

AGENDA



1:00 P.M.

CITY COUNCIL MEETING

WEDNESDAY, APRIL 15, 2026

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 **2 MINUTES**.
- Submit written comments to the City Clerk.

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

2. ROLL CALL

3. SPECIAL BUSINESS

Work Session regarding City of Sedona budget for Fiscal Year 2026/2027. **The Council may take action to give direction regarding changes to the proposed City budget or Capital Improvements Plan (CIP).**

- a. Public Comment: Public comment on all budget items will be taken at the outset of the meeting. **Each person commenting will have a maximum of two minutes. The entire period for the public comment will not exceed thirty minutes.**
- b. An introduction to and overview of the 2026/2027 Fiscal Year Budget process will be presented and discussed.
- c. Operating Budget overview: Zero Based Budgeting and Cost of Services.
- d. Decision Packages Introduction
 - i. Recommendations of the Citizen's Budget Work Group (CBWG)
 - ii. City Manager Recommendations

Items not completed on Wednesday, April 15, 2026 will be carried over to Wednesday, April 22, 2026.

The next scheduled Special Meeting for the Budget Workshop is Wednesday, April 22, 2026 at 8:00 a.m., and Thursday, April 23, 2026 at 8:00 a.m.

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: 03/31/2026

By: DJ

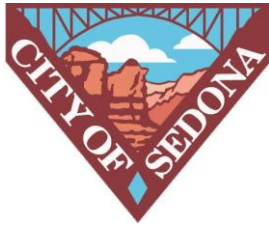
JoAnne Cook, CMC, City Clerk

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.

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.



FY 2027 Proposed Budget Memo

To: Mayor Ploog & City Council
Thru: Anette Spickard, City Manager
J. Andy Dickey, Deputy City Manager
Barbara Whitehorn, Deputy City Manager
Lauren Browne, Deputy City Manager
From: Finance Department >> Budget
Subject: Submittal of Fiscal Year 2026-27 Proposed Budget
Date: April 15, 2026

We are pleased to submit to the City Council the Fiscal Year (FY) 2027 Proposed Budget. This memo is intended to cover the highlights of the budget.

Some of the noteworthy items discussed include:

- Economic Outlook
- Operating and Capital budgets year-over-year
- Key base budget assumptions and inclusions
- Planned capital improvements
- Community input
- In addition, there are several Decision Packages recommended

Budget workbook binders are scheduled to be de provided to council by April 8th, 2026. The April 15th Work Session was added to the FY27 calendar year as a General Picture of the budget to review Zero Based Budget (zero base line) increases and decreases to the operating budget, Decision Packages, CBWG recommendations, Community Service Provider contracts and City Management recommendations. The April 22nd and 23rd Work Sessions will be a deep dive into departmental budget reviews from a zero baseline and Capital Project updates and reviews.

Economic Outlook and Financial State of the City

Uncertainty Economy

Economic conditions at the national level remain uncertain as shifting federal policy, tariffs, workforce changes and now military conflicts contribute to declining consumer confidence. Economists are projecting slower Gross Domestic Product (GDP) growth and modest increases in unemployment through 2027, while inflation will remain the central conversation at the Federal Reserve. These conditions have led to economic retrenchment, where businesses reduce hiring

and spending and households limit discretionary purchases. While it is unclear whether the United States has entered or will enter a recession, increased economic uncertainty can itself slow economic activity as consumers and businesses become more cautious. Staff will continue monitoring key economic indicators—particularly changes in discretionary spending and labor market trends—that may signal broader economic shifts. The FY27 budget has been developed with these potential risks in mind to maintain fiscal stability should economic conditions soften. City Council specifically acknowledged these risks and a desire to continue the conservative revenue budgeting from FY26, which were held flat year-over year. Thus, FY27 revenues are being held to FY25 budgeted amounts

Arizona Budgeting and the Expenditure Limitation

Background

Arizona Revised Statutes (A.R.S.) §41-1279.07 states that “The auditor general shall prescribe a uniform expenditure reporting system for all political subdivisions subject to the constitutional expenditure limitations prescribed by article IX, sections 20 and 21, Constitution of Arizona.” This limitation applies to cities, counties and community college districts, with specific limitations for each. For cities, a calculation based on the City’s FY 1979/80 base budget, which is multiplied by a population increase factor (permanent population only) over the population in 1978, and an inflation factor determined by the state. For cities like Sedona, which were incorporated after the 1980 base fiscal year, the calculation is based on the City’s percentage of the county’s population to determine the base budget.

The state set the City’s FY1979/80 base budget at \$2,960,687. This amount is multiplied by the increase in population, and an inflation factor determined by the state.

Sedona’s 2024 population is 9,771, a 38.6% increase over the 1978 population of 7,050, resulting in a population factor of 1.386.

The state’s inflation factor applied to all cities for FY26 is 3.7558.

Calculation: $2,960,687 \times 1.386 \times 3.7558 = \$15,411,542$.

Home Rule

Home Rule is an alternative method for setting the annual expenditure limit in which a City may adopt, through a vote, that the annual expenditure limit will be equal to the annual adopted budget. This vote must take place every four years to remain in effect. If a Home Rule ballot item fails, the City is bound by the state’s calculated expenditure limit.

The City of Sedona last adopted Home Rule in 2022. Another vote is required in 2026 to continue Home Rule. Sedona’s preliminary expenditure limit from the state, as shown above is \$15,411,542 for FY26. Adding exemptions, including debt service payments, grants and pass-through funds, the limit would be \$31,692,437. The limit would apply to the City’s budget of \$103.3 million. The Home Rule election for fiscal years 2027/28 through 2030/31 will be held on July 21, 2026. While the overall budget is proposed to be less than FY26, nevertheless, if the voters choose not to pass Home Rule, Sedona would be unable to fund many required and other community services, including parks and recreation, housing, sustainability and capital projects.

Budget Summary

Proposed City-wide base operating budget is \$58,387,872. Proposed City-wide Capital Improvement budget is \$33,879,914

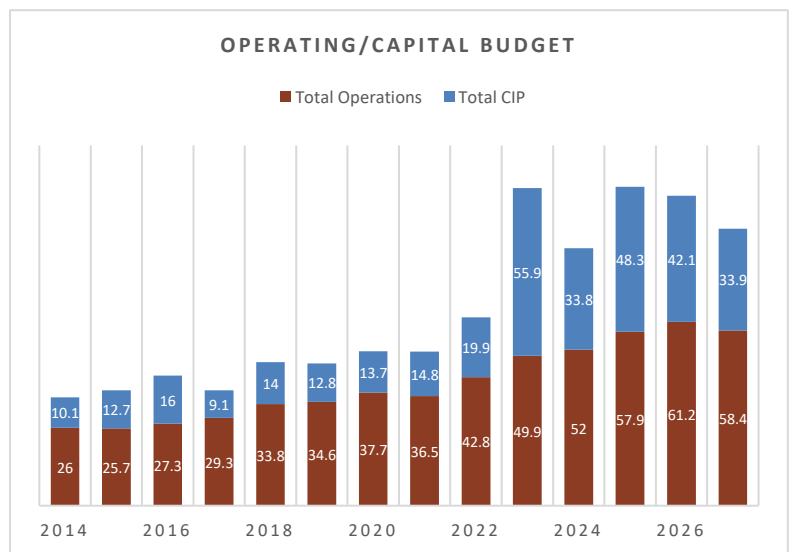
The following table summarizes the base budget and Decision Packages compared to the prior year.

Comparison of FY27 Base Budget and Decision Packages to FY26 Budget

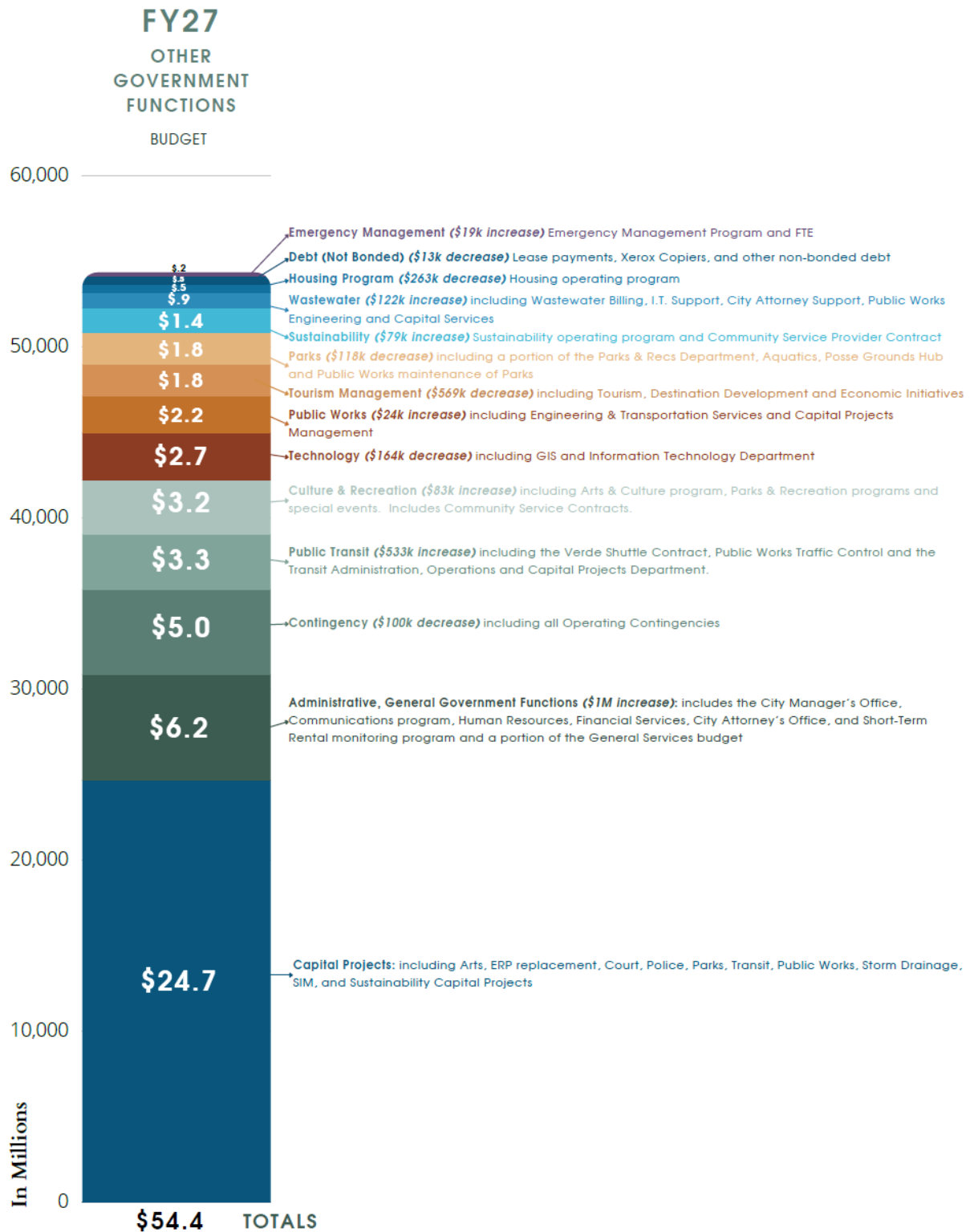
	FY 26 Final Budget	FY 27 Base Budget	Incr/ (Decr)	%	Decision Packages (all)	TOTAL
Personnel	\$23,812,267	\$24,908,135	\$1,095,869	5%	\$322,832	25,230,967
Operations	24,276,076	22,317,110	(1,958,966)	-8%	1,771,379	24,088,489
Subtotal	48,088,343	47,225,245	(863,097)	-2%	2,094,211	49,319,456
Debt Service	8,046,195	6,162,627	(1,883,568)	-23%	0	6,162,627
Contingencies	5,100,000	5,000,000	(100,000)	-2%	300,000	5,300,000
TOTAL, operations	13,146,195	11,162,627	(1,983,568)	-15%	300,000	11,462,627
Capital Projects	42,057,157	33,879,914	(8,177,243)	-19%	0	33,879,914
TOTAL Budget	\$103,291,695	\$92,267,786	\$(11,023,908)	-11%	\$2,394,211	\$94,661,997

Base Operating Costs (5% decrease) – The largest driver of the decrease is the elimination of the Series 2021 Wastewater bonds and a reduction in one-time specialty equipment and supplies by the Police Department. The City's operating budget is proposed to decrease by \$863,097 or 2% in FY27. Debt service payments are decreasing by \$1.8 million or 23% in FY27. The proposed decrease in the net operating budget is (\$1.98 million) or -15%.

Personnel costs are increasing with budget for a merit increase of up to 5%. No cost of living adjustment is included in the proposed budget. Some other ongoing operational costs increased due to inflationary increases such as street and parks maintenance, technology, and utility costs. From FY15 to FY26, the City's operating cost has risen approximately 7.6% annually. For the upcoming fiscal year, City staff engaged in a Zero-Base Budgeting exercise, which requires that each department and program be critically evaluated from zero. Each discretionary line-item expenditure (line-items within the control of departments, excluding personnel), from office supplies to professional services, was reviewed considering spending trends, and budgeted amounts were required to include full justification for every amount. This critical look at every expenditure resulted in a decrease overall for operations, aside from the \$1.8 million decrease in debt service and allowing for the budgeted increase in personnel.







The table below shows the FY27 Budget for each budgeted fund of the City. Following is a table with a comparison to the FY26 budget. (In millions).

