

AGENDA



4:15 P.M.

CITY COUNCIL MEETING

TUESDAY, JUNE 25, 2024

NOTES:

- 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

THE MEETING CAN BE VIEWED LIVE ON THE CITY'S WEBSITE AT 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.
- The decision to receive Public Comment during Work Sessions/Special City Council meetings is at the discretion of the Mayor.

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. SPECIAL BUSINESS

LINK TO DOCUMENT =

- a. AB 3065 **Public hearing/discussion/possible action** regarding approval of a Resolution adopting the City of Sedona's Budget for Fiscal Year 2024-25.
- b. **Discussion/possible action** regarding ideas for future meetings/agenda items.

4. EXECUTIVE SESSION

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

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

5. ADJOURNMENT

Posted: 06/20/2024

By: DJ

JoAnne Cook, CMC, City Clerk

Note: Pursuant to A.R.S. § 38-431.02(B) 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 material relating 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. 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.



**CITY COUNCIL
AGENDA BILL**

**AB 3065
June 25, 2024
Special Business**

Agenda Item: 3a
Proposed Action & Subject: Public hearing/discussion/possible action regarding approval of a resolution adopting the City of Sedona’s Budget for Fiscal Year 2024-25.

Department	Financial Services
Time to Present	15 minutes
Total Time for Item	30 minutes
Other Council Meetings	Council Retreat December 13-14, 2023 Budget Work Sessions April 17-18, 2024 Tentative Budget Adoption May 28, 2024
Exhibits	A. FY 2024-25 Budget Summary B. Resolution C. Official Budget Forms, Exhibit to Resolution D. PowerPoint Presentation

Finance Approval	Reviewed RMS 6/18/24
City Attorney Approval	Reviewed 6/18/24 KWC
City Manager’s Recommendation	Recommend adoption. ABS 6/18/24

Expenditure Required	
\$	Based on past history, expenditures will be within budget amounts and likely be less
Amount Budgeted	
\$	106,055,786
Account No. (Description)	All budget accounts included
Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The purpose of this item is to provide the public an opportunity to speak on the City’s adopted Fiscal Year (FY) 2024-25 Tentative Budget and to obtain Council approval of the Final Budget for FY 2024-25.

The FY 2025 final proposed budget is balanced with available surpluses exceeding reserve requirements, including a General Fund surplus of \$3.8 million¹ and a Wastewater Fund

¹ Includes estimated FY2024 surplus of \$1.6 million and estimated FY2025 surplus of \$2.2 million.

surplus of approximately \$560,000.² The total budget, after changes made throughout the budget process, is \$106,055,786. This is comprised of an operating budget of \$57,891,626 and a capital improvements budget of \$48,164,160.

The operating budget represents a \$5.7 million or 11% increase from the FY 2024 Adopted Budget. The most significant increases include \$2.6 million surplus allocation for PSPRS unfunded liability and \$0.8 million for estimated debt service payment for 2024 series bond issuance.

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

FY 2024-25 Budget Process

Council Retreat

The Council Retreat was the kickoff for the annual budget process with Council on December 13th-14th, 2023. 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 on April 17th-18th, 2024. 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

² During discussions regarding the wastewater rate study, the intention has been to use the Wastewater Fund surplus to delay the need for future rate increases. A rate increase matching CPI was recommended in the work sessions for FY25.

- Any changes to the services/programs provided to citizens or the level of service

Tentative Budget Adoption

The Tentative Budget adoption occurred at a regular meeting on May 28th, 2024. A presentation included 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. Once the Council adopted the Tentative Budget, the total budget amount established the maximum expenditure for the final budget adoption.

Changes presented to council in the tentative budget from the work sessions are:

- CIP
 - PT-04b - 700,000 construction bid increase
 - PT-08 - 300,00 decrease, pushed to the next year
 - SUS-09 - 350,000 increase
 - PW-09 - 180,000 decrease, pushed to the next year
 - WW-16 - 155,000 carryover
 - PR-03c - 251,890 carryover
 - PR-09 - 105,000 construction increase
- Operating
 - 70,000 in carryovers from FY24
 - 70,000 GIS analyst position overlap
 - 19,000 in miscellaneous increases
 - 77,000 increase for court FTE decision package

Final Budget Adoption

The Final Budget adoption occurs at a special meeting on June 25th, 2024. 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.

