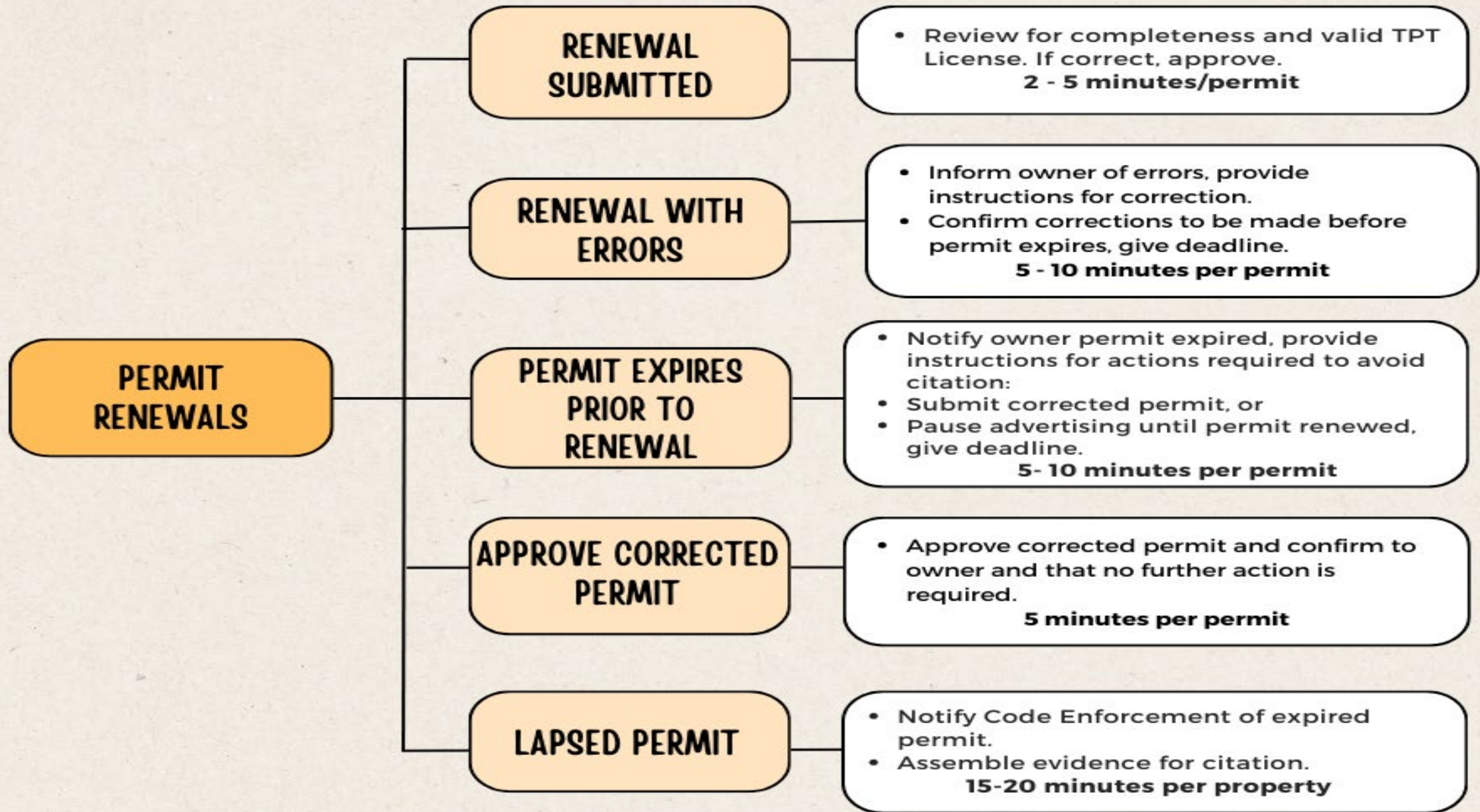
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## Permitting and enforcement are communication-intensive processes