	General Fund	Streets Fund	Housing Fund	GDR Funds	TST Fund	Parking Garage Fund	CIP Fund	DIF Fund	Art Fund	Transit Fund	WW Fund	IT Fund	Totals
Total Revenues	\$ 45,977	\$ 1,101	\$ 71	\$1,952	\$4,897	\$ 1,300	\$3,223	\$ 450	\$ 6	\$1,390	\$8,156	\$ 22	\$68,543
Expenditures	32,884	3,053	407	\$223	164	102	-	-	-	\$3,839	4,815	3,099	48,586
Capital Improvement Projects/Management	-	-	-	-	3,713	-	20,172	58	35	731	9,499	-	34,209
Debt Service	3,042	-	-	-	682	-	1,406	497	-	-	-	-	5,628
Equipment Replacement Contributions	(14)	(5)	-	-	-	-	-	-	-	(177)	(100)	(115)	(411)
Major Maintenance Reserve Contributions	-	-	-	-	-	-	-	-	-	-	(15)	-	(15)
Contingency	1,600	-	2,000	1,300	-	-	-	-	-	-	100	-	5,000
Total Expenditures	\$37,512	3,048	2,407	1,523	4,560	102	21,578	555	35	4,393	14,299	2,984	92,996
Net Revenues/Expenditures	\$8,464	(1,947)	(2,337)	428	337	1,198	(18,356)	(105)	(30)	(3,003)	(6,143)	(2,962)	(24,453)
Transfer from other funds (Indirect Costs)	1,918	-	-	-	-	-	-	-	-	-	-	2,844	4,762
Transfer from other funds	-	2,000	-	-	-	-	6,000	2,200	50	1,900	2,800	-	14,950
Transfer to other funds (Indirect Costs)	(2,494)	(264)	(47)	-	-	-	-	-	-	(315)	(1,512)	(129)	(4,762)
Transfer to other funds	(11,700)	-	-	-	(1,000)	-	(2,250)	-	-	-	-	-	(14,950)
Net Transfers	(12,276)	1,736	(47)	-	(1,000)	-	3,750	2,200	50	1,585	1,288	2,714	-
Beginning Fund Balances	27,943	1,550	21,122	603	2,295	-	26,825	(2,034)	146	7,418	10,162	3,696	99,725
Operating Reserve	11,258	916	-	-	-	-	-	-	-	-	1,616	-	13,790
Pledged to Other Fund Shortfalls	4,803	-	-	-	-	-	-	-	-	-	-	-	-
Future Transit System Implementation	-	-	-	-	-	-	-	-	-	5,300	-	-	5,300
Restricted Capital Reserve	-	-	-	-	1,163	-	10,789	-	-	5,500	-	-	17,452
Equipment Replacement Reserve	2,015	204	-	-	-	-	-	-	-	664	2,286	1,891	7,060
Major Maintenance Reserve	-	-	-	-	-	-	-	-	-	-	637	-	637
Reserve for Housing Initiatives	-	-	17,150	-	-	-	-	-	-	-	-	-	17,150
FY25 Surplus to be Allocated	5,545	-	-	-	-	-	-	-	-	-	-	-	5,545
Budget Carryovers	419	-	-	-	-	-	-	-	-	-	71	26	516
Remaining Available Fund Balance	90	220	1,588	1,032	468	1,198	1,430	62	166	35	(4,803)	1,532	7,821
Total Ending Fund Balances	24,131	1,340	18,738	1,032	1,632	1,198	12,219	62	166	6,000	5,307	3,448	75,272

Operating Budget

Comparison of FY27 Base Budget to FY26 Budget (by Fund)

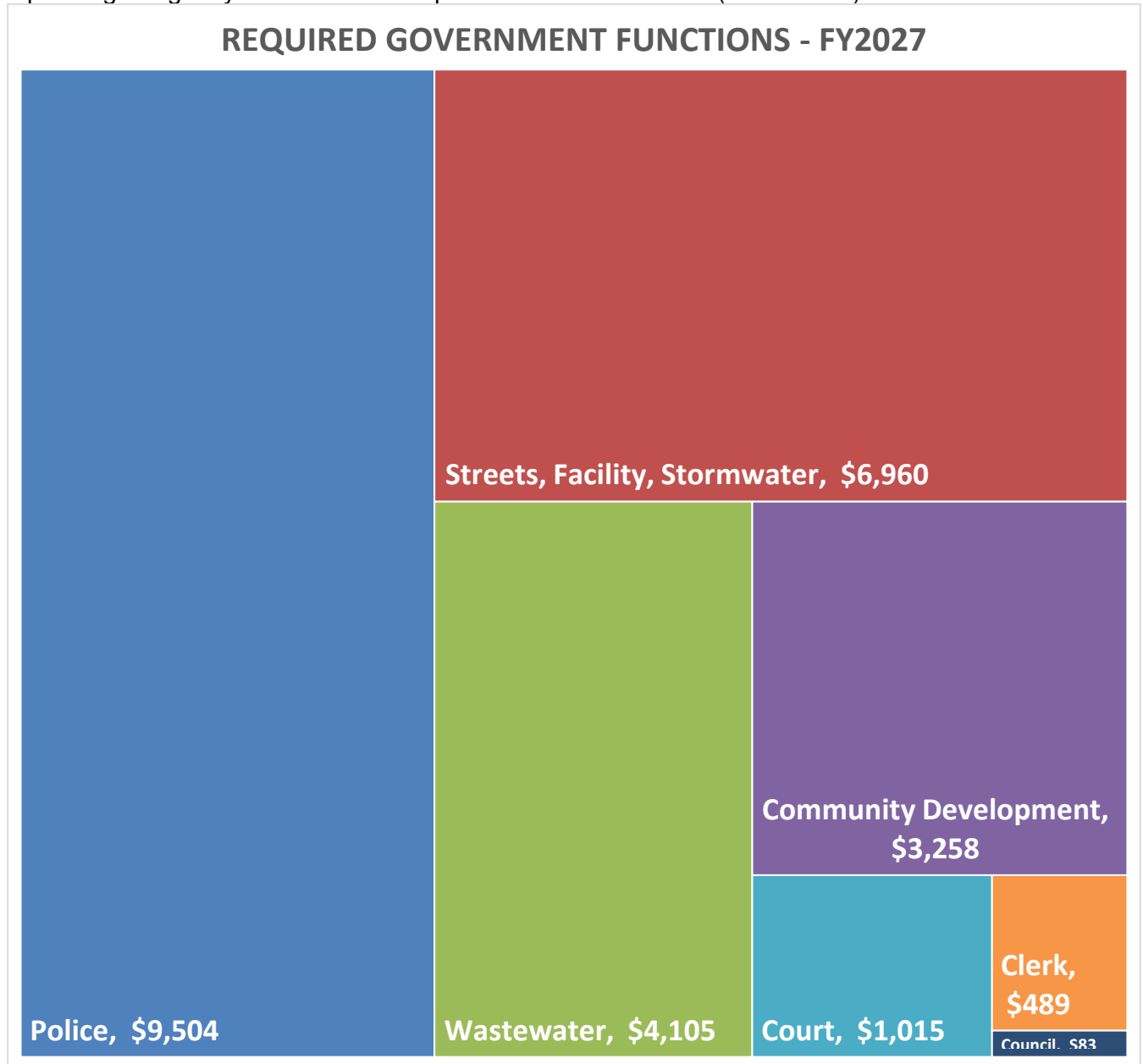
Fund	FY2026	FY2027	Inc/(Decr)	%
10 - General Fund	\$36,981,730	\$37,227,484	\$245,753	1%
11 - Streets Fund	2,661,499	2,802,699	141,200	5%
12 - Housing Fund	2,491,730	2,407,330	(84,400)	-3%
14 - RICO Fund	11,000		(11,000)	-100%
15 - Donations & Contributions Fund	24,700	23,100	(1,600)	-6%
16 - Operating Grants Fund	1,810,000	1,423,000	(387,000)	-21%
17 - Transportation Sales Tax Fund	497,852	846,583	348,731	70%
19 - Parking Garage Fund	-	101,560	101,560	100%
20 - Smart and Safe Fund	74,900	77,000	2,100	3%
22 - Capital Improvements Fund	861,325	1,406,330	545,005	63%
48 - Dev. Impact Fees - Streets	248,570	496,620	248,050	100%
52 - Public Transit Fund	3,129,308	3,627,760	498,452	16%
59 - Wastewater Enterprise Fund	9,397,201	4,849,226	(4,547,975)	-48%
60 - Info Tech Internal Service Fund	3,044,722	3,099,181	54,459	2%
Grand Total	\$61,234,538	\$58,387,872	\$(2,846,665)	-5%

Comparison of FY27 Base Budget to FY26 Budget

(by Home Rule – Required vs Other Functions)

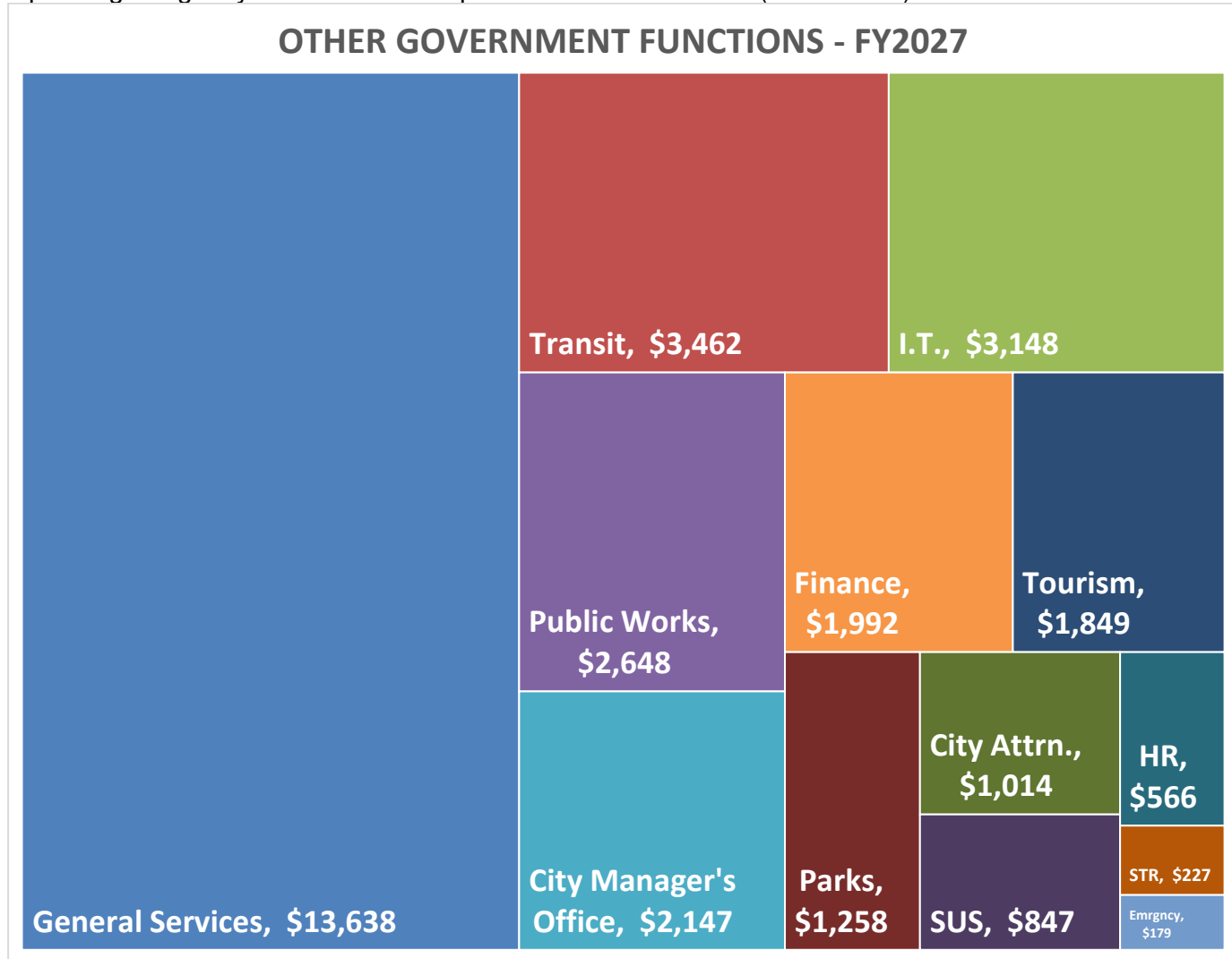
Department	FY2026	FY2027	Inc/(Decr)	%
City Council	\$78,150	\$82,675	\$4,525	6%
City Clerk	398,442	489,139	90,696	23%
Wastewater	4,212,083	4,104,731	(107,352)	-3%
Community Development	3,505,102	3,258,067	(247,035)	-7%
Streets, Facility, Stormwater	6,984,144	6,959,599	(24,545)	0%
Police	10,403,430	9,504,417	(899,014)	-9%
Municipal Court	936,913	1,015,099	78,186	8%
Required Total	\$26,518,264	\$25,413,726	\$(1,104,538)	-4%
City Manager's Office	1,209,610	2,146,873	937,263	77%
Human Resources	564,938	566,240	1,301	0%
Finance	1,995,091	1,992,338	(2,752)	0%
I.T.	3,077,902	3,147,511	69,609	2%
Tourism & Economic Initiatives	2,417,536	1,848,643	(568,894)	-24%
City Attorney	968,738	1,014,180	45,442	5%
Short-Term Rental Monitoring	202,236	226,972	24,737	12%
Parks & Recs	1,392,539	1,258,325	(134,215)	-10%
General Services	16,364,451	13,638,162	(2,726,289)	-17%
Public Works	2,596,280	2,647,530	51,250	2%
Sustainability	805,373	846,931	41,558	5%
Emergency Management	197,831	178,602	(19,229)	-10%
Transit	2,923,748	3,461,840	538,092	18%
Other Total	\$34,716,273	\$32,974,146	\$(1,742,127)	-5%
Grand Total	\$61,234,538	\$58,387,872	\$(2,846,665)	-5%

Operating Budget by Home Rule – Required vs Other Functions (in thousands)



Required	FY2027
Police	9,504
Streets, Facility, Stormwater	6,960
Wastewater	4,105
Community Development	3,258
Municipal Court	1,015
City Clerk	489
City Council	83
\$ 25,414	

Operating Budget by Home Rule – Required vs Other Functions (in thousands)



Other Functions	FY2027
General Services	13,638
Transit	3,462
I.T.	3,148
Public Works	2,648
City Manager's Office	2,147
Finance	1,992
Tourism	1,849
Parks & Recs	1,258
City Attorney	1,014
Sustainability	847
HR	566
STR Monitoring	227
Emergency Management	179
	\$ 32,974

The following is an Operating Budget breakout of cost changes by line-item categories between FY26 and FY27:

(In Thousands)