Although the budget cap is adopted as a total amount, the budget is organized by fund and department which allows for the City to establish areas of importance and budget accordingly year-to-year to sustain or utilize fund balances as appropriate in each area. Fund segregation is also required by Arizona State Statutes. The official budget forms required for final budget adoption are included as Exhibit C.

A comprehensive annual budget book will be compiled after final budget adoption and will provide a policy guide, or plan, for operations and capital improvements throughout the year and will serve as a communications tool to the public. This book will also be submitted to the Government Finance Officers Association (GFOA) for review and consideration for the Distinguished Budget Presentation Award. The City has received this award for the past 10 annual budgets.

Changes presented to council in the final budget from the tentative budget are:

- Operating
 - 100,000 decrease to Series 2024 Bond interest payment

FY 2024-25 Budget Summary

Fund	FY2025 Final Budget	FY2024 Adopted Budget	% Change
General Fund	\$35,749	\$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%
Total	\$106,056	\$85,820	24%

The adopted FY 2024-25 Tentative Budget was posted to the City’s website (www.SedonaAz.gov) for review by interested members of the public. A summary of the Tentative Budget was posted as a public notice in the Sedona Red Rock News, along with notice of the public hearing.

The final proposed 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 Community Facilities District (CFD) budgets associated with capital improvements benefiting those Districts are a separate process. A CFD Board meeting is scheduled for June 25, 2024 for final budget adoption.

FY 2024-25 Budget Changes Over Prior Year

The following summarizes the budgeted changes in fund balances:

	FY 2023-24 Budget (in millions)
Estimated Beginning Fund Balances	\$116.4
Estimated Revenues	69.9
Budgeted Expenditures	(106.1)
Estimated Ending Fund Balances	\$80.2
Estimated Policy Reserves as of June 30, 2024	(69.3)
Excess Resources Available	\$10.9
Future Transit System Implementation	(5.3)

Remaining Available Fund Balances in Excess of Policy Reserves

\$5.6

The estimated reduction³ in fund balances of \$36.2 million (\$116.4 million to \$80.2 million) includes:

- Utilization of fund balances in the General Fund of \$18.5 million for support to the Streets Fund (\$1.9 million), Housing Fund (\$900,000), Capital Improvements Fund (\$12.3 million), Public Transit Enterprise Fund (\$365,840), Wastewater Enterprise Fund (\$3 million), and IT Internal Service Fund (\$35,000).
- Utilization of fund balances in the Grants, Donations & Restricted Funds of \$1.9 million for costs in the Wastewater Enterprise Fund.
- Utilization of fund balances in the Transportation Sales Tax Fund of \$11.8 million for capital projects and transit operations.
- Utilization of fund balances in the Capital Improvement Fund of \$1.4 million for capital projects.

The final proposed budget does not include any new taxes.

The new budget requests and significant changes included in the FY 2024-25 Proposed Final Budget, as discussed, and reviewed during the City Council work sessions and tentative budget presentation, 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

³ The fund balances are a calculation that assumes revenues will be collected exactly as projected and the entire budget is spent. For the past 5 years, actual expenditures have averaged approximately 80% of budget.

- 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 definition about 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. A memo from the city manager regarding the addition of this position will be provided separately.
- The following positions were added or eliminated for facilitation of retirement transitions:
 - 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.

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): The City Council may change the amount of the proposed final budget prior to final adoption, so long as it does not exceed the Tentative Budget cap of \$106,155,786.

MOTION

I move to: approve Resolution No. 2024-__ adopting the Budget for Fiscal Year 2024-25 including the budget attachments.