- The city website offers detailed information on Sedona's requirements for operating a short-term rental within city limits. Despite the available information, the short-term rental program receives an ongoing stream of questions that require a more detailed response. The volume of questions varies based on permit renewals, requests for more information about operating a short-term rental in Sedona are constant.
- MUNIRevs software is not intuitive. Owners receive step by step instructions that explain how to apply for or renew a permit or make account updates. However, many users require more in-depth explanations for the task they are completing.
- Individual accounts for each owner and the property to be permitted must be created, along with two account-specific codes required to apply for a permit. Accounts for properties sold or no longer short-term renting are closed and taken off the active list to ensure accurate reporting. Changes in ownership and account status are ongoing and require regular maintenance.
- All communications; in-person, email, and telephone, are handled by the short-term rental specialist; changes and communications are noted in each account.







**SHORT-TERM RENTAL COMPLAINTS**

**COMPLAINT MADE TO HOTLINE 24/7**

- Short-term rental hotline receives complaint.
- Call to emergency contact or PD Dispatch.
- Follow up call to complainant
- Complaint details and responses recorded in LodgingRevs.

**COMPLAINT REVIEW 5 - 30 MINS**

- Complaints reviewed daily.
- Code notified of trash/lighting/other issues.
- PD response to noise violations recorded.
- Follow up email to complainant if needed required.

**FURTHER DETAIL FOR CODE 5 - 10 MINS**

Discuss details of complaint with Code Enforcement concerning repeating patterns of issue, or history of property, relevant to current complaint.

**HOTLINE ISSUE FOLLOW UP 10 MINS**

- Provide detailed report to GovOS when complaint is not handled correctly by GovOS staff.
- Request explanation and corrective response.

**OWNER FOLLOW UP 10 MINS**

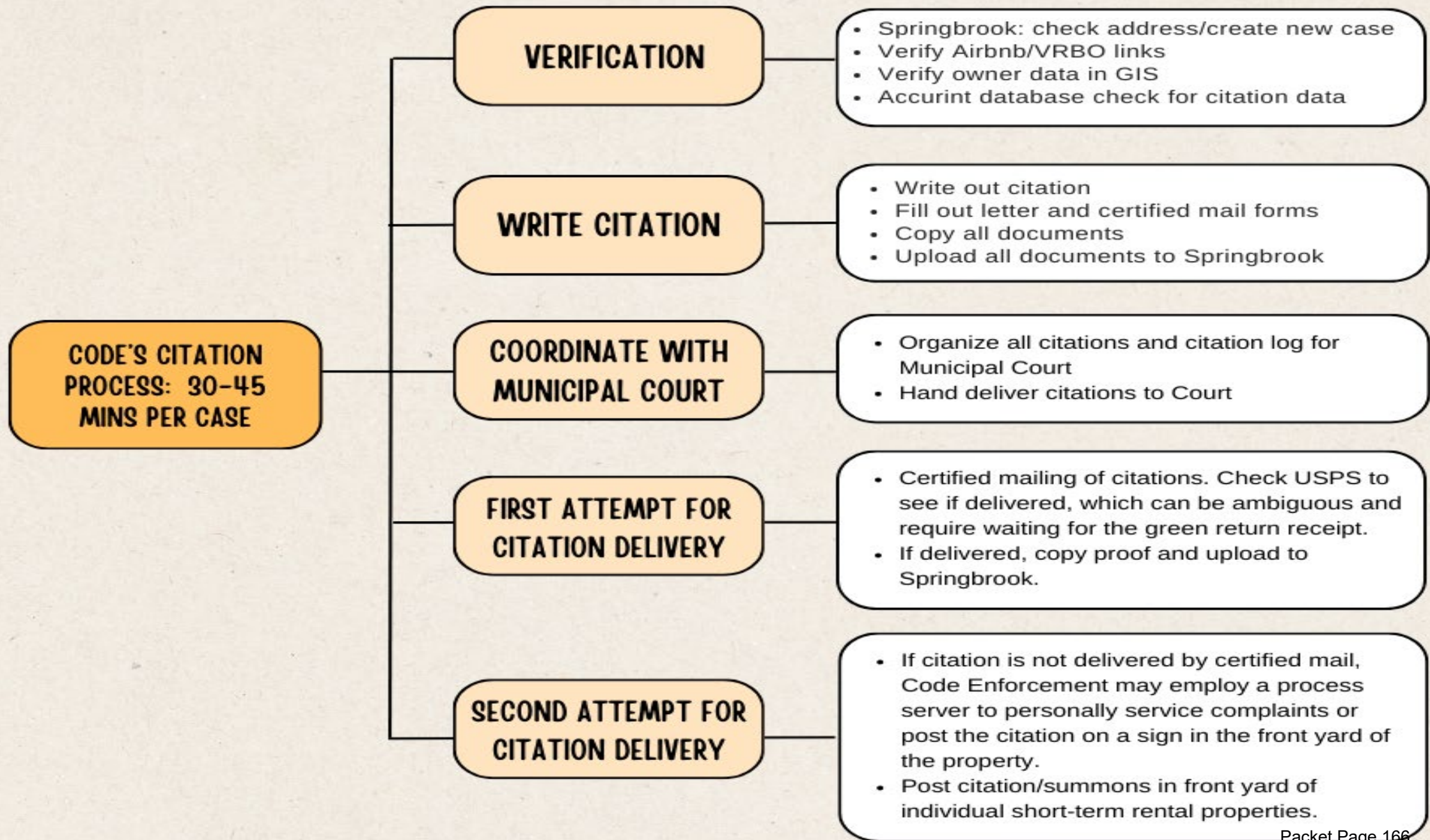
- Contact owner and/or Emergency Contact:
- When account was incorrect and Emergency Contact could not be reached
- Discuss anyrepeated issues to be addressed more effectively.