Account Categories	FY2026	FY2027	Change	% Change
Salary & Stipends	\$ 16,867	\$ 17,687	\$ 820	5%
ERE Benefits	6,945	7,221	276	4%
Office Expenses	459	489	30	7%
Operating Expenses	1,576	1,470	(106)	-7%
Maintenance	5,528	5,581	53	1%
Equipment & Special Supplies	1,492	1,069	(424)	-28%
Professional	5,482	5,511	29	1%
Utilities	1,376	1,448	72	5%
Insurance	530	550	20	4%
Contracts	3,236	3,321	84	3%
Communications	209	234	25	12%
Travel & Training	608	644	36	6%
Public Information	25	47	22	85%
Capital (machine/equipment)	1,596	1,816	221	14%
Special Programs	104	127	23	23%
Debt Service Exp	10,092	6,163	(3,929)	-39%
Contingencies	5,100	5,000	(100)	-2%
Miscellaneous	9.3	9.3	-	0%
Total	\$ 61,235	\$ 58,388	(\$ 2,847)	-5%

The following is an Operating Budget breakout of cost changes by department between FY26 and FY27:

(In Thousands)

Department	FY2026	FY2027	Change	% Change
City Council	\$78	\$83	\$5	6%
City Manager	1,210	2,147	937	77%
Human Resources	565	566	1	0%
Finance	1,995	1,992	(3)	0%
I.T.	3,078	3,148	70	2%
Tourism	2,418	1,849	(569)	-24%
City Attorney	969	1,014	45	5%
City Clerk	601	716	115	19%
Parks & Rec	1,393	1,258	(134)	-10%
General Services	11,264	8,638	(2,626)	-23%
Contingency	5,100	5,000	(100)	-2%
Wastewater	4,212	4,105	(107)	-3%
Community Development	3,505	3,258	(247)	-7%
Public Works	9,580	9,607	27	0%
Sustainability	805	847	42	5%
Police	10,601	9,683	(918)	-9%
Municipal Court	937	1,015	78	8%
Transit	2,924	3,462	538	18%
Totals	\$61,235	\$58,388	-\$2,847	-5%

Operations Changes

(In Thousands)

FY 2026 Budget	\$61,235
Increases in Salary/Wages & Benefits related costs (5% merit increase)	1,096
Increases in Office Expenses (Western Gateway/Uptown CFA Mail Supplies)	30
Decreases in Operating Expenses (Various decreases)	(106)
Increases in Maintenance Expenses (Grounds maintenance services)	53
Decreases in Equipment & Special Supplies (Police tactical equipment)	(424)
Increases in Professional Services (Elections, audit services, leadership training, transit)	29
Increases in Utility Expenses (Electrical, waste management, water)	72
Increases in Insurance Expenses (Property and liability coverage)	20
Increases in Contract Expenses (CoC Visitor Center, CSP Contracts, Verde Shuttle)	84
Increases in Communications related costs (Phone/cellular changes)	25
Increases in Travel & Training related costs (Certification driven)	36
Increases in Public Information & Special programs (Annual community report, events)	45
Increases in Capitalized Machinery & Equipment Expenses (Patrol vehicles, Backhoe)	221
Decreases in Debt Service Expenses (Wastewater Series 2021 paid in full)	(3,929)
Decreases in Contingencies (Reduction to grants contingency)	(100)
FY 2027 Proposed Operating Budget	\$58,388

Debt Service Changes

(In Thousands)

FY 2026 Budget	\$8,028
Change in Series 2024 Principal	545
Change in Series 2022 Principal	940
Change in Series 2021 Principal (Matured)	(4,233)
Change in Series 2021 Interest (Matured)	(74)
Change in Series 2015 Principal	35
Change in 2nd Series 2022 Principal	46
Change in 2nd Series 2022 Interest	(63)
FY 2027 Budget	\$5,224

Contingencies year-over-year

	FY 2026 Budget	FY 2027 Proposed	Increase/ (Decrease)
General Fund Operating	\$1,500,000	\$1,500,000	\$0
Wastewater Fund Operating	100,000	100,000	\$0
Judgments	100,000	100,000	\$0
Housing*	2,000,000	2,000,000	\$0
Grants	1,400,000	1,300,000	(\$100,000)
Grand Totals	\$5,100,000	\$5,000,000	(\$100,000)

As stated above, proposed contingencies were reduced slightly for FY27. Over the last five years, contingencies in the budget have ranged from \$950,990 in FY25 to \$23.5 million in FY23, which included \$20 million to purchase the Western Gateway Park area. Excluding the \$20 million for the land purchase in FY23, the average annual budgeted amount for all contingencies from 2021-

2025 was \$3,310,732. If the land purchase contingency is included, the average is \$7,310,732.

Given the current cost of fuel and the potential for these costs to decrease, remain high or climb higher, staff has not adjusted the operating budget for fuel prices, but should those costs trend significantly higher than budget, contingency funds would be recommended to fill the gap. Any use of contingency funds requires Council approval.

Prior Year Contingencies

Fiscal Year	Budgeted Contingencies
2025	\$ 956,850
2024	3,412,720
2023	23,519,000
2022	6,626,510
2021	2,044,440

The Housing Division submitted a Decision Package for a \$2,000,000 contingency during the FY26 budget process. While unspent in FY26, staff have left this contingency in the FY27 budget.

Personnel (5.9% increase) – The total FY27 budget for personnel is increasing over FY26. The prior year saw a significant decrease over FY25 (10%); however, that decrease was driven by the final payment to PSPRS to reach fully funded status in FY25. Historically, the City's pay scale was adjusted annually on July 1 based on the Western Region CPI from the previous December. Recent historic pay scale adjustments are as follows: *(next page)*

Historic Pay Scale Adjustments

Pay Scale Fiscal Year (CPI Year)	Dec West Region CPI	Pay Scale Adj.	Comments
FY 2027 (Dec 2025)	2.9%	5%	5% merit included in the budget for FY 2027
FY 2026 (Dec 2024)	2.5%	4.3% civilian 7% sworn	This adjustment was implemented as part of the recently completed salary study.
FY 2025 (Dec 2023)	3.6%	2.5%	FY 2025 Proposed Budget included the budget for a new salary study.
FY 2024 (Dec 2022)	6.2%	5% + 2.5%	2.5% cost-of-living adjustment (COLA) approved effective Jan 2024.
FY 2023 (Dec 2021)	7.1%	5%	The 2022 salary study resulted in many changes. 44 positions moved up one or two pay ranges, and a separate Police Department pay scale was created.
FY 2022 (Dec 2020)	1.5%	1.5%	

The FY27 base Budget includes only a 5% pool for merit increases, with no addition for cost of living. Employees will receive increases based on performance with a maximum adjustment of 5%.

Benefits

Medical insurance rates for FY27 increased approximately 3.4%, lower than the initial estimate of 6%.

As of FY26, the PSPRS plan is fully funded; the budgeted contribution for FY27 is the minimum required contribution of \$450,645. The FY27 Budget includes an assumption that Prop 207 funding will continue to supplement the payment to PSPRS with approximately \$75,000.

A schedule of the positions and full-time equivalency with a comparison to prior years has been included in the Overall Summaries section of the binder.

Sources and Uses, FY27

The budget is balanced between expenditures, revenues, and use of fund balances/reserves for their designated purposes. The following table details the sources and uses of funds at a city-wide level for FY27 base budget. Operating reserves will increase by approximately 30% of any approved Decision Packages. A detailed analysis of the available savings, revenue and expenditures is on the following page.

Base Operating Budget		Decision Packages and Proposed Capital	FY 27 Operating and Capital Budget, including Decision Packages
Beginning Fund Balance	\$ 100,081		Beginning Fund Balance \$ 100,081
LESS: Policy Reserves	(61,390)	Decision Packages	LESS: Policy Reserves (61,390)
Unassigned Fund Balance/Savings	38,691	Ongoing Exp. (814)	Unassigned Fund Balance/Savings 38,691
		One-Time Exp. (1,580)	
FY27 Base Operating Budget		Total Dec. Pkgs. (2,394)	FY 27 Budget including Capital & Dec. Pkgs.
Revenues	68,543		Revenues 68,543
Base Operating Expenditures	(58,388)	Proposed Capital Budget	Base Ops. Exp. + Dec. Pkgs. (60,782)
		All Capital* (33,880)	Proposed Capital Budget (33,880)
		Total Additions (36,274)	Total Proposed Budget (94,662)
Net Operating Surplus/(Use of Savings)	10,155		Net Surplus/(Use of Savings) (26,119)
Ending Unassigned Fund Balance/Savings	\$ 48,846		Ending Unassigned Fund Balance/Savings \$ 12,572

* Excludes Community Facility District (CFD) Revenues & Expenditures - these are reported in separate funds

FY27 budgeted revenues exceed the proposed base operating budget by a little over 10 million.

Budget and Reserve Policies

The City's Fund Balance and Reserve Policy was updated and adopted by City Council action on March 11, 2025. This Policy sets reserve targets for operating funds, and capital reserves.

Reserves per policy total \$61.4 million, broken out as follows:

(in thousands)

	General Fund	Streets Fund	Housing Fund	TST Fund	CIP Fund	Transit Fund	WW Fund	IT Fund	Totals
Operating Reserve	11,258	916	-	-	-	-	1,616	-	13,790
Future Transit System Implementation	-	-	-	-	-	5,300	-	-	5,300
Restricted Capital Reserve	-	-	-	1,163	10,789	-	5,500	-	17,452
Equipment Replacement Reserve	2,015	204	-	-	-	664	2,286	1,891	7,060
Major Maintenance Reserve	-	-	-	-	-	-	637	-	637
Reserve for Housing Initiatives	-	-	17,150	-	-	-	-	-	17,150
Total Reserves	13,273	\$1,120	\$17,150	\$1,163	\$10,789	\$5,964	\$10,039	\$1,891	\$61,390

The General Fund has a fund balance reserve requirement of 30% of budgeted expenditures, as well as other reserves with specific purposes. This reserve is significantly higher than the baseline Best Practice, which is to have a minimum of two months of operating capital, or 16% of budgeted expenditures for the year. City Council and staff support maintaining a higher reserve because of Sedona's revenue model. Sedona does not levy a property tax and is dependent on sales and bed taxes for the majority of annual revenue. While this revenue stream has remained resilient through the current economic uncertainty, ensuring reserves are more than adequate to cover the cost of operations during an emergency demonstrates an understanding of the relative volatility of sales tax versus property tax, and fiscal prudence given that model.

Capital Reserve amounts above represents 50% of the FY27 capital budget for all funds. These reserves include the 10.8 million in the CIP fund and smaller amounts in the Wastewater and IT Funds. Because the CIP Fund does not have dedicated revenue, reserve amounts in this fund represent additional reserves of General Fund monies. The Policy does not specify a minimum for capital reserves because the City primarily uses pay-as-you-go (pay-go) funding for capital projects based on General Fund surpluses. It is also important to note that in the case of an emergency like a natural disaster, it is unlikely that ongoing and planned capital projects would represent immediate critical needs. Capital projects that are not related to health and safety would be rescheduled, re-scoped or deferred in the event of an emergency or a significant economic downturn impacting the City's available revenue.

The City operates at a surplus; annually, funds are added to reserves because revenues exceed expenditures. This ongoing surplus position allows the City not only to maintain reserves that protect against emergencies and economic uncertainty, but also to fund investments in capital projects and other one-time initiatives, while ensuring the ongoing fiscal sustainability of the City of Sedona.

Capital Improvements

CIP Prioritization

The City uses the following criteria when ranking capital projects for prioritization:

Rank	Description
Priority 1	Projects that cannot reasonably be postponed. Must be completed to avoid harmful or otherwise undesirable consequences. Often related to health and safety.
Priority 2	Projects that address clearly demonstrated needs or objectives; mitigate identified problems, and address community goals.
Priority 3	Projects that benefit the community but may be delayed without detrimental effects on services, health or safety. May meet community goals.
Priority 4	Projects that should be included in the 10-year CIP plan, but are not related to health and safety, are not part of critical infrastructure, and do not mitigate identified issues. While these projects may meet a community goal, they are not as impactful as projects in categories I through III.

For FY27, staff used a weighted scoring model to determine the priority ranking of proposed projects. This scoring (previously presented to Council) creates a more objective scoring that is consistent across departments and projects. Scoring was completed and reviewed by members of multiple departments to ensure fairness.

Capital Improvement Projects (19% decrease) – The most significant decreases are the construction costs for the Parking Garage and the scheduling of planned shared use path projects over several years. The two most recently completed SUP's by the end of FY2026 will be Dry Creek Rd and Andante Dr.

The Capital Improvement budget includes \$26.4 million of projects continuing from FY26 either because the project has been delayed due to unforeseen circumstances, or because the project was intended to take multiple years to complete. Increases to existing projects may include an expansion of scope, or unexpected cost increases during construction. The following table summarizes the FY26 budget amounts by category.

FY27 CIP by Category

Category	FY 2026 Budget	FY 2027 Proposed	Increase/ (Decrease)
Arts & Culture	\$ 20,000	\$ 35,000	\$ 15,000
Affordable Housing	0	0	0
Information Technology	1,500,000	1,500,000	0
Municipal Court	70,000	200,000	130,000
Police	1,661,000	2,941,000	1,280,000
Parks & Recreation	1,389,500	2,052,500	663,000
Public Transit	2,573,000	2,889,797	316,797
Public Works	1,872,500	1,926,000	53,500
Storm Drainage	380,000	1,002,000	622,000
Sedona in Motion (SIM)	25,588,207	11,087,190	(14,501,017)
Streets & Transportation	67,000	0	(67,000)
Sustainability	856,250	1,031,250	175,000
Wastewater	6,079,700	9,215,177	3,135,477
Grand Totals	\$ 42,057,157	\$ 33,879,914	\$ (8,177,243)

FY27 CIP by Category (by Fund)

Fund - Category	FY27 Budget
17 - Transportation Sales Tax Fund	
Public Transit	\$ 2,203,797
Sedona in Motion	1,509,500
22 - Capital Improvements Fund	
ERP Project	1,500,000
Municipal Court	200,000
Police	2,941,000
Parks & Recs	2,052,500
Public Works	1,926,000
Strom Drainage	1,002,000
Sedona in Motion	9,519,340
Sustainability	1,031,250
26 - Art in Public Places Fund	
Arts	35,000
48 - Dev. Impact Fees - Streets	
Sedona in Motion	58,350
52 - Public Transit Fund	
Public Transit	686,000
59 - Wastewater Enterprise Fund	
Wastewater	9,215,177
Total	\$ 33,879,914

Category	FY26 Budget	FY27 Proposed
Carryover	\$31,074,125	\$25,629,772
New Appropriation	10,983,032	8,250,142
Grand Totals	\$42,057,157	\$33,879,914

“Carryover” refers to project funding that is budgeted in a fiscal year (e.g., FY26), under contract or otherwise encumbered, and not paid out within that fiscal year. It is common for capital projects to carry over funds until the project is complete. Budgeted funds that are not encumbered may also be carried over, but only through a new appropriation in the budget.