Exhibit A
City of Sedona
FY 2024-25 Final 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
General Fund												
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			\$3,100,600	
Contingencies								\$0			\$300,000	
Total General Fund	\$26,734,418	\$37,711,000	\$0	\$570,000	\$4,223,100	\$861,630	\$2,516,890	\$45,882,620	\$0	(\$18,539,060)	\$35,748,870	\$18,329,108
Special Revenue Funds												
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
Total Special Revenue Funds	\$27,976,860	\$4,737,000	\$10,400	\$0	\$4,367,980	\$0	\$355,520	\$9,470,900	\$2,838,220	(\$13,753,190)	\$5,326,250	\$21,206,540
Capital Projects Funds												
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 ⁽¹⁾	\$1,507,160						\$536,920	\$536,920	\$1,311,520		\$6,222,680	(\$2,867,080)
Art in Public Places Fund ⁽²⁾	\$89,803						\$4,090	\$4,090	\$42,900		\$119,000	\$17,793
Total Capital Projects Funds	\$37,526,562	\$0	\$0	\$0	\$1,225,000	\$0	\$1,011,910	\$2,236,910	\$21,681,600	(\$1,354,420)	\$37,572,610	\$22,518,042
Enterprise Funds												
Public Transit Fund												
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	
Total Public Transit Fund	\$6,603,886	\$0	\$0	\$0	\$800,200	\$36,500	\$114,000	\$950,700	\$4,179,990	\$0	\$5,479,980	\$6,254,596
Wastewater Fund												
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	
Total Wastewater Fund	\$15,818,335	\$0	\$0	\$0	\$0	\$6,251,100	\$2,223,701	\$8,474,801	\$4,911,860	\$0	\$19,252,630	\$9,952,366
Total Enterprise Funds	\$22,422,221	\$0	\$0	\$0	\$800,200	\$6,287,600	\$2,337,701	\$9,425,501	\$9,091,850	\$0	\$24,732,610	\$16,206,962
Internal Service Fund												
Information Technology Fund	\$1,696,498						\$2,859,710	\$19,600	\$2,879,310	\$35,000	\$2,675,446	\$1,935,362
Total Internal Service Fund	\$1,696,498	\$0	\$0	\$0	\$0	\$2,859,710	\$19,600	\$2,879,310	\$35,000	\$0	\$2,675,446	\$1,935,362
Total All Funds	\$116,356,559	\$42,448,000	\$10,400	\$570,000	\$10,616,280	\$10,008,940	\$6,241,621	\$69,895,241	\$33,646,670	(\$33,646,670)	\$106,055,786	\$80,196,014

⁽¹⁾ 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.

RESOLUTION NO. 2024-___

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, ADOPTING THE BUDGET FOR FISCAL YEAR 2024-2025.

WHEREAS, in accordance with the provisions of Title 42, Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.), the City Council did, on May 28, 2024, make an estimate of the different amounts required to meet the public expenditures/expenses for the ensuing year and also an estimate of revenues from sources other than property taxes; and

WHEREAS, in accordance with said sections of said statute, and following due public notice, the City Council met on May 28, 2024, at which meetings any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures/expenses and other revenue sources; and

WHEREAS, publication has been duly made as required by law of said estimates, together with a notice that the City Council met on May 28, 2024, and June 25, 2024, at the City Council Chambers for the purpose of hearing taxpayers.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that the said estimates of revenues and expenditures/expense shown on the accompanying Official Budget Forms attached hereto and incorporated herein, as now increased, reduced, or changed by the Council, are hereby adopted as the budget of the City of Sedona, Arizona for the Fiscal Year 2024-2025.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 25th day of June, 2024.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

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
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

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Fiscal year 2025

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

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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	29,101,280	7,071,290	0	27,393,700	0	19,734,320	2,519,030	85,819,620
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										
										0
				234,668		22,518,042		5,700,000		28,452,710
			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	5,674,282	0	37,572,610	0	25,778,363	3,101,480	111,679,580
2025	E	13	35,748,870	5,326,250	0	37,572,610	0	24,732,610	2,675,446	106,055,786

Expenditure limitation comparison

1	Budgeted expenditures/expenses
2	Add/subtract: estimated net reconciling items
3	Budgeted expenditures/expenses adjusted for reconciling items
4	Less: estimated exclusions
5	Amount subject to the expenditure limitation
6	EEC expenditure limitation or voter-approved alternative expenditure limitation