# Program Constraints Continued

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## Code Enforcement staffing:

- The City's two-person Code Enforcement Team splits their efforts between short-term rental enforcement and enforcement of all other code related issues.
- The enforcement process is multi-stepped and time-intensive.
- Code Enforcement must coordinate their efforts with the schedule of the Court.
- There are limits on how many actions the team can manage at one time.



# Expired Permit Enforcement Process: 42 - 72 days

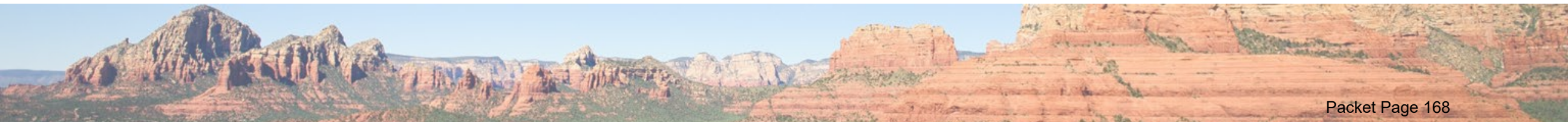


# Program Goals

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Increase 24/7 short-term rental complaints hotline effectiveness:

- Develop short-term rental complaint resolution tracking. GovOS offers very little data and reporting capability.
- Develop complaint hotline user best practices video.

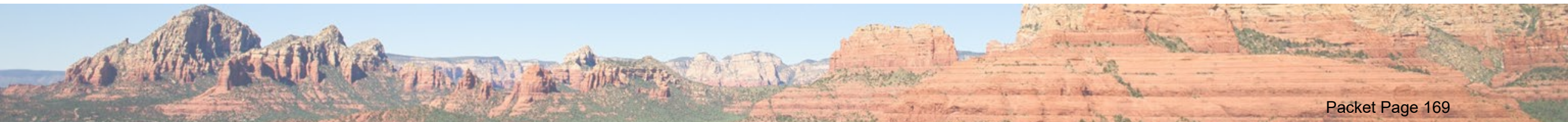




# Program Goals Continued

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- Expand working relationships with Sedona realtors. Use property manager meetings as a model for facilitating better communication and educational relationships with realtors.
- Develop short-term rental owner education program. Using the working relationship and feedback from property managers as a model, develop a program for individual short-term rental owners. The program would focus on compliance, visitor education, reducing hotline issues, and increasing owner and visitor sensitivity to Sedona as a community.