The majority (78%) of the FY27 capital budget funds are carryovers from FY26, as was the case for FY26, with carryovers from FY25 of 69%. The projects driving the large carryovers for FY27 are the Wastewater drying beds replacement and treatment process upgrades, Coffee Pot SUP, Ranger Station interior and bathroom, North SR 179 Park and Ride, Police Radio Infrastructure and Citywide ERP software.

The Capital Improvement Fund budget is balanced with anticipated funding and 50% reserves. With the City’s change in budget software, the Capital Improvement Plan can now be presented with a ten-year project planning horizon. It is important to note that the further out a project is, the less reliable the estimated cost. Staff uses the construction price index, economic indicators and trends to estimate costs; however, it is not feasible to anticipate all the possible impacts to cost over time.

The 10-year plan is summarized in the following table (project details are available in the Capital Improvement section of the Budget book):

10-Year Capital Improvement Plan Expenditures

Fiscal Year	CIP Draft Budget	Smoothed Budget
FY27	\$ 33,879,914	\$ 33,879,914
FY28	51,780,010	37,267,905
FY29	63,647,095	40,995,000
FY30	45,549,407	34,746,000
FY31	24,395,792	27,767,000
FY32	8,504,340	22,164,000
FY33	19,540,860	19,898,000
FY34	5,002,210	17,943,000
FY35	6,406,250	16,000,000
FY36	6,953,960	15,000,000
	<u>\$ 265,659,838</u>	<u>\$ 265,660,819</u>

The 10-year CIP plan is presented in detail in the budget binders. Below are the annual estimates for capital spending. The draft plan is still considerably front-loaded in years 1, 2 and 3. Council prioritization of projects will help staff to reschedule projects to smooth the annual costs. While it is normal to see capital spending go up and down, projects should be planned with the financial impact, staff capacity and community construction fatigue in mind. The column to the right represents smoothing and rounding of projects and expenditures over time, which naturally happens during the annual prioritization of proposed projects. Budgeted amounts are higher in FY28 through FY30 with the assumption that Wastewater Infrastructure projects, including the injection wells, and the Transit Maintenance & Operations facility

would be under construction at that time. It is important to remember that these amounts are estimates of cost only, and do not net the amount of any grants or outside funding. The Transit M&O facility will be primarily grant funded.

Following is a summary of the funding sources for the FY27 capital projects.

Funding Source	Amount
1% for Arts	\$ 35,000
Capital Reserves	16,277,926
Court Restricted Revenues	40,000
Debt Financing	100,000
Development Impact Fees	58,350
Grants	4,030,964
Transportation Sales Tax	3,822,497
Wastewater Revenues	9,215,177
Yavapai County Flood Control	300,000
Total	\$ 33,879,914

*Note: Debt Proceeds are funds remaining from previously issued debt. No additional debt is proposed.

New CIP projects were identified and added to the 10-year plan during the FY27 budget process. This table is presented with details only for the next three years, the full 10-year plan is included in the budget binders.

(In thousands)

Project	FY27	FY28	FY29	Future Years	Totals
PD-10 - Safety and Security Enhancements West Campus	\$175	\$0	\$0	\$0	\$175
PR-03C - Build-Out of Ranger Station Park	657	0	0	0	657
PR-14 - Dog Park Small Dog Area Upgrades	50	50	50	0	150
PT-03 - Transit Bus Acquisition - Grant-Funded	625	364	0	2,102	3,091
PT-09 - Transit Master Plan Refresh	150	0	0	0	150
SD-16 - Red Hawk Ln	300	0	0	0	300
SIM-03e - Parking Management System	500	0	0	0	500
SIM-04e - Ranger/SR 179 Intersection Improvements	150	1,010	0	0	1,160
SIM-05e - Forest/Ranger/SR 89A Intersection Improvements	927	3,709	0	0	4,636
SIM-06 - Neighborhood Street Connections	50	200	1,166	0	1,416
SIM-10 - West SR 89A Improvements and Adaptive Signal Control	50	2,883	0	0	2,933
SIM-11-11 - SUP Amenities	150	50	50	350	600
SIM-11p - Brewer Road Shared-Use Path	302	0	0	0	302
SIM-11x - Zane Grey Shared-Use Path	75	606	0	0	681
SIM-11z - Gun Fury Shared-Use Path	100	714	0	0	814
SUS-14 - On-site Renewables - Solar PV	300	700	1,000	1,375	3,375
WW-04 - SCADA System Master Plan	310	0	0	250	560
WW-06 - WWRP Recharge Wells	1,422	4,622	4,650	10,950	21,644

Historical Capital Improvement Expenditures
(In millions)

Fiscal Year	Budget	Actual	% of Budget	Land	Total less Land
2013	\$ 8.6	\$ 3.7	43%	\$ 0.9	\$ 2.8
2014	9.3	5.3	58%	0.7	4.6
2015	13.6	5.7	42%	0.0	5.7
2016	16.7	10.6	63%	0.9	9.7
2017	8.9	6.6	74%	0.0	6.6
2018	14.1	5.8	41%	0.0	5.8
2019	13.0	5.8	45%	0.0	5.8
2020	14.0	12.0	86%	0.0	12.0
2021	15.1	11.6	76%	3.1	8.5
2022	19.9	13.2	66%	2.6	10.6
2023	56.8	32.0	56%	22.1	9.9
2024	33.0	25.0	76%	1.9	23.1
2025	48.3	33.9	70%	3.0	32.0
2026 Est.	42.1	33.0	78%	0.0	33.0
2027 Bud.	\$33.9				

While annual spending has increased alongside expanded investment in infrastructure and capital projects, much of this growth reflects rising costs. Construction material prices have increased 37.7% over the past five years (57.4% since 2013), and construction labor costs have risen 42%.

Over the past 13 years, the City has spent an average of 61% of its annually budgeted CIP. This is typical, as capital projects often span multiple years and require full funding upfront, while actual expenditures occur over time. Project timelines may also be affected by design delays, construction schedules, and staff capacity.

Expenses by Fund (CIP Only)

Fund	FY27 Budget
17 - Transportation Sales Tax Fund	\$ 3,713,297
22 - Capital Improvements Fund	20,172,090
26 - Art in Public Places Fund	35,000
48 - Dev. Impact Fees - Streets	58,350
52 - Public Transit Fund	686,000
59 - Wastewater Enterprise Fund	9,215,177
Grand Total	\$ 33,879,914

Projects Completing in FY 2026

Project	FY 2026 Budget
PR-03E - Ranger Station Park Shade Structure	\$ 64,500
PR-04 - Sunset Park Improvements	115,000
PR-12 - Multi-Use Field Lighting	150,000
PW-04 - Facilities Study	75,000
SIM-05a - Portal Lane to Brewer Road Connection	1,508,310
SIM-11m - Dry Creek Road Pathway, Gringo to White Bear	1,500,000
SIM-11n - Andante Shared-Use Path and Drainage Improvements	3,024,600
SIM-11s - Little Horse Shared-Use Path	150,000
ST-02 - Rodeo Drive/Thunder Mountain Road Drainage Improvements	67,000
WW-18 - WWRP Recharge Well Filter Backwash System (Design Only)	153,000
Total	\$ 6,807,410

Projects Starting in FY 2027

Project	FY 2027 Budget
PD-10 - Safety and Security Enhancements West Sedona City Campus	\$ 175,000
PR-03C - Build-Out of Ranger Station Park	656,500
PR-14 - Dog Park Small Dog Area Upgrades	50,000
PT-09 - Transit Master Plan Refresh	150,000
PW-11 - Goodrow Lane Improvements	30,000
SD-16 - Red Hawk Ln	300,000
SIM-03c - Wayfinding Signage (Parking Garage)	120,000
SIM-04e - Ranger/SR 179 Intersection Improvements	150,000
SIM-05e - Forest/Ranger/SR 89A Intersection Improvements	927,190
SIM-06 - Neighborhood Street Connections (Study)	50,000
SIM-10 - West SR 89A Access Improvements and Adaptive Signal Control	50,000
SIM-11-11 - SUP Amenities	150,000
SIM-11p - Brewer Road Shared-Use Path	302,000
SIM-11x - Zane Grey Shared-Use Path	75,000
SIM-11z - Gun Fury Shared-Use Path	100,000
SUS-14 - On-site Renewables - Solar PV	300,000
WW-04 - SCADA System Master Plan	310,000
WW-06 - WWRP Recharge Wells	1,421,820
Total	\$ 5,317,510

Project	FY 2026	FY 2027	Change
AC-03 - City Art Community Projects	\$ 20,000	\$ 35,000	\$ 15,000
IT-01 - Citywide Business Software	1,500,000	1,500,000	-
MC-02 - Court Remodel	70,000	200,000	130,000
PD-02 - Radio Infrastructure	1,200,000	1,200,000	-
PD-07 - Body-Worn and Vehicle Camera Upgrade; Taser Upgrade & Standardization	261,000	446,000	185,000
PD-11 - Police Station Remodel - Phase 2	200,000	1,120,000	920,000
PR-01 - Concession Stand/Restrooms Building - Renovation and Redesign	30,000	200,000	170,000
PR-03B - Improvements at Ranger Station / Interior Restoration of House and Barn	1,000,000	1,036,000	36,000
PR-11 - Sunset Park Playground Structure	150,000	310,000	160,000
PR-13 - Improvements to Posse Grounds Park	150,000	190,000	40,000
PT-04 - Bus Stop Improvements	175,000	400,000	225,000
PT-04b - North SR 179 Park and Ride	960,000	1,715,000	755,000
PW-05 - Real Estate/Land Acquisition	1,300,000	1,300,000	-
PW-06 - City Hall Window and Door Replacement	497,500	596,000	98,500
SD-08 - Mystic Hills Lift Station Access Improvements (Coconino County)	80,000	402,000	322,000
SD-13 - El Camino Rd Area Drainage	300,000	300,000	-
SIM-03b - Uptown Residential Parking Improvements	100,000	100,000	-
SIM-03d - East Forest Road Improvements	1,600,000	1,450,000	(150,000)
SIM-04c - Pedestrian Crossing at Oak Creek	300,250	507,650	207,400
SIM-04f - Y Roundabout Adaptive Signals	450,000	390,000	(60,000)
SIM-05d - Ranger Road / Brewer Road RAB Intersection & Ranger Extension	2,490,485	1,780,850	(709,635)
SIM-10a - Traffic Calming and SUP - White Bear Rd to Pinon Dr	250,000	1,509,500	1,259,500
SIM-11-03 - Cook's Hill (USFS) Shared-Use Path	10,000	50,000	40,000
SIM-11q - Shelby II Shared-Use Path	750,000	362,500	(387,500)
SIM-11t - Coffee Pot Shared-Use Path	407,500	2,212,500	1,805,000
SIM-11u - Navoti II Shared Use Path	80,000	200,000	120,000
SUS-10 - Decarbonization Planning & Design	250,000	125,000	(125,000)
SUS-12 - Electrical Capacity Upgrades	306,250	306,250	-
SUS-13 - EV Infrastructure	300,000	300,000	-
WW-01M - Collections Pipe Rehabs	600,000	575,000	(25,000)
WW-01N - Manhole Rehabs	200,000	100,000	(100,000)
WW-08 - WWRP Drying Beds Replacement	200,000	2,335,000	2,135,000
WW-09 - WWRP Treatment Process Upgrades	4,426,700	3,502,012	(924,688)
WW-15 - VACCON Storage Building	350,000	321,345	(28,655)
WW-16 - WWRP Secondary Clarifier Rehabilitation	150,000	650,000	500,000
Totals	\$ 21,114,685	\$ 27,727,607	\$ 6,612,922

Projects Continuing from FY26 to FY27

Carryover Requests

At the end of each fiscal year, all budget appropriations lapse in accordance with state law. However, frequently projects cross fiscal years and are not completed by June 30. Any budget balances remaining for those projects that are not encumbered must be re-appropriated in next year's budget.

Fund	Department	Program	Description	FY Approved	Amount
General Fund	City Clerk	STR Monitoring	Consultants review of City records management & retention policy	FY2026	\$ 15,000
General Fund	Community Development	Planning	Land Development Code Update	FY2026	\$300,000
General Fund	Community Development	Housing	ADOH/NACOG CDBG Grant	FY2024	\$128,210
General Fund	Financial Services	Revenue Management	Wastewater Rate Study	FY2023	\$ 30,000
General Fund	Parks & Recreation	Aquatics	Pool Open Swim Rec Activity Apparatus	FY2026	\$ 13,800
General Fund	Parks & Recreation	Parks & Recs	Basic Fitness Equipment for classes in Rec Room	FY2026	\$ 520
General Fund	Parks & Recreation	Parks & Recs	Sunset & Greyback Park Fitness Equipment	FY2026	\$ 21,300
I.T. Internal Fund	Information Technology	Info. Tech. Services	IT - ADP Timeclocks	FY2026	\$ 15,000
I.T. Internal Fund	Information Technology	Info. Tech. Services	PD - Spillman Upgrade	FY2026	\$ 11,000
Transit Fund	Transit	Transit Operations	Tablet Replacement	FY2026	\$ 9,700
Wastewater Fund	Wastewater	Info. Tech. Services	Upgrade Granite Net Software	FY2026	\$ 41,000

Revenues and Other Financing Sources

The increases and decreases in the FY27 Proposed Revenue Budget are as follows:

	FY 2026 Budget	FY 2027 Proposed	Increase/ (Decrease)	%
City Sales Taxes	\$ 33,187,000	\$ 33,187,000	\$ 0	0%
Bed Taxes	9,261,000	9,261,000	0	0%
Franchise Fees	848,000	636,000	(212,000)	-25%
State Shared Revenues	5,275,900	5,275,900	0	0%
Licenses & Permits	577,700	651,700	74,000	13%
Other Intergovernmental	5,190,000	5,938,000	748,000	14%
Charges for Service	7,256,195	8,427,000	1,170,805	16%
Fine & Forfeitures	435,400	569,000	133,600	31%
In-Lieu Fees	569,700	575,500	5,800	1%
Other Revenues	1,886,020	2,612,704	726,684	39%
Development Impact Fees	306,800	370,000	63,200	21%
Community Facility District	158,100	158,100	0	0%
Capacity Fees	\$ 503,000	\$ 503,000	\$ 0	0%

As mentioned previously, during the City Council retreat, Council directed staff to hold City sales taxes and state shared revenues flat relative to FY26. Changes in revenue are related to the following:

- Franchise fees – a net decrease with APS no longer sending the City franchise fees to offset the cost of the new water station on SR179.
- Licenses & Permits – increases in the building permit fees and STR permit fees are expected to increase revenues to the City.
- Other Intergovernmental – increases to grant revenue projections are included in the budget as the City is pursuing several grants for various capital projects
- Charges for Service – new revenue has been added to account for the paid parking fees at the parking garage.
- Fines & Forfeitures – anticipation of increased Court Fines & Parking enforcement fees.
- Other Revenues – increases from interest income from City investments.

