

ARS § 9-463.05(E)(7) requires:

*“A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved Land Use Assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.”*

Sedona’s Financial Services Department projected revenues based on recent and long-term trends, characteristics of future development, and Sedona’s current revenue structure and rates (Fiscal Year 2024). The 10-year forecast of revenues is shown in Figure A1 and includes projected revenues generated by existing and future development.

**Figure A1: Projected Revenue (Annual), Base Year 2024**

Revenue	Actual	Projected				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
City Sales Tax (General)	\$ 28,730,505	\$ 29,736,073	\$ 30,776,836	\$ 31,854,025	\$ 32,968,916	\$ 34,122,828
City Sales Tax (Transportation)	4,716,000	4,881,060	5,051,898	5,228,714	5,411,719	5,601,129
Recovery of Sales Tax-Audit	60,374	60,500	60,500	60,500	60,500	60,500
Bed Tax	9,340,377	9,527,184	9,717,728	9,912,082	10,110,324	10,312,530
In-Lieu Fees - Summit	560,009	571,210	582,634	594,286	606,172	618,296
Franchise Fees	932,755	946,746	960,947	975,362	989,992	1,004,842
State Sales Tax	1,477,844	1,514,790	1,552,660	1,591,477	1,631,264	1,672,045
Urban State Revenue Sharing	2,594,267	2,607,238	2,620,275	2,633,376	2,646,543	2,659,776
Vehicle License Tax - Coconino	146,441	148,638	150,867	153,130	155,427	157,759
Vehicle License Tax - Yavapai	605,353	614,433	623,649	633,004	642,499	652,137
Highway User Revenue Fund (HURF)	1,089,980	1,106,329	1,122,924	1,139,768	1,156,865	1,174,218
<b>Total</b>	<b>\$ 50,253,905</b>	<b>\$ 51,714,202</b>	<b>\$ 53,220,918</b>	<b>\$ 54,775,724</b>	<b>\$ 56,380,220</b>	<b>\$ 58,036,059</b>

Revenue	Projected				
	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
City Sales Tax (General)	\$ 35,317,127	\$ 36,553,226	\$ 37,832,589	\$ 39,156,730	\$ 40,527,215
City Sales Tax (Transportation)	5,797,169	6,000,070	6,210,072	6,427,424	6,652,384
Recovery of Sales Tax-Audit	60,500	60,500	60,500	60,500	60,500
Bed Tax	10,518,781	10,729,157	10,943,740	11,162,615	11,385,867
In-Lieu Fees - Summit	630,661	643,275	656,140	669,263	682,648
Franchise Fees	1,019,915	1,035,213	1,050,742	1,066,503	1,082,500
State Sales Tax	1,713,846	1,756,692	1,800,610	1,845,625	1,891,766
Urban State Revenue Sharing	2,673,075	2,686,440	2,699,872	2,713,371	2,726,938
Vehicle License Tax - Coconino	160,125	162,527	164,965	167,439	169,951
Vehicle License Tax - Yavapai	661,919	671,848	681,925	692,154	702,536
Highway User Revenue Fund (HURF)	1,191,831	1,209,708	1,227,854	1,246,272	1,264,966
<b>Total</b>	<b>\$ 59,744,948</b>	<b>\$ 61,508,656</b>	<b>\$ 63,329,008</b>	<b>\$ 65,207,896</b>	<b>\$ 67,147,272</b>

Source: City of Sedona Financial Services Department.

Using the revenue projections provided by Sedona’s Financial Services Department, Figure A2 projects the annual change in non-development fee revenue compared to the 2024 base year. Over time, state shared revenues distributed based on population are expected to slow due to Sedona’s low population growth compared to other Arizona cities. This analysis nevertheless projects that these amounts will increase slightly year-over-year due to anticipated increases in the available revenue distributed overall. Other revenues, including sales tax and bed tax, are

projected to increase based on future development. These increases in funds are available for capital investment; however, Sedona directs these revenues to non-development fee eligible capital needs including maintenance, repair, and replacement of existing infrastructure. Although the projected revenues represent an increase, these revenues will be offset by increases in operating, maintenance, and replacement capital costs, thus will not be available to fund capital projects accommodating new growth.

**Figure A2: Projected Revenue, Increase/(Decrease) over Base Year (Annual)**

Revenue	Base Year	Difference from Base Year				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
City Sales Tax (General)	\$ 28,730,505	\$ 1,005,568	\$ 2,046,330	\$ 3,123,519	\$ 4,238,410	\$ 5,392,322
City Sales Tax (Transportation)	4,716,000	165,060	335,897	512,714	695,719	885,129
Recovery of Sales Tax-Audit	60,374	126	126	126	126	126
Bed Tax	9,340,377	186,808	377,351	571,706	769,947	972,154
In-Lieu Fees - Summit	560,009	11,200	22,624	34,277	46,163	58,286
Franchise Fees	932,755	13,991	28,193	42,607	57,237	72,087
State Sales Tax	1,477,844	36,946	74,816	113,632	153,419	194,201
Urban State Revenue Sharing	2,594,267	12,971	26,008	39,109	52,276	65,508
Vehicle License Tax - Coconino	146,441	2,197	4,426	6,689	8,986	11,318
Vehicle License Tax - Yavapai	605,353	9,080	18,297	27,652	37,147	46,784
Highway User Revenue Fund (HURF)	1,089,980	16,350	32,945	49,788	66,885	84,238
<b>Total</b>	<b>\$ 50,253,905</b>	<b>\$ 1,460,297</b>	<b>\$ 2,967,012</b>	<b>\$ 4,521,819</b>	<b>\$ 6,126,315</b>	<b>\$ 7,782,153</b>

Revenue	Difference from Base Year					10-Year Cummulative*
	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
City Sales Tax (General)	\$ 6,586,621	\$ 7,822,721	\$ 9,102,084	\$ 10,426,224	\$ 11,796,710	\$ 61,540,510
City Sales Tax (Transportation)	1,081,168	1,284,069	1,494,072	1,711,424	1,936,384	10,101,635
Recovery of Sales Tax-Audit	126	126	126	126	126	1,260
Bed Tax	1,178,404	1,388,780	1,603,363	1,822,238	2,045,490	10,916,242
In-Lieu Fees - Summit	70,652	83,265	96,131	109,254	122,639	654,492
Franchise Fees	87,160	102,458	117,987	133,748	149,745	805,212
State Sales Tax	236,002	278,848	322,765	367,781	413,921	2,192,332
Urban State Revenue Sharing	78,807	92,173	105,605	119,104	132,671	724,233
Vehicle License Tax - Coconino	13,684	16,086	18,524	20,998	23,510	126,417
Vehicle License Tax - Yavapai	56,566	66,495	76,573	86,802	97,184	522,578
Highway User Revenue Fund (HURF)	101,851	119,729	137,874	156,292	174,986	940,939
<b>Total</b>	<b>\$ 9,491,043</b>	<b>\$ 11,254,750</b>	<b>\$ 13,075,103</b>	<b>\$ 14,953,991</b>	<b>\$ 16,893,367</b>	<b>\$ 88,525,850</b>

\*10-Year Cummulative represents the sum of fiscal years 2025-2034