	2024	2025
1	\$ 85,819,620	\$ 106,055,786
2		
3	85,819,620	106,055,786
4		
5	\$ 85,819,620	\$ 106,155,786
6	\$ 85,819,620	\$ 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
General Fund			
Local taxes			
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
Licenses and permits			
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
Intergovernmental			
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
Charges for services			
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
Fines and forfeits			
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
Interest on investments			
Interest Earnings	586,440	586,500	586,500
Tax Audits - Interest/Penalty	2,000		
Miscellaneous			
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
Total General Fund	\$ 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
Special revenue funds			
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	\$
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>
Total special revenue funds	<u>\$ 8,821,860</u>	<u>\$ 6,582,750</u>	<u>\$ 9,470,900</u>
Capital projects funds			
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>
Total capital projects funds	<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
Enterprise funds			
Public Transit Fund:			
<u>Federal Grants</u>	\$ 1,387,290	\$ 752,580	\$ 800,200
<u>Charges for Services</u>	115,300	7,600	36,500
<u>Interest Earnings</u>		114,000	114,000
	<u>\$ 1,502,590</u>	<u>\$ 874,180</u>	<u>\$ 950,700</u>
Wastewater Fund:			
<u>Charges for Services</u>	\$ 6,270,370	\$ 6,258,000	\$ 6,250,000
<u>Capacity Fees</u>	1,675,570	1,094,300	1,717,000
<u>Interest Earnings</u>	403,860	403,800	403,800
<u>Misc. Revenues</u>	98,800	44,000	104,000
	<u>\$ 8,448,600</u>	<u>\$ 7,800,100</u>	<u>\$ 8,474,800</u>
Total enterprise funds	<u>\$ 9,951,190</u>	<u>\$ 8,674,280</u>	<u>\$ 9,425,500</u>
Internal service funds			
Information Technology Fund:			
<u>Internal Cost Charges</u>	\$ 2,561,760	\$ 2,515,640	\$ 2,859,110
<u>Other Charges for Services</u>	500	670	600
<u>Interest Earnings</u>	19,600	19,600	19,600
	<u>\$ 2,581,860</u>	<u>\$ 2,535,910</u>	<u>\$ 2,879,310</u>
Total internal service funds	<u>\$ 2,581,860</u>	<u>\$ 2,535,910</u>	<u>\$ 2,879,310</u>
Total all funds	<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)
General Fund				
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
Total General Fund	\$	\$	\$	\$ 18,539,060
Special revenue funds				
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
Total special revenue funds	\$	\$	\$ 2,838,220	\$ 13,753,190
Capital projects funds				
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	
Total capital projects funds	\$	\$	\$ 21,681,600	\$ 1,354,420
Enterprise funds				
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	
Total enterprise funds	\$	\$	\$ 9,091,850	\$
Internal service funds				
Info. Tech - from General Fund	\$	\$	\$ 35,000	\$
Total Internal Service Funds	\$	\$	\$ 35,000	\$
Total all funds	\$	\$	\$ 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
General Fund				
City Council	\$ 78,225	\$ (5)	\$ 68,750	\$ 74,520
City Manager	1,027,701	(1)	851,310	1,045,420
Human Resources	403,298	2	436,560	553,700
Financial Services	1,641,334	16	1,516,400	1,810,620
City Attorney	718,573	(3)	716,740	804,640
City Clerk	394,167	12,493	410,750	468,750
Parks & Recreation	1,065,985	15	946,490	1,079,120
General Services	2,692,870		2,615,490	2,896,360
Community Development	1,951,987	(6,357)	1,754,990	2,062,730
Public Works	4,358,615	(345)	4,546,960	5,298,700
Comm, Tourism & Econ Init.	1,497,565	(89,995)	1,441,880	2,358,770
Sustainability	867,129	(25,209)	795,190	746,480
Police	7,616,217	53	7,369,030	11,062,100
Municipal Court	667,961	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	2,821,985	5	2,741,220	3,772,940
Contingency	937,400	(69,680)		300,000
Total General Fund	\$ 29,280,282	\$ (179,002)	\$ 27,440,880	\$ 35,748,870
Special revenue funds				
Streets Fund	\$ 2,518,842	\$ (2)	\$ 2,477,800	\$ 2,881,930
Housing Fund	1,257,347	(299,997)	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
Total special revenue funds	\$ 7,371,288	\$ (299,998)	\$ 4,221,770	\$ 5,326,250
Capital projects funds				
Capital Improvements Fund	\$ 17,586,200	\$ 276,910	\$ 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
Total capital projects funds	\$ 26,893,690	\$ 500,010	\$ 22,146,320	\$ 37,572,610
Enterprise funds				
Public Transit Fund	\$ 4,673,490	\$ (487,510)	\$ 3,310,550	\$ 5,479,980
Wastewater Fund	15,548,324	16	12,275,530	19,252,630
Total enterprise funds	\$ 20,221,814	\$ (487,494)	\$ 15,586,080	\$ 24,732,610
Internal service funds				
Information Technology Fund	\$ 2,352,460	\$ 166,570	\$ 2,293,930	\$ 2,675,446
Total internal service funds	\$ 2,352,460	\$ 166,570	\$ 2,293,930	\$ 2,675,446
Total all funds	\$ 86,119,534	\$ (299,914)	\$ 71,688,980	\$ 106,055,786