Revenues by Fund:
(In thousands)

Fund	FY 2026	FY 2027	Inc / (Decr)	%
10 - General Fund	\$ 45,961	\$ 45,977	\$ 16	0%
11 - Streets Fund	1,098	1,101	3	0%
12 - Housing Fund	62	71	9	14%
13 - Court Restricted Revenues Fund	41	42	1	2%
14 - RICO Fund	0	0	0	23%
15 - Donations & Contributions Fund	26	26	0	1%
16 - Operating Grants Fund	1,820	1,778	(42)	-2%
17 - Transportation Sales Tax Fund	4,886	4,897	12	0%
18 - COVID Relief Funding	25	30	6	23%
19 - Parking Garage Fund	-	1,300	1,300	100%
20 - Smart and Safe Fund	75	75	-	0%
22 - Capital Improvements Fund	2,157	3,223	1,066	49%
26 - Art in Public Places Fund	4	6	1	34%
36 - 48 Dev. Impact Fees	372	450	78	21%
52 - Public Transit Fund	1,360	1,390	30	2%
59 - Wastewater Enterprise Fund	8,470	8,156	(314)	-4%
60 - Info Tech Internal Service Fund	221	22	(200)	-90%

City Sales & Bed Taxes

For the current fiscal year to date, the City has seen an increase in sales and bed tax revenues compared to FY26, up 2% as of the latest December report. The comparison of sales and bed tax revenues to last year and current year budget projections as of December 2025 are as follows:

City Sales Tax Revenues

Month	FY 25 Actuals	FY 26 Actuals	Actual Variance	FY 26 Budget	Budget Variance
July	\$ 2,244,162	\$ 2,542,036	13%	\$ 2,314,900	10%
August	\$ 2,301,743	\$ 2,252,751	-2%	2,290,440	-2%
September	\$ 2,836,025	\$ 3,041,749	7%	2,641,150	15%
October	\$ 3,261,823	\$ 3,192,418	-2%	2,982,980	7%
November	\$ 3,005,054	\$ 3,132,438	4%	2,725,080	15%
December	\$ 2,846,370	\$ 2,703,571	-5%	2,573,660	5%
January	\$ 2,517,383	\$ -	-	2,274,720	-
February	\$ 2,701,527	\$ -	-	2,522,870	-
March	\$ 3,475,144	\$ -	-	3,402,080	-
April	\$ 3,542,595	\$ -	-	3,455,730	-
May	\$ 3,170,594	\$ -	-	3,170,120	-
June	\$ 2,489,089	\$ -	-	2,833,290	-
Totals	\$ 34,391,509	\$ 16,864,963	2%	\$ 33,187,020	9%

Fund Revenues vs Expenses (Operating Only)
(In thousands)

Fund	Revenues	Expenses	Net
10 - General Fund	\$ 45,977	\$ 37,227	\$ 8,749
11 - Streets Fund	1,101	2,803	(1,702)
12 - Housing Fund	71	2,407	(2,337)
13 - Court Restricted Revenues Fund	42	-	42
14 - RICO Fund	0.5	-	0.5
15 - Donations & Contributions Fund	26	23	3
16 - Operating Grants Fund	1,778	1,423	355
17 - Transportation Sales Tax Fund	4,897	847	4,050
18 - COVID Relief Funding	30	-	30
19 - Parking Garage Fund	1,300	102	1,198
20 - Smart and Safe Fund	75	77	(2)
22 - Capital Improvements Fund	3,223	1,406	1,816
26 - Art in Public Places Fund	6	-	6
36 - 48 Dev. Impact Fees	450	497	(46)
52 - Public Transit Fund	1,390	3,628	(2,238)
59 - Wastewater Enterprise Fund	8,156	4,849	3,307
60 - Info Tech Internal Service Fund	22	3,099	(3,078)
Total	\$ 68,543	\$ 58,388	\$ 10,155

FY27 Inter-Fund Transfers
(In thousands)

Transfers Out	Transfers In								
	General Fund	Streets Fund	CIP Fund	DIF Fund	Art Fund	Public Transit Enterprise Fund	Wastewater Enterprise Fund	I.T. Internal Service Fund	Totals
General Fund	\$0	\$2,000	\$6,000	\$0	\$0	\$900	\$2,800	\$2,494	\$14,194
Streets	231	-	-	-	-	-	-	32	\$264
Housing	30	-	-	-	-	-	-	17	\$47
Transp. Sales Tax	-	-	-	-	-	1,000	-	-	\$1,000
CIP	-	-	-	2,200	50	-	-	-	\$2,250
Public Transit	296	-	-	-	-	-	-	19	\$315
Wastewater	1,232	-	-	-	-	-	-	281	\$1,512
IT Internal	129	-	-	-	-	-	-	-	\$129
Totals	\$1,918	\$2,000	\$6,000	\$2,200	\$50	\$1,900	\$2,800	\$2,844	\$19,712

Reserves

All policy reserves are fully funded. The following is a recap of the policy reserves and discussion regarding their funded status:

General Fund (total \$13.3)

- Operating Reserve (\$11.3M) – This reserve is fully funded at 30% of the total proposed budgeted operating expenditures of the General Fund budget.

- Equipment Replacement Reserve (\$2M) – This reserve is fully funded based on the policy requirement, which requires funding for the year to be calculated based on the annual amount of the allocation.

After accounting for these reserves, approximately \$10.4 million remains available as unassigned fund balance in the General Fund. Of that amount, \$5.5 million represents the estimated surplus balance from the FY26 budget.

Streets Fund (\$1.1M)

- Operating Reserve (\$916k) – This reserve is fully funded at 30% of the total adopted budgeted operating expenditures of the Streets Fund budget.
- Equipment Replacement Reserve (\$204k) – This reserve is fully funded based on the policy requirement, which requires funding for the year to be calculated based on the annual amount of the allocation.

Housing Fund (\$14.5M)

- Council appropriated \$19.3M as reserves for affordable housing initiatives. The FY27 Reserve for Loans, Incentives & Capital Expenditures is \$14.5 million, excluding the following loan programs:
 - \$2.2 million for Sunset Lofts – Current loan balance is \$0 after the developer returned the land to the City.
 - \$100,000 for 2250 Shelby Drive.
 - \$400,000 for the down payment assistance program – the current loan balance is approximately \$108,864.

Currently, there are no targets for the fund balance in the Housing Fund. The fund is primarily funded through General Fund transfers. As the housing program is developed and funding is diversified, staff may bring forward a recommendation for a reserve target as appropriate.

Grants, Donations, & Restricted Funds Fund

The balances in the Grants, Donations, & Restricted Funds Fund are restricted to the purposes for which the monies were received. The balances carry over to the following fiscal year.

Transportation Sales Tax Fund

The additional 0.5% sales tax enacted in 2018 was committed by Council for transportation projects and related administrative and operational costs.

- Capital Reserves (\$1.2 million) – This reserve is fully funded.

Capital Improvements Fund (\$10.8M)

Based on Council adopted policy, a portion of the balance in the Capital Improvements Fund is set aside to meet anticipated capital project costs funded by General Fund transfers and capital reserves in the next fiscal year. This does not include capital project costs covered by other restricted funding sources (e.g., grants).

- Capital Reserves (\$10.8 million) – This reserve is fully funded.

Development Impact Fees Funds

The fund balances in the Development Impact Fees (DIF) Funds are restricted to the purposes for which

the monies were received. The FY26 balance is projected to end in a deficit position of (\$2 million). City staff are waiting to fund future projects from DIF fees until a large enough of a balance accrues to make up the deficit.

Art in Public Places Fund

The balance in the Art in Public Places Fund is committed by Council ordinance to be used for public art. The balance will carry over to the following fiscal year for future public art projects.

Public Transit Enterprise Fund (\$6.0M)

- Future System Implementation Reserve (\$5.3M) – During the FY23 budget process, the City Council approved a transfer of \$5.0 million of the General Fund surplus to the Public Transit Enterprise Fund. While not a formal reserve established in the Fund Balance and Reserve Policy, this reserve was committed by Council and is covered in Policy under “additional committed, assigned, or unassigned fund balances in any amount as deemed necessary.”
- Equipment Replacement Reserve (\$664k) – This reserve is fully funded based on the recommended policy requirement, which requires funding for the year to be calculated based on the annual amount of the allocation.

Wastewater Enterprise Fund (\$10.0M)

- Operating Reserve (\$1.6M) – The policy for this reserve is a range of 25%-33.3% of the total adopted budgeted operating expenses of the fund. This reserve is fully funded at the 33.3% level.
- Capital Reserve (\$5.5M) – This balance is set aside to meet anticipated capital project costs in the next fiscal year.
- Equipment Replacement Reserve (\$2.3M) – This reserve is fully funded based on the policy requirement, which requires funding for the year to be calculated based on the annual amount of the allocation.
- Major Maintenance Reserve (\$637k) – This reserve is fully funded based on the policy requirement, which requires an annual allocation of major maintenance costs over the life of the anticipated maintenance need.

Information Technology Internal Service Fund (total \$1.9M)

- Equipment Replacement Reserve (\$1.9M) – This reserve is fully funded based on policy, which requires funding for the year to be calculated based on the annual amount of the allocation.

Decision Packages

There are \$1,562,963 in operational Decision Packages, of which \$297,839 are ongoing expenditures, and \$1,265,124 are one-time expenditures.

It is the prerogative of the City Council to make decisions on the approval of the Decision Packages. Council is not constrained by recommendations from either the City Manager or the Citizens Budget Work Group, but may choose to approve individual packages based on knowledge of the community, goals, and priorities for a continued high-level of service to Sedona's residents and visitors.

Below is a list of the Decision Packages that the City Manager supports "YES". The tables include the CBWG recommendations for each item. The CBWG report and full recommendations are attached to this memo.

Description	Department	FTE's	One-Time Costs	Ongoing Costs	Total Request	CBWG
66 - Mini Street Sweeper	Public Works		\$250,000	\$0	\$250,000	Yes
69 - P/T Bike Park Maintenance Worker to F/T Bike/Ped Coordinator	Public Works	0.75	6,570	77,045	83,615	No
70 - Police Department EV Patrol Vehicle addition	Police		99,951	4,000	103,951	No
71 - Website Upgrades	City Manager's Office		75,000	-	75,000	Yes
73 - Hazardous Waste Door to Door Collection	Sustainability		50,000	-	50,000	No
75 - Tech Support FTE	Information Technology	1	-	157,046	157,046	Yes
76 - Sustainability Plans Management Platform	Sustainability		8,000	10,000	18,000	Yes
78 - Pre-approved Duplex and Triplex House Plans per ARS 9-461.20 (SB1529)	Community Development		100,000	-	100,000	Yes
79 - NAU Partnership	Sustainability		25,000	-	25,000	Yes
80 - Door-to-Door Composting Pilot Program	Sustainability		20,000	-	20,000	No
82 - Uptown CFA Professional Design Services	Community Development		125,000	-	125,000	Yes
86 - Residential Tree Planting Program	Sustainability		84,000	-	84,000	No
87 - Advertising Contingency For Destination Marketing Campaigns	Tourism & Econ. Initiatives		300,000	-	300,000	Yes
91 - 250th Celebration Event	Parks & Recreation		100,000	-	100,000	Yes
Total "Yes"			\$1,243,521	\$248,091	\$1,491,612	

Below is a list of the Decision Packages that the City Manager supports "Tier 2". The tables include the CBWG recommendations for each item.

Description	Department	FTE's	One-Time Costs	Ongoing Costs	Total Request	CBWG
88 - Court Specialist	Municipal Court	0.2	\$21,603	\$49,748	\$71,351	Yes
Total "Tier 2"			\$21,603	\$49,748	\$71,351	

Community Engagement and Participation

Citizens Budget Work Group

We would like to recognize the participation of the Sedona citizens who made up this year's Citizens Budget Work Group (CBWG): Jean Christophe Bulet, Dave Garten, Ed Kettler, Bob Lewis, Robin Low, Judith Patton, Jolene Pierson and Lance Waldrop. This was the thirteenth year the City has included a citizen work group in the budget development process.

The goals for the work group included:

- Learn about the current budget process and methodology, receive an overview of programs, services and projects included in the City's budget.
- Review and discuss departmental Decision Packages; provide feedback to the City Manager for her decision-making process.
- Summarize and present Decision Package recommendations to the City Council.
- Every third year the Group reviews community service provider funding requests when the contracts are up for renewal and provides recommendations on funding levels to the City Manager and Council.

The FY27 process included:

- December 15, 2025: Kickoff, Budget context, FY27 Base Budget and CIP
 - Budget process and structure, Arizona law, and expenditure limitation
 - Impact of Community Plan and Council Priorities on budget development
 - FY26 budget highlights and current financial status
 - CBWG participants were invited to come to the Council retreat on December 17-18
- January 15, 2026: Council retreat discussion
 - Review and discuss the council retreats
 - FY27 Base Budget and CIP
- February 4, 2026: Service Provider Contracts
 - Presentations by community service providers
 - Consideration of recommendations to Council
- February 12, 2026: Decision Package Review and Department Presentations
 - Review of Decision Packages and preliminary thoughts about packages
 - Presentation by department heads regarding Decision Packages
 - Consideration of recommendations to Council
- February 17, 2026: Develop Recommendations for City Council
 - Finalize recommendations for City Council related to Decision Packages
- March 12, 2026: Discussion with City Manager

- At the request of the CBWG, they were able to meet and review their recommendations with the City Manager.