# Program Goals Continued

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- Develop instructional and best practices videos for short-term rental owners to be published on the city website.
- Monthly attendance at Community Development Team meetings to align short-term rental regulation efforts with Code Enforcement, the Building Code Team and the Housing Program with their processes.



# City Code Updates

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Ideas staff is exploring for a short-term rental ordinance update:

- Prohibit advertising for special events at a short-term rental.
- Addition of a late penalty for failing to obtain a new permit or renew a permit before the existing permit expires.
- Clarify that each short-term rental unit at a single address requires a permit, no longer a single permit per address regardless of the number of units.
- Permits do not transfer, even if the ownership on an LLC is transferred.
- Clarify that it is a violation to book guests for a short-term rental without a permit, not just to advertise.
- Exploration of the addition of a Hearing Administrator.

# Questions?





CITY COUNCIL
AGENDA BILL

AB 3027
May 28, 2024
Regular Business

Agenda Item: 8d

Proposed Action & Subject: Discussion/possible direction/action regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.

Department City Manager

Time to Present 15 Minutes

Total Time for Item 30 Minutes

Other Council Meetings Jan. 23, 2024; Feb. 13, 2024; Feb. 28, 2024; Mar. 12, 2024
Mar. 26, 2024; April 9, 2024; April 28, 2024; May 14, 2024

Exhibits None

Table with 2 columns: Approval/Recommendation and Details. Rows include Finance Approval, City Attorney Approval, City Manager's Recommendation, Expenditure Required, Amount Budgeted, and Account No. (Description).

SUMMARY STATEMENT

Background: During the course of the State Legislative Session, many bills are introduced that have a potential impact on the City of Sedona. The League of Arizona Cities and Towns, the City's legislative advocate and City staff routinely monitor bills of interest as they progress through the legislative process.

This item is scheduled to provide a summary update on relevant bills and the proposed State budget, to answer questions that the City Council may have regarding any individual bill or the budget, and to consider the need for the City Council to take a formal position in support or opposition of any particular bill.

Climate Action Plan/Sustainability Consistent: [ ] Yes - [ ] No - [X] Not Applicable

Board/Commission Recommendation: [ ] Applicable - [X] Not Applicable

Alternative(s): None

MOTION

**I move to:** For presentation and direction purposes only.



CITY COUNCIL
AGENDA BILL

AB 3066
May 28, 2024
Regular Business

Agenda Item: 8e
Proposed Action & Subject: Discussion/possible direction regarding future agenda items.

Table with 2 columns: Field Name, Value. Fields include Department (City Manager), Time to Present (2 Minutes), Total Time for Item (5 Minutes), Other Council Meetings (May 14, 2024), Exhibits (Exh A. Future Agenda Items).

Table with 3 columns: Approval Type, Reviewer/Notes, Financials. Rows include Finance Approval, City Attorney Approval, and City Manager's Recommendation. Financials include Expenditure Required and Amount Budgeted, both N/A.

SUMMARY STATEMENT

Background: Council requested a document showing future agenda items be added to the Council packet going forward. Attached as Exh. A is the Future Agenda Items document for review and discussion, and possible direction purposes.

Climate Action Plan/Sustainability Consistent: [ ] Yes - [ ] No - [X] Not Applicable

Board/Commission Recommendation: [ ] Applicable - [X] Not Applicable

Alternative(s): None

MOTION

I move to: For presentation and direction only.