* 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
City Council:				
General Fund	\$ 78,220	\$ (5)	\$ 68,750	\$ 74,520
Department total	\$ 78,220	\$ (5)	\$ 68,750	\$ 74,520
City Manager:				
General Fund	\$ 1,475,620	\$ 3	\$ 1,242,780	\$ 1,045,420
Information Technology Fund	1,320		1,320	1,300
Department total	\$ 1,476,940	\$ 3	\$ 1,244,100	\$ 1,046,720
Human Resources:				
General Fund	\$ 403,300	\$ 2	\$ 436,560	\$ 553,700
Department total	\$ 403,300	\$ 2	\$ 436,560	\$ 553,700
Financial Services:				
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
Department total	\$ 1,784,700	\$ 16	\$ 1,624,650	\$ 1,953,970
City Attorney:				
General Fund	\$ 718,570	\$ (3)	\$ 716,740	\$ 804,640
Wastewater Fund	100,000		100,000	100,000
Department total	\$ 818,570	\$ (3)	\$ 716,740	\$ 904,640
City Clerk:				
General Fund	\$ 406,660	\$ 12,493	\$ 410,750	\$ 468,750
Department total	\$ 406,660	\$ 12,493	\$ 410,750	\$ 468,750
Parks & Recreation:				
General Fund	\$ 1,066,000	\$ 15	\$ 946,490	\$ 1,079,120
Grants, Don. & Restr. Funds	13,750		16,980	13,200
Department total	\$ 1,079,750	\$ 15	\$ 963,470	\$ 1,092,320
General Services:				
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
Department total	\$ 2,824,350	\$	\$ 2,646,970	\$ 2,944,390
Community Development:				
General Fund	\$ 1,945,630	\$ (6,357)	\$ 1,754,990	\$ 2,062,730
Information Technology Fund	2,800		2,800	2,700
Department total	\$ 1,948,430	\$ (6,357)	\$ 1,757,790	\$ 2,065,430

**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
Public Works:				
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
Department total	\$ 7,049,860	\$ (350)	\$ 7,148,040	\$ 8,393,290
Tourism & Economic Initiatives:				
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
Department total	\$ 1,064,650	\$ 5,002	\$ 1,050,410	\$ 2,359,420
Sustainability:				
General Fund	\$ 841,920	\$ (25,209)	\$ 795,190	\$ 746,480
Department total	\$ 841,920	\$ (25,209)	\$ 795,190	\$ 746,480
Police:				
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
Department total	\$ 7,791,910	\$ 12,043	\$ 7,561,920	\$ 11,196,810
Municipal Court:				
General Fund	\$ 667,970	\$ 9	\$ 638,700	\$ 786,750
Information Technology Fund	15,120		15,120	120
Department total	\$ 683,090	\$ 9	\$ 653,820	\$ 786,870
Other Public Safety:				
General Fund	\$ 30,000	\$	\$ 24,900	\$ 30,000
Department total	\$ 30,000	\$	\$ 24,900	\$ 30,000
Indirect Cost Allocations:				
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
Department total	\$ 2,561,760	\$	\$ 2,515,550	\$ 2,859,110
Debt Service:				
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
Department total	\$ 8,595,450	\$ 5	\$ 8,486,140	\$ 9,514,760