The work group was highly engaged and asked numerous thoughtful questions. The group members brought insights from their unique perspectives and added value to the overall process. Their input is greatly appreciated, and it was incorporated into the decision making process.

Representatives of the work group will attend the Council budget work session to discuss the group's recommendations and answer any questions the Council may have. The CBWG recommendations report is included in the Community Input section.

Budget Calendar

The remainder of the budget process has been added to the City Council calendar and is outlined below.

FY27 Budget Process – Council Meetings

	Dates	Legal Requirement
Tentative City Budget Adoption	May 26, 2026	No later than 3 rd Monday in July
Tentative CFD Budget Adoption	May 26, 2026	No later than July 15
Final City Budget Adoption	June 23, 2026	Special meeting
Final CFD Budget Adoption	June 23, 2026	No later than October 1

FUND SUMMARIES

All Funds

General Fund															Grants, Donations & Restricted		Transport- ation Sales		Parking Garage Fund		Capital Improve- ments Fund		Develop- ment Impact Fees Funds		Art in Public Places Fund		Public Transit Fund		Wastewater Fund		Information Technology Fund		Totals	
Revenues																																		
Revenues		\$ 45,976,830	\$ 1,101,000	\$ 70,500	\$1,951,537	\$ 4,897,000	\$ 1,300,000	\$3,222,625	\$ 450,442	\$ 5,500	\$ 1,389,800	\$ 8,156,400	\$ 21,600	\$ 68,543,234																				
Total Revenues		45,976,830	1,101,000	70,500	1,951,537	4,897,000	1,300,000	3,222,625	450,442	5,500	1,389,800	8,156,400	21,600	68,543,234																				
Expenditures																																		
Expenditures		32,884,013	3,052,699	407,330	\$223,100	164,143	101,560	-	-	-	\$3,838,718	4,814,983	3,099,181	48,585,726																				
Capital Improvement Projects/Management		-	-	-	-	3,713,297	-	20,172,090	58,350	35,000	730,592	9,499,420	-	34,208,750																				
Debt Service		3,042,345	-	-	-	682,440	-	1,406,330	496,620	-	-	-	-	5,627,735																				
Equipment Replacement Reserve																																		
Major Maintenance Reserve		(13,874)	(5,000)	-	-	-	-	-	-	-	(176,753)	(100,000)	(115,095)	(410,722)																				
Contributions		-	-	-	-	-	-	-	-	-	-	(15,280)	-	(15,280)																				
Contingency		1,600,000	-	2,000,000	1,300,000	-	-	-	-	-	-	100,000	-	5,000,000																				
Total Expenditures		\$37,512,484	3,047,699	2,407,330	1,523,100	4,559,880	101,560	21,578,420	554,970	35,000	4,392,557	14,299,123	2,984,086	92,996,208																				
Net Revenues/Expenditures		8,464,346	(1,946,699)	(2,336,830)	428,437	337,120	1,198,440	(18,355,795)	(104,528)	(29,500)	(3,002,757)	(6,142,723)	(2,962,486)	(24,452,974)																				
Transfers and Other Financing Sources (Uses)																																		
Transfer from other funds (Indirect Costs)		1,918,037	-	-	-	-	-	-	-	-	-	-	-	2,843,552	4,761,589																			
Transfer from other funds		-	2,000,000	-	-	-	-	6,000,000	2,200,000	50,083	1,900,000	2,800,000	-	14,950,083	14,950,083																			
Transfer to other funds (Indirect Costs)		(2,494,491)	(263,504)	(47,093)	-	-	-	-	-	-	(315,244)	(1,512,187)	(129,070)	(4,761,589)	(4,761,589)																			
Transfer to other funds		(11,700,000)	-	-	-	-	-	(1,000,000)	-	-	-	-	-	(14,950,083)	(14,950,083)																			
Net Transfers and Other Financing Sources (Uses)		(12,276,454)	1,736,496	(47,093)	-	(1,000,000)	-	\$3,749,918	2,200,000	50,083	1,584,756	1,287,813	2,714,482	-	-																			
Beginning Fund Balances		27,942,780	1,549,829	21,121,644	603,064	2,294,595	-	26,824,950	(2,033,571)	\$145,767	7,417,508	10,162,280	3,696,401	99,725,267																				
Ending Fund Balances																																		
Operating Reserve		11,257,907	915,810	-	-	-	-	-	-	-	-	-	-	13,790,126																				
Pledged to Other Fund Shortfalls		4,802,941	-	-	-	-	-	-	-	-	-	-	-	-																				
Future Transit System Implementation		-	-	-	-	-	-	-	-	-	5,300,000	-	-	5,300,000																				
Restricted Capital Reserve		-	-	-	-	1,163,232	-	10,789,210	-	-	-	5,500,000	-	17,452,442																				
Equipment Replacement Reserve		2,015,352	204,215	-	-	-	-	-	-	-	664,113	2,285,648	1,890,873	7,060,201																				
Major Maintenance Reserve		-	-	-	-	-	-	-	-	-	-	637,255	-	637,255																				
Reserve for Housing Initiatives		-	-	17,150,000	-	-	-	-	-	-	-	-	-	17,150,000																				
FY23 Surplus to be Allocated		-	-	-	-	-	-	-	-	-	-	-	-	-																				
FY24 Surplus to be Allocated		-	-	-	-	-	-	-	-	-	-	-	-	-																				
FY25 Surplus to be Allocated		5,545,323	-	-	-	-	-	-	-	-	-	-	-	5,545,323																				
Budget Carryovers		419,320	-	-	-	-	-	-	-	-	-	71,000	26,000	516,320																				
Remaining Available Fund Balance		89,828	219,601	1,587,721	1,031,501	468,484	1,198,440	1,429,863	61,901	166,369	35,394	(4,802,941)	1,531,625	7,820,626																				
Total Ending Fund Balances		\$ 24,130,672	\$ 1,339,626	\$18,737,721	\$1,031,501	\$1,631,716	\$ 1,198,440	\$ 12,219,073	\$ 61,901	\$ 166,369	\$ 5,999,507	\$ 5,307,370	\$ 3,448,397	\$ 75,272,293																				

SUMMARY OF OVERALL BUDGET CHANGES

All Funds

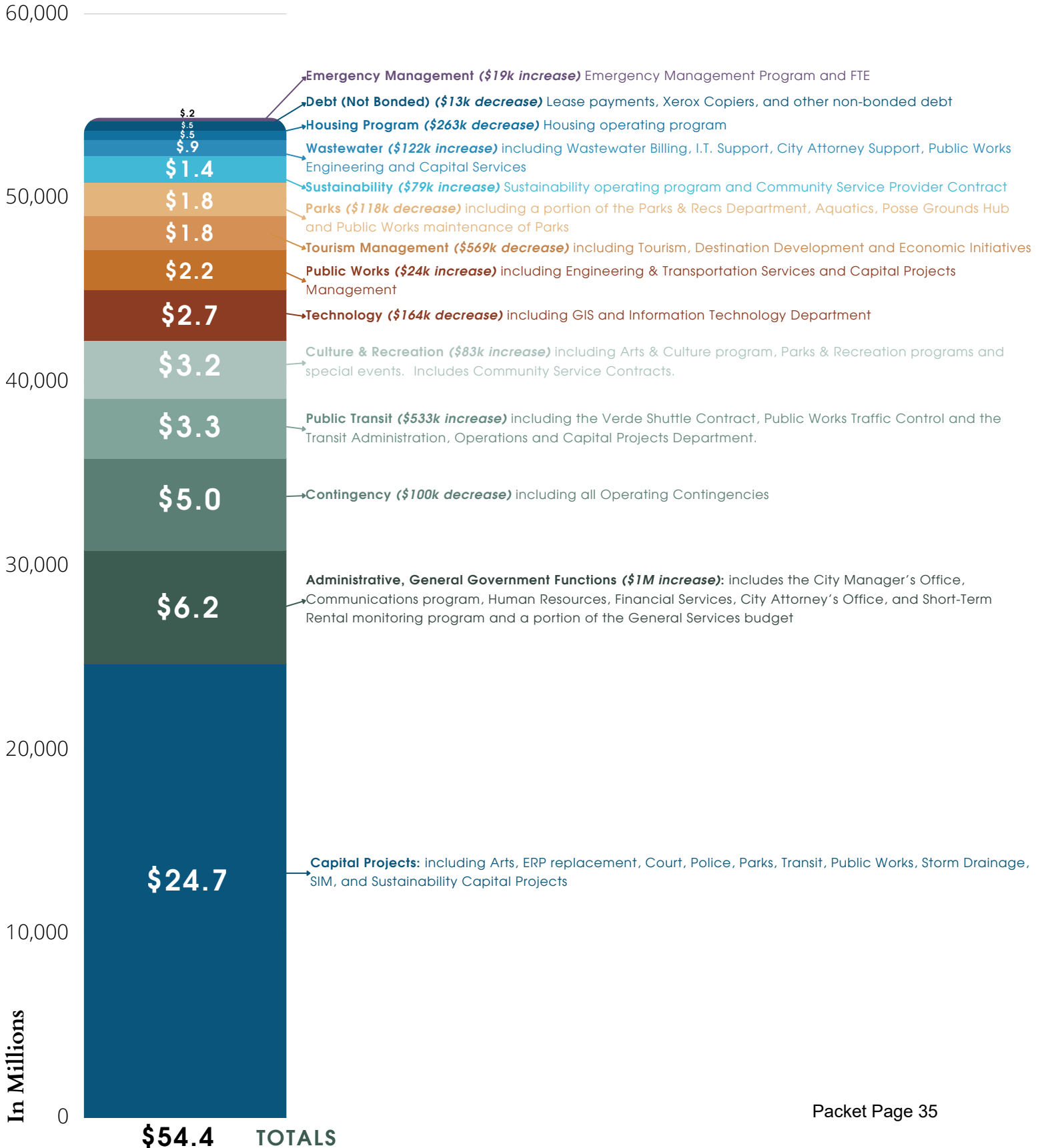
	Operating Budget	CIP Budget	Totals
Comparison to FY 2026 Adopted			
FY 2026 Adopted Budget	\$61,234,538	\$42,057,157	\$103,291,695
Increases in Salary/Wages & Benefits related costs	1,095,869	-	1,095,869
Increases in Office Expenses	29,975	-	29,975
Decreases in Operating Expenses	(106,022)	-	(106,022)
Decreases in Maintenance Expenses	53,244	-	53,244
Decreases in Equipment & Special Supplies	(423,525)	-	(423,525)
Increases in Professional Services	28,891	-	28,891
Increases in Utility Expenses	72,050	-	72,050
Increases in Insurance Expenses	20,200	-	20,200
Increases in Contract Expenses	84,335	-	84,335
Increases in Communications related costs	25,470	-	25,470
Increases in Travel & Training related costs	36,235	-	36,235
Increases in Public Information & Special programs	44,950	-	44,950
Increases in Capitalized Machinery & Equipment Expenses	220,620	-	220,620
Decreases in Debt Service Expenses	(3,928,957)	-	(3,928,957)
Decreases in Contingencies	(100,000)	-	(100,000)
Decreases in Sedona in Motion related projects	-	(14,501,017)	(14,501,017)
Increases in Police related projects		1,280,000	1,280,000
Increases in Wastewater related projects		3,135,477	3,135,477
Net increases in other CIP projects	-	1,908,297	1,908,297

FY 2027 Proposed Budget	\$58,387,873	\$33,879,914	\$92,267,787
% Change	-5%	-19%	-11%

* not including any proposed Decision Packages

FY27 OTHER GOVERNMENT FUNCTIONS

BUDGET



FY27 REQUIRED GOVERNMENT FUNCTIONS

BUDGET

40,000

30,000

20,000

10,000

In Millions

0



City of Sedona
FY 2026-27 Proposed Budget
Summary of Decision Package Requests

Personnel Requests

Yes	\$ 1,491,612
Tier 1	\$ -
Tier 2	\$ 71,351
No	\$ -

Department	Initiative	Description	Requested FTEs	Existing FTEs	One-Time Costs	Ongoing Costs	Total Request	CM	CBWG	COUNCIL
Tourism & Econ. Initiatives	Tourism Strategic Plan	87 - Advertising Contingency For Destination Marketing Campaigns			300,000	-	\$ 300,000	Yes	Yes	
City Manager's Office	Technology Enhancements	71 - Website Upgrades			75,000	-	\$ 75,000	Yes	Yes	
Information Technology	Technology Enhancements	75 - Tech Support FTE	1.0	4.0	-	157,046	\$ 157,046	Yes	Yes	
Sustainability	Technology Enhancements	76 - Sustainability Plans Management Platform			8,000	10,000	\$ 18,000	Yes	Yes	
Municipal Court	Staff Capacity	88 - Court Specialist (1x)	0.2	4.8	21,603	49,748	\$ 71,351	Tier 2	Yes	
Public Works	Infrastructure Expansion	66 - Mini Street Sweeper			250,000	-	\$ 250,000	Yes	Yes	
Community Development	Housing	78 - Pre-approved Duplex and Triplex House Plans per ARS 9-461.20 (SB1529)			100,000	-	\$ 100,000	Yes	Yes	
Public Works	Community Goal	69 - P/T Bike Park Maintenance Worker to F/T Bike/Ped Coordinator	0.75	0.25	6,570	77,045	\$ 83,615	Yes	No	
Community Development	Community Goal	82 - Uptown CFA Professional Design Services			125,000	-	\$ 125,000	Yes	Yes	
Parks & Recreation	Community Goal	91 - 250th Celebration Event			100,000	-	\$ 100,000	Yes	Yes	
Police	Climate Plan Implementation	70 - Police Department EV Patrol Vehicle addition			99,951	4,000	\$ 103,951	Yes	No	
Sustainability	Climate Plan Implementation	73 - Hazardous Waste Door to Door Collection			50,000	-	\$ 50,000	Yes	No	
Sustainability	Climate Plan Implementation	79 - NAU Partnership			25,000	-	\$ 25,000	Yes	Yes	
Sustainability	Climate Plan Implementation	80 - Door-to-Door Composting Pilot Program			20,000	-	\$ 20,000	Yes	No	
Sustainability	Climate Plan Implementation	86 - Residential Tree Planting Program			84,000	-	\$ 84,000	Yes	No	
Totals			2.0		\$ 1,265,124	\$ 297,839	\$ 1,562,963			

Current FTE Count as of FY26: 201.48
New FTE Count going into FY27: 203.45
DP Count: 15

Mini Street Sweeper

Decision Package	AUTO - 66 - Mini Street Sweeper	
Budget Year	2027	
Decision Package Type	Decision Package	
Decision Package Stage	City Manager Approval [Decision Package]	
Department	Public Works	
Description		
	This request is for the purchase of a mini street sweeper to maintain the Uptown parking garage and business areas sidewalks that are currently power washed. This sweeper can also be used to vacuum sweep after storm events or flooding of Shared Use Paths (SUP), such as, the pedestrian crossing underpass at Oak Creek. There is currently 7.8 miles of concrete surfaced SUPs that will need to periodically sweep or cleaned after storm events. Savings can be realized in extending periods between costly power washing.	
	City staff is requesting approval to purchase a mini sweeper to sweep, vacuum, and water spray two new Sedona In Motion transportation infrastructure improvements for FY2027:	
	• Primarily use and storage location is the SIM-3A, Uptown Parking Garage driveways and 270 parking spaces; and, • Secondary use is the SIM-04C, Pedestrian Crossing at Oak Creek (PCOC).	
	Staff have researched available equipment that can be purchased and serviced within Arizona (Phoenix) that meets the overhead size limitation requirements for the garage and width for the PCOC. A Multidog, CV 350 was selected for compact multi-purpose applications, an enclosed climate control cab that protects the operator, simple operations, and low emissions (diesel powered). An electric model was considered, but NOT selected based on costs and lack of service life, warranty information.	
Comments	The cost of the equipment is estimated at \$250,000, and it is expected to come with a 1-year 1000-hour warranty. Based on experience with existing City equipment, staff expect this equipment, if acquired, to have good use for over 15 years. A discount is expected from Sourcewell, a Maricopa County cooperative purchasing is a non-profit service that helps governments save time and money by using pre-competitively bid contracts for products and services, leveraging the combined buying power instead of purchasing through individual RFPs.	