Date	Day	Time	Type	Topic	Agenda Section	Requestor	Estimated Total Time
<b>PENDING ITEMS</b>							
06/11/24	Tuesday	2:30 p.m.	Executive Session	Discussion and consideration of the city manager evaluation policy of City Manager Anette Spickard including expectations and goal setting. This matter is brought in executive session pursuant to A.R.S. § 38-431.03(A)(1).	Special	Spickard	2 hours
06/11/24	Tuesday	4:30	Regular Meeting				
				AB 3063 Approval of a Resolution appointing the City of Sedona Finance Director as Chief Financial Officer of the City for the purpose of submitting the annual expenditure limitation report to the Arizona Auditor General's Office.	Consent	Christianson	NA
				AB 3068 multi-year contract for the quarterly culvert cleaning	Consent	Harris	NA
				AB 3069 Approval of a Resolution authorizing the City of Sedona to enter into a development agreement with Blueflagiris, LLC, Redrockiris, LLC, Alkemista, Inc, and Alkemista Brew, Inc. for the development of a mixed-use project at 2144 W State Route 89A and 40 Goodrow Lane with lease term restrictions for the multi-family units and shared parking agreements and restricted hours of operation for the commercial uses.	Consent	Meyer	NA
				AB 3070 Approval of the renewal of undercover license plates for existing undercover vehicles.	Consent	Foley	NA
				AB 3055 Presentation/discussion by Arizona Public Service (APS) regarding their fire mitigation efforts and summer readiness program.	Regular	Spickard	30 min
				AB 3046 Discussion/possible action regarding approval of a Resolution for debt financing and bond issuance for the Uptown Parking Garage.	Regular	West	45 min
				AB 2953 Presentation/discussion regarding the March 2024 Sales and Bed Tax Report.	Regular	White	30 min
				AB 3027 Discussion/possible direction/action regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.	Regular	Christianson	30 min



				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
06/12/24	Wednesday	3:00 p.m.	Special Meeting				
				AB 3067 Discussion/possible direction regarding DIGAH and the LDC as it relates to affordable housing.	Special	Mertes	1 hour
06/25/24	Tuesday	4:00 p.m.	Special Meeting				
				SS II & Fairfield Community CFDs Budget Adoption	Special	Cook	10 min
06/25/24	Tuesday	4:15 p.m.	Special Meeting				
				AB 3065 Public hearing/discussion/possible action regarding approval of a Resolution adopting the City of Sedona's Budget for Fiscal Year 2024-25.	Special	White	15 min
06/25/24	Tuesday	4:30	Regular Meeting				
				AB 3061 Public hearing/discussion/possible action regarding an appeal of the Planning and Zoning Commission's April 16, 2024, approval of a development review application for the Oak Creek Heritage Lodge located at 65-195 Schnebly Hill Road & 20 Bear Wallow Lane. PZ23-00004 (DEV), APPE24-00001, APPE24-00002	Regular	Meyer	2 hours
				AB 3027 Discussion/possible direction/action regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona	Regular	Christianson	30 min
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
06/26/24	Wednesday	3:00 p.m.	Special Meeting				
				AB 3025 Presentation/discussion regarding the findings and recommendations of the Airport Assessment.	Special	Dickey	2 hours
07/09/24	Tuesday	4:30	Regular Meeting				

				AB 3054 Discussion/possible action regarding the approval of a revised Development Agreement with MK Company, Inc. including a long-term land lease and gap financing of \$7.75 million for the development of the Sunset Lofts.	Regular	Boone	40 min
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
07/10/24	Wednesday	3:00 p.m.	Special Meeting				
				HOLD - Traffic Update	Special	PD/PW	1 hour
				HOLD - Tourism Visitor Data	Special	Browne	1 hour
7/23/2024	Tuesday	4:30 p.m.	Regular Meeting	<b>Council Recess, No Council Meeting</b>	Regular		
7/24/2024	Wednesday	4:30 p.m.	Special Meeting	<b>Council Recess, No Council Meeting</b>	Special		
8/13/2024	Tuesday	4:30	Regular Meeting				
				Tentative Canvass Election	Regular	Cook	
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
08/14/24	Wednesday	3:00 p.m.	Special Meeting				
08/27/24	Tuesday	4:30	Regular Meeting	<b>No Council Meetings, Council at LACT Conference</b>			
8/28/2024	Wednesday	3:00 p.m.	Special Meeting	<b>No Council Meetings, Council at LACT Conference</b>			
09/10/24	Tuesday	4:30	Regular Meeting				
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
09/11/24	Wednesday	3:00 p.m.	Special Meeting				
9/24/2024	Tuesday	4:30	Regular Meeting				