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
Contingency:				
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
Department total	\$ 3,331,050	\$ (81,670)	\$	\$ 956,850
Capital Improvement Projects:				
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
Department total	\$ 33,629,090	\$ 45,015	\$ 25,716,200	\$ 48,164,160
Housing:				
Housing Fund	\$ 957,350	\$ 3	\$ 801,810	\$ 519,350
Grants, Don. & Restr. Funds	406,100		203,880	772,120
Department total	\$ 1,363,450	\$ 3	\$ 1,005,690	\$ 1,291,470
Public Transit:				
Public Transit Fund	\$ 2,241,220	\$ (127,510)	\$ 1,953,980	\$ 2,545,920
Department total	\$ 2,241,220	\$ (127,510)	\$ 1,953,980	\$ 2,545,920
Wastewater:				
Wastewater Fund	\$ 3,503,020	\$ (13,680)	\$ 3,091,160	\$ 3,835,960
Department total	\$ 3,503,020	\$ (13,680)	\$ 3,091,160	\$ 3,835,960
Information Technology:				
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
Department total	\$ 2,394,420	\$ 180,260	\$ 2,183,580	\$ 2,557,726

* 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)	Employee salaries and hourly costs	Retirement costs	Healthcare costs	Other benefit costs	Total estimated personnel compensation
	2025	2025	2025	2025	2025	2025
General Fund	157	\$ 11,299,120	\$ 6,443,400	\$ 3,419,450	\$ 190,800	\$ 21,352,770
Special revenue funds						
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
Total special revenue funds	7	\$ 550,890	\$ 139,960	\$ 167,000	\$ 9,960	\$ 867,810
Enterprise funds						
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
Total enterprise funds	19	\$ 1,551,517	\$ 204,239	\$ 490,317	\$ 18,007	\$ 2,264,080
Internal service funds						
Information Technology Fund	6	\$ 625,785	\$ 75,918	\$ 145,731	\$ 600	\$ 848,034
Total internal service fund	6	\$ 625,785	\$ 75,918	\$ 145,731	\$ 600	\$ 848,034
Total all funds	189	\$ 14,027,312	\$ 6,863,517	\$ 4,222,498	\$ 219,367	\$ 25,332,694

**City Council
Final Budget Adoption**

June 25, 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



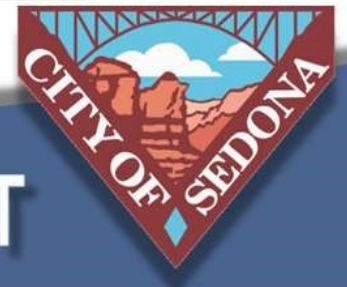


Community Survey

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



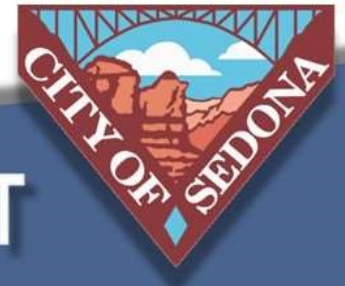


FY 2025 Final Budget Changes

All Funds	FY 2025 Budget (in thousands)
FY25 Tentative Budget - Total Expenditures	\$106,156
Debt service reduction for FY24 Series bonds ⁽¹⁾	(\$100)
FY25 Final Budgeted - Total Expenditures	\$106,056
<i>Net decreases to tentative budget</i>	<i>(\$100)</i>

⁽¹⁾ Initial placeholder was \$900,000 when total debt service was \$23.3 million.

FY 24-25 ANNUAL BUDGET





FY 2025 Budget is Balanced⁽¹⁾

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 ⁽¹⁾	(12.5)
Capital Reserves	(28.4)
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)
Total Resources Available	\$111.7
Budgeted Expenditures	(106.1)
Excess Resources Available	\$ 5.6

⁽¹⁾ 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)	%
Ongoing Revenues				
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%)
Subtotal Ongoing Revenues	\$63,285	\$60,266	\$3,020	5%
One-Time Revenues				
Other Intergovernmental	4,409	3,969	439	11%
Other Miscellaneous	1,698	1,890	(191)	(10%)
Contingent Revenues	500	500	-	0%
Subtotal One-Time Revenues	\$ 6,607	\$ 6,358	\$ 248	4%
Subtotal All Revenues	\$69,892	\$66,624	\$3,268	5%
Other Financing Sources				
Bonds Issued ⁽¹⁾	\$ 16,345	\$ -	\$ -	0%
Grand Totals	\$86,237	\$66,624	\$19,613	29%

⁽¹⁾ Bond issuance for Uptown parking garage to be issued in FY 2025 in the FY 2024 budget process.