Mini Street Sweeper

Justification

The city is responsible for maintaining its infrastructure. The PCOC has been operational since September 2024, and the Uptown Parking Garage is expected to be open in May 2026. In addition, there will be over 7.8 miles of concrete surface Shared Use Paths (SUPs) that will require sweeping by the end of FY26. Major points are the following:

- This is an important multipurpose public works specialty-sized equipment that has the potential for multiple uses. Specifically, for emergency responses, clean-up like vehicle fluid spills to prevent environmental discharges, fires, flooding, or slope failure/rockfall incidents.
- If not purchased, staff would need to rely on the availability of contractors for specialty sweeping to provide this service. Estimates are being requested and what level of service for contracted services costs provided by third parties. One would expect this area of service to require additional budget funding than purchasing. Mini sweepers are a common piece of equipment for other municipalities to do in-house parking garage and sidewalk sweeping.
- A final point of justification for purchasing a mini sweeper will save on having to rent or lease one or using a far less efficient method of sweeping with spot cleaning, or a power washer, with both having a lower level of service. The availability to rent/lease is forthcoming, and it will take far more labor hours to continue to do either option to complete in-house infrastructure sweeping operations. For example, to power wash the garage would be \$6 to \$8 thousand per cleaning depending on concrete surface space needed washing (parking spaces, stairwells, walkways, etc.).

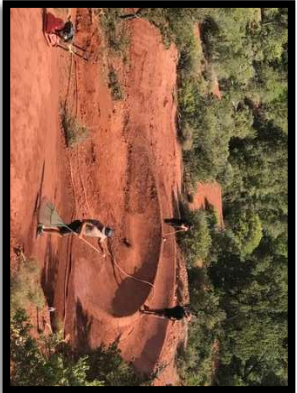
As an additional note, the city finished paying off the 2021 Freightliner Street Sweeper in FY26. This was a payment of approximately \$53,000 a year (over a 5 year period).

As another additional note, a professional services contract over a 15 year period is estimated at \$518,000 for cleaning services at the garage and underpass bridge.

Operating Budget Details

Description	2027 Budget
One-Time - Min Street Sweeper	200,000
Net Total	(250,000)

P/T Bike Park Maint. Worker to F/T Bike/Ped Coordinator

Decision Package	AUTO - 69 - P/T Bike Park Maintenance Worker to F/T Bike/Ped Coordinator
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Public Works
Description	
	The Public Works Department is requesting to convert the part-time Bike Park Maintenance Worker into a full-time Multi-Modal Coordinator. This position will support the City's expanding multi-modal initiatives including implementation of the Sedona Trails & Pathways System (ST&PS), active transportation planning, and year-round operations of the Sedona Bike Skills Park at Posse Grounds. The current part-time role is insufficient to meet operational needs that now extend beyond daily bike park maintenance to include pathway planning, coordination with the Forest Service, multi-modal safety initiatives, and growing community expectations for high-quality trail and bicycle infrastructure.
Comments	This conversion aligns with Sedona City Council's priorities around mobility, congestion mitigation, resident quality of life, recreation, and sustainability. While non-profit partners provide valuable support, the City requires an internal, dedicated staff resource to guide planning and operational responsibilities. The recommended position scope will be determined through internal assessment and may not include all services proposed by external partners. Their input will be considered alongside citywide needs and available resources.
Justification	Sedona's multi-modal system has expanded significantly, driven by: • Growth in active transportation needs—ST&PS includes more than 11 miles of existing pathways and more than 36 miles planned. • Increased community use of bike and trail facilities. • Rising maintenance demands for timely inspections, safety reviews, and upkeep of park features. • Expanded partnership and coordination needs with the Forest Service, volunteer organizations, nonprofits, and event organizers. • City priorities focused on mobility options, congestion relief, and resident-focused transportation alternatives. The current part-time position cannot meet operational, planning, and coordination demands. A full-time position ensures operational continuity and supports Council priorities and organizational values. Approval of the Multi-Modal Coordinator position is expected to result in an estimated annual savings of approximately \$20,000 through a reduced need for contracted services, as work currently performed or anticipated to be outsourced can be handled in-house. More importantly, this upgraded full-time position directly supports City Council priorities established at the FY27 Council Retreat under the "Community" focus area by providing dedicated staff capacity to plan, design, and implement amenities along shared-use paths. These amenities were identified by Council as a priority for enhancing resident quality of life, safety, and community connectivity. As such, the position represents both a cost-efficient staffing adjustment and a direct response to recent Council direction.

P/T Bike Park Maint. Worker to F/T Bike/Ped Coordinator

Operating Budget Details

Description	2027 Budget
One-Time - Computer Hardware	3,070
PT only has email license, this covers all	1,125
Total 5224-21 - Information Technology -	4,195
Salary adjustment PT to FT	52,000
6135 - Health/Dental/Life Insurance	25,379
6125 - FICA	3,120
6130 - ASRS Retirement	6,240
6134 - STD/LTD Insurance	102
6045 - Uniform Allowance	300
Reduction to Part Time Wages	(11,222)
Total 5320-26 - Public Works - Parks	75,920
One-Time - Furniture & Office Expenses	3,500
Total 5320-79 - Public Works - Facilities	3,500
Net Total	(83,615)

Police Department EV Patrol Vehicle addition

Decision Package	AUTO - 70 - Police Department EV Patrol Vehicle addition
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Police
Description	
	The Sedona Police Department is considering the purchase and pilot testing of a 2026 Chevrolet Blazer EV Police Pursuit Vehicle (PPV) as an electric patrol vehicle to evaluate its suitability for frontline law enforcement operations. The Blazer EV PPV is a purpose-built, pursuit-rated police vehicle, engineered from the ground up specifically for patrol duties rather than adapted from a consumer platform.
	Unlike consumer electric vehicles that require extensive aftermarket modification, the Blazer EV PPV is manufactured with police-specific electrical architecture, wiring harnesses, and upfitter provisions, allowing for reliable installation of emergency lighting, radios, sirens, mobile data terminals, and other required patrol equipment. The vehicle includes an industry-exclusive 400-volt to 12-volt power module dedicated to emergency equipment, along with a Universal Vehicle Module capable of reading more than 150 vehicle signals to support police upfitting and diagnostics.
	To maintain operational readiness, this EV would be added to the existing fleet rather than replacing an in-service patrol unit. This ensures that patrol capacity is not reduced during the evaluation period and allows the department to assess real-world performance without compromising public safety.
	Incorporating an electric patrol vehicle into the fleet supports the department's commitment to sustainability, innovation, and fiscal responsibility while maintaining operational effectiveness. The Blazer EV PPV produces zero tailpipe emissions, contributing to improved air quality and aligning with Sedona's environmental values and carbon-reduction goals.
Comments	From an operational perspective, the Blazer EV PPV offers advantages over consumer-based EV platforms. It is the only pursuit-rated, purpose-built police EV in its segment, offering police-specific suspension tuning, pursuit-rated tires, steel wheels, protected idle capability, and factory-integrated emergency systems. These features are critical to patrol operations and are not available on consumer EV conversions.
	The vehicle is equipped with a dual-motor all-wheel-drive system producing approximately 498 horsepower and 571 lb-ft of torque, providing rapid acceleration and sustained performance suitable for emergency response and pursuit scenarios. Automatic Protected Idle allows the vehicle to remain fully powered for emergency equipment while unattended—an essential feature for patrol operations.
	Adding the Blazer EV PPV to the fleet allows the department to evaluate long-term operational savings associated with reduced fuel consumption and maintenance while collecting performance data to guide future fleet decisions.

Police Department EV Patrol Vehicle addition

Justification

This initiative aligns with the City of Sedona's sustainability goals by introducing a patrol vehicle that significantly reduces greenhouse gas emissions while maintaining full patrol and pursuit capability. Unlike consumer electric vehicles retrofitted for police use, the Chevrolet Blazer EV PPV was designed with direct input from law enforcement officers and engineered specifically for the demands of frontline policing, including extended shifts, varied terrain, emergency response, and sustained equipment loads. Notably, Sedona's vehicle fleet consistently represents the City's largest source of emissions, with the Police Department responsible for more than half of those fleet-related emissions, making patrol vehicle electrification a meaningful opportunity for emissions reduction.

The Blazer EV PPV includes extensive police-specific features as standard equipment, including:

- Dedicated emergency equipment wiring harnesses in the front row and cargo area
 - Police-specific seating designed for duty belts and ballistic vests
 - Heavy-duty vinyl flooring and center console delete for equipment installation
 - Surveillance Mode calibration for covert operations
 - Factory-installed options for spotlights and emergency lighting
- The vehicle is supported by an 8-year / 100,000-mile electric vehicle limited warranty and a nationwide network of Chevrolet EV-certified dealers, reducing long-term risk and improving serviceability compared to single-vendor or consumer-only platforms.

Cost and Implementation Considerations

The Blazer EV PPV will be acquired as a police-package vehicle and upfitted through approved law-enforcement upfitters using the vehicle's factory-installed police wiring and power provisions. The purchase price of the Chevrolet Blazer EV PPV is comparable to the Ford Police Interceptor Utility vehicles currently used by the Sedona Police Department, \$58,040 with outfitting adding an additional \$37,410.83. In some configurations, the acquisition cost is effectively the same, meaning the EV pilot does not represent a meaningful increase in upfront vehicle cost when compared to standard internal combustion patrol vehicle replacements.

Charging infrastructure for this vehicle will not be an APS-provided charger. While APS and Electrify America have partnered with the City to install public DC fast chargers on City-owned land at no cost—in exchange for long-term public use—that program applies only to public-facing chargers in high-traffic visitor areas. The Police Department charging infrastructure will be non-public, and therefore, in accordance with state procurement law, the City will be required to issue a competitive bid for the charger(s). As with other infrastructure projects, charging installation is being coordinated separately and is not included in this vehicle purchase package.

Police Department EV Patrol Vehicle addition

Justification

Maintenance and Upkeep Considerations

Nationally, electric vehicles have demonstrated reduced maintenance frequency and lower long-term maintenance costs compared to internal combustion engine vehicles, largely due to fewer moving parts, elimination of oil changes, and reduced drivetrain wear. While this pilot will allow Sedona to validate those trends locally, early indicators suggest potential operational savings.

Locally, Larry Green Chevrolet in Cottonwood is nearing completion of its EV certification, which will authorize the dealership to service GMC and Chevrolet EV products, including the Blazer EV PPV. The dealership has already installed and activated a DC fast charger on-site, improving local service capability. Additionally, Black Hills Car Star Body Shop in Cottonwood is certified to perform body repairs on GMC EV products, reducing downtime and costs associated with transporting vehicles to Phoenix and keeping service dollars within the Verde Valley.

Officer Home Charging and Equipment Considerations

At-home charging for the assigned officer will likely require installation of a Level 2 charger at the officer's residence. Preliminary estimates indicate the appropriate charger unit costs approximately \$700, exclusive of installation labor and any necessary electrical panel or power upgrades.

The cost of the residential Level 2 charger, installation labor, and any required electrical upgrades will be the responsibility of the City and are considered an added cost of the pilot program. These costs are separate from the vehicle purchase and are necessary to support operational readiness when the vehicle is assigned as a take-home patrol unit.

To offset residential electrical usage associated with charging the vehicle, this proposal includes an annual electric charging stipend for the assigned officer. Based on current estimates:

Charging cost averages approximately \$0.31 per mile
Average annual patrol mileage is 12,000 miles
Estimated annual charging cost is \$3,720, with a 10% contingency
The proposed annual charging stipend is \$4,000 per year.

Police Department EV Patrol Vehicle addition

Justification

Fuel Cost Perspective

For comparison:

Gasoline prices average \$2.95–\$3.15 per gallon
Patrol vehicles average approximately 7 MPG, accounting for idle time
Annual fuel consumption is approximately 1,714 gallons
Annual fuel cost is approximately \$5,399
This represents a minimum annual savings of approximately \$1,400 per vehicle, exclusive of maintenance savings.

Summary

The purchase and pilot testing of the 2026 Chevrolet Blazer EV Police Pursuit Vehicle provides the Sedona Police Department with an opportunity to evaluate a purpose-built, pursuit-rated electric patrol vehicle in real-world conditions. This pilot supports City sustainability goals, addresses fleet emissions where they are most concentrated, and allows the Department to assess performance, maintenance, and cost impacts without compromising patrol readiness or public safety.