Revenues Changes

(in Thousands)

FY 2024 Budget	\$66,627
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 Police Facility	900
One-time development impact fees decrease	(295)
Information Technology internal charges decrease	(297)
Miscellaneous decreases	(39)
FY 2025 Budget	\$69,892

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Expenditures by Type

(in Thousands)

	FY2024 Budget	FY2025 Base	Increase/ (Decrease)	% Increase/ (Decrease)
Ongoing:				
Personnel	18,951	21,122	2,171	11%
Operations	16,961	19,553	2,592	15%
Subtotal Operational Costs - Ongoing	35,912	40,675	4,763	13%
One-Time:				
Personnel	1,342	4,169	2,827	211%
Operations	4,180	4,063	(117)	-3%
Subtotal Operational Costs – One-Time	5,522	8,232	2,710	49%
Subtotal All Operational Costs	41,434	48,907	7,473	18%
Debt Service	7,425	8,028	603	8%
Contingencies	3,331	957	(2,374)	-71%
Subtotal Operating Budget	52,191	57,892	5,701	11%
Capital Improvement Projects ⁽¹⁾	33,629	48,164	14,535	43%
Totals	85,820	106,056	20,236	24%

⁽¹⁾ 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)

FY 2024 Budget	\$20,293
Decision Packages (including \$4.1M for FY25 one-time PSPRS contribution) FY23 Surplus	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
FY 2025 Budget	\$25,291

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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.	One Tourism Coordinator	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 ⁽¹⁾	0.0	4,100,000	-	4,100,000
Total All Funds		8.1	\$4,137,670	\$ 897,720	\$5,035,390

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



Operations Changes

(in Thousands)

FY 2024 Budget	\$21,141
Decision Packages	359
Increase for in-house Tourism Bureau ⁽¹⁾	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
FY 2025 Budget	\$23,663

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
	Grand Total	\$ 133,100	\$ 226,000	\$ 359,100



CIP Changes

(in Thousands)

(including 1% Arts Transfers and CFD Funding)

FY 2024 Budget	\$34,008
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
FY 2025 Budget	\$48,332



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Debt Service Changes

(in Thousands)

FY 2024 Budget	\$7,425
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)
Series 2024 interest payment	800
FY 2025 Budget	\$8,025

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Contingency Changes

(in Thousands)

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

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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	-	-	-
Total Budgeted	\$300	\$57	\$500	\$100

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

Capital Improvements by Category

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

Category	Carryover	New Appropriation	FY 2025 Proposed
Sedona in Motion ⁽¹⁾	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 ⁽¹⁾	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
Total	36,938,266	11,393,794	48,332,060

⁽¹⁾ 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 ⁽¹⁾	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
Total	\$48,332

⁽¹⁾ 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 ⁽¹⁾	FY2024 Adopted Amount ⁽¹⁾
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

⁽¹⁾ Only includes costs for program staff time. Other city staff time not included.

Council Priorities Included

Priority Item	Budget Location	FY2025 Proposed Amount ⁽¹⁾	FY2024 Adopted Amount ⁽¹⁾
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

⁽¹⁾ Only includes costs for program staff time. Other city staff time not included.

⁽²⁾ 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 ⁽¹⁾	\$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



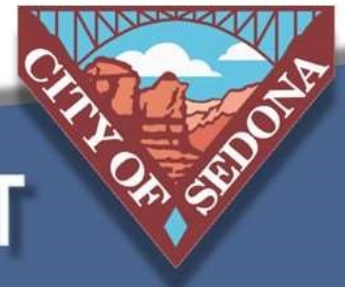


Estimated Remaining General Fund Surplus Balances⁽¹⁾

	General Fund
Estimated Remaining Surpluses:	
FY 2024	\$1.6
FY 2025	2.2
Total	\$3.8

⁽¹⁾ 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.

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Questions or Comments?

FY 24-25 ANNUAL BUDGET