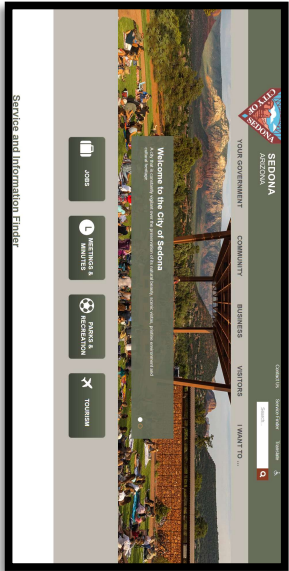
Cost: \$58,040.50
Outfit: \$37,410.83
Yearly Stipend: \$4,000
Radio: \$4500
Total: \$103,951.33

Operating Budget Details

Description	2027 Budget
One-Time - Vehicle	99,951
EV Charging Stipend allowance	4,000
Net Total	(103,951)

Website Upgrades

Decision Package	AUTO - 71 - Website Upgrades
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	City Manager's Office - Communications Program



Description	The Communications Department is requesting funding to enhance the current City of Sedona website to ensure it remains an effective, accessible, and reliable public communication tool. The City's website is the primary platform used to share complex, comprehensive information with residents, visitors, and stakeholders, including public records, meeting materials, service updates, and emergency information. While going through a current content optimization and refresh project, it has become apparent that a more in-depth refresh is needed for added functionality and features to modernize the look and feel of the website and enhance the user experience. Staff is asking specifically for a new "skin" and new navigation organization to assist in the content optimization process that has been occurring for the past two years. By enhancing the look and feel of the website, it will help with usability and enhance transparency by improving access to information that is technically public but practically difficult to find. Rather than pursuing a full website replacement at this time, the City will implement targeted enhancements to the existing site while taking additional time to explore future options for a new, modern platform. These enhancements will improve usability, navigation, and visual presentation, helping to ensure residents and stakeholders can more easily access and understand City information. This approach balances immediate improvements with careful planning for a long-term website solution.
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Comments	Staff conducted an evaluation of potential solutions, ranging from incremental improvements to a complete rebuild. Options included enhancements within the City's existing Granicus platform, as well as alternative vendor solutions to understand what path forward best supports long-term usability, accessibility, and content management needs. Presenting these options side-by-side allowed decision-makers to weigh cost, scope, implementation time, and expected outcomes. At this time, the Communications Department is recommending targeted enhancements to the current website with a budget of \$75,000, which is considered as phase 1 of a website refresh. These improvements will address key usability, navigation, and visual design issues while the City takes additional time to explore future phases for a full website replacement. If a complete redevelopment is pursued in the future, it would be treated as a phased, multi-year-long project, including a competitive vendor selection process, collaborative planning with departments, content migration, and testing. As part of this Phase 1, the City will create a citizen work group to ensure the site is intuitive and responsive to community needs. Their fresh eyes will be critical in determining what future steps of website enhancement look like. Estimated Costs for Reference: \$75,000 one-time costs. That includes a new skin, enhanced display features and any information architecture assistance needed to address a redesigned navigation drop down.
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Website Upgrades

Justification

During the City Council's December strategy meetings, strengthening public engagement and communication was identified as a priority. As part of that discussion, the City Manager requested an assessment of how effectively the City's website supports transparency, access to information, and engagement. That assessment confirmed that the current website's look and feel needs to be modernized in conjunction with the content optimization project, in order to align with modern municipal best practices and community expectations.

Rather than pursuing a full website replacement at this time, the City will invest \$75,000 in targeted enhancements to improve usability, navigation, and visual design. These improvements will address key issues identified in the assessment, allowing staff to optimize the current site while taking additional time to explore long-term options for a new platform.

If these issues are not addressed, the City risks continued declines in usability, increased staff time responding to avoidable public inquiries, and diminished public trust due to difficulty accessing information. As the City's most important digital communication tool, the website must present information clearly, efficiently, and equitably. Modernizing the current site will improve measurable outcomes such as time spent on page, less time searching for topics, document downloads, and overall engagement. Staff anticipate increased usage and reduced bounce rates, supporting both transparency and operational efficiency.

Investing in these enhancements ensures that Sedona's digital presence remains reliable, accessible, and aligned with the City's values, better serving residents, supporting staff efficiency, and reinforcing a commitment to open, effective government.

Operating Budget Details

Description	
Website maintenance contract changes	
Net Total	

2027 Budget	
75,000	
(75,000)	

Hazardous Waste Door to Door Collection

Decision Package AUTO - 73 - Hazardous Waste Door to Door Collection

Budget Year 2027

Decision Package Type Decision Package

Decision Package Stage City Manager Approval [Decision Package]

Department Sustainability



Description
Pilot of a Door-to-Door HHW Collection Service for Sedona Residents that would be done through a reservation system. The proposed pilot is anticipated to have residents register for a pickup during a set period, established with advance notice, and the contracted services would map and route the households to increase pickup efficiencies. The service provider would arrive onsite with required protective equipment and licensed personnel to collect and dispose of approved items.

Comments
The pilot program would look to collect the same materials that are accepted at current events and offerings (e.g. medical, paper, electronics, household hazardous waste) and augment current collection events that are held in collaboration with Yavapai County.

Justification
The city has hosted seven annual household hazardous waste collection events since 2019 in collaboration with Yavapai County; setting records in attendance in each of the last three years. The interest and participation increased to the point where a smaller collection event was launched in the spring of 2024. The annual Fall events have collected over 169,000lbs of electronics, household hazardous waste, paper, and medical waste. Since 2019, all waste collection events have totaled over 200,000lbs of materials. Unfortunately, the 2025 event had significant challenges in traffic control, safety, and number of participants and amount of waste collected. These challenges have increased as popularity and attendance has also increased.

The events have been held at City Hall, West Sedona School, and the Sedona Red Rock High School. Each venue presents different challenges, but the result has been the same - extremely successful events in terms of waste diversion but long wait lines, reduced safety, increased traffic congestion, and reduced user experience. The city would like to pilot an additional option in the form of a door-to-door collection event utilizing a reservation system for community members. The program would look to ease the burden on the existing events, provide an alternative waste collection option, and potentially improve accessibility for community members unable to attend previous efforts.

Residential and commercial waste were estimated to contribute to 5,626 metric tons of greenhouse gas emissions in 2024. Since 2019, the HHW collection events have reduced emissions by at least 65 metric tons. This both shows the potential and scale of the challenge. The collection and diversion of over 100 tons of materials have reduced emissions, but opportunities for improvements are still there. However, emissions reductions are not the only benefits. Thousands of pounds of electronics, oils, acids, pesticides, fertilizers, medical waste, paper, and more have been properly disposed of, mitigating impacts to ecosystem health, water quality, and community safety. Efforts to protect the watershed are found in the Climate Action Plan and Sedona Community Plan.

Throughout the development of the Climate Action Plan, community members expressed a desire for more recycling and composting services, and the plan established a goal to increase waste diverted from the landfill. Additionally, the desire to protect the Oak Creek Watershed is strongly seen with the Sedona Community Plan. This project would increase waste diversion options and reduce the possibility of these materials collected ended up in waterways and polluting the watershed.

Hazardous Waste Door to Door Collection

Operating Budget Details

Description	2027 Budget
One-Time - Professional Services Contract	50,000
Net Total	(50,000)

Tech Support FTE

Decision Package	AUTO - 75 - Tech Support FTE
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	I.T.
Description	 The addition of a Technology Support FTE will strengthen the Information Technology Division's capacity to support growing public safety technology needs across the organization. In recent years, the Police Department has expanded its staffing and operational capabilities, including the addition of 10.5 FTE positions, resulting in increased demand for IT services, equipment deployment, system maintenance, cybersecurity oversight, and support for specialized law enforcement technology systems. This position will serve as a dedicated technical resource to ensure that technology systems, digital tools, and data-driven solutions effectively support public safety operations while maintaining service levels across other departments. By expanding IT's staffing capacity, the City will be better positioned to support mission-critical police technologies, improve system reliability, and ensure timely technical support as operational demands continue to grow. Key Responsibilities 1. Technology Coordination & Support • Centralize communication between PD and IT, one person of contact for PD • Coordinate installation, maintenance, management, and troubleshooting of critical systems such as CAD, RMS, MDC, in-car and body worn cameras, as well as all non-critical IT related systems • Prioritize and escalate urgent technical issues affecting officer safety or emergency response 2. Training & Professional Development • Develop and deliver training for officers and staff on new technologies, software updates, and digital workflows • Create user friendly guides, quick reference materials, and onboarding resources • Provide ongoing support to ensure consistent and confident use of technology in the field and office 3. Project Management & Implementation • Assist IT engineers with planning and deploying new technology initiatives, including hardware upgrades, software rollouts, and cybersecurity enhancements • Coordinate pilot programs, testing phases, and feedback collection 4. Communication & Stakeholder Alignment • Ensure projects meet operational requirements and comply with law enforcement standards • Translate technical information into clear, actionable updates for command staff and officers • Facilitate communication between IT, vendors, and police leadership 5. Data & Systems Optimization • Maintain awareness of departmental priorities to ensure technology solutions align with operational goals • Monitor system performance and identify opportunities for improvement • Support data integrity, reporting accuracy, and compliance with state and federal regulations • Collaborate on digital evidence management, records retention, and secure data sharing practices Expected Impact
Comments	

Tech Support FTE

Justification

Current IT engineers spend considerable time working on PD technology (one spends more than 50% of their time on PD, while others also contribute). This time is needed to work on other City projects.

Many officers currently do "IT" jobs. This will free up time for officers to focus more on public safety toward our community. There will still be some in charge of key systems, with this new position giving assistance.

The Police Department has the most IT needs of all the City departments. The needs have increased considerably over the last several years, and they will continue to do so. This position is needed to provide adequate support.

New systems include:

- Axon, both in-car and body camera's
- Drones system expansion
- New siren system
- ADP Scheduling
- Dispatch remodel with new training station
- PD cell phone MDM (Mobile Data Management, increases security, centralizes control)

Existing systems include:

- ADOT Tracs
- Motorola/FLEX aka Spillman systems support
- Motorola/FLEX aka Spillman SAA management
- GETAC
- MDC (Mobile Data Computers) to the cars
- Patrol vehicle-based networking
- Camera's

Other considerations and projects:

- CJS (Criminal Justice Information Systems) compliance
- Finance audits (in relation to IT)
- Insurance audits (in relation to IT)
- FBI audits
- State of Arizona audits

Tech Support FTE

Justification

The purpose of establishing an IT–Police Department Liaison is to increase officer effectiveness in providing public safety to the community through:

- Strengthen communication between sworn personnel, administrative staff, and IT professionals
- Ensure police technologies are implemented, maintained, and optimized effectively
- Support training and onboarding for new digital tools and systems
- Improve response times, data accuracy, and operational readiness
- Reduce downtime and technical disruptions that impact public safety services
- Reduce the current amount of time officers currently spend on IT related issues
- Reduce issue resolution time for PD systems and users by regular proactive interaction with all levels of PD staff
- Free up time current IT engineers work on PD technology

Positive Impact

Adding a Technology Support FTE will improve reliability and responsiveness of IT services supporting police operations, reduce downtime for mission-critical systems, and ensure timely deployment and maintenance of public safety technology. This position will also allow IT to better manage increasing technology demands while maintaining service levels across all City departments.

Negative Impact if Not Approved

Without additional staffing, the IT Division will face increasing challenges supporting the growing number of police technology systems and devices associated with the department's recent staffing expansion. This may result in longer response times for technical issues, delayed system upgrades or deployments, and increased strain on existing IT staff responsible for supporting multiple departments across the organization.

Operating Impact

This request adds one Technology Support FTE within the Information Technology Division. The position is comparable to the PC Support / Help Desk Technician classification (Range 19 on the FY26 Salary Schedule) and may require periodic after-hours support to address critical public safety technology needs.

Operating Budget Details	
Description	2027 Budget
Max Base Salary	86,736
Computer Hardware	3,070
Computer Software	1,125
Max Overtime for the Year 312 Hrs	19,516
Social Security and Medicare	8,128
ASRS retirement	12,750
Health/Dental/Life Insurance	25,379
STD Insurance	102
Workers Comp	239
Net Total	(157,046)

Sustainability Plans Management Platform

Decision Package	AUTO - 76 - Sustainability Plans Management Platform
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Sustainability



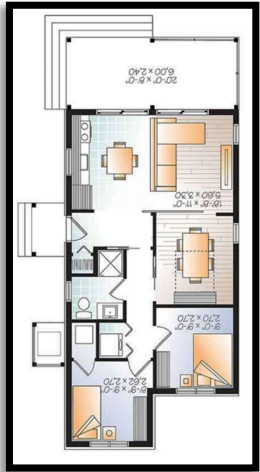
Description	This decision package proposes the acquisition and implementation of a web-based sustainability plans management platform. The platform would provide a centralized location for managing, tracking, and reporting on the City's Climate Action Plan and Municipal Sustainability Plan. The platform is intended to support plan administration by organizing actions, milestones, and performance measures in a single system. Final platform selection, scope, and implementation details would be determined through the City's standard procurement and approval processes. The proposed sustainability plans management platform is intended to improve internal coordination and tracking of sustainability-related plans and initiatives. As an initial estimate for budget development purposes, funding is included to support platform access and basic implementation. Specific functionality, reporting capabilities, and ongoing costs would be evaluated during procurement and implementation. Any contractual agreements would be subject to standard City review and approval requirements and would be aligned with available fiscal capacity.
Comments	The City's Climate Action Plan and Municipal Sustainability Plan include multiple actions and initiatives that require ongoing coordination, tracking, and reporting across departments. A centralized, web-based platform provides a structured mechanism to manage these plans in a consistent and transparent manner.
Justification	There are over 100 action items across the Climate Action Plan and the updated 2024 Municipal Sustainability Plan. The projects are currently tracked via a mix of spreadsheets, word documents, and folders. Programs available through the Sustainability Department are hosted on the city's website. The projects span across departments, and there is no centralized location to provide updates and track progress. Additionally, providing information to the community on the status of the respective plans can be disjointed and time intensive. By providing a singular platform that can be integrated into the city website (i.e. HTML iframe tag), the plans could be more effectively tracked, communicated, and updated across departments. This would further maintain and promote status updates in subsequent years and provide a resource for community members and staff. The current set up is difficult to track and communicate with the staff and community. Information retention is also delayed and time intensive if there is staff turnover. The sheer scope and number of action items can be challenging to manage and track within the Sustainability Department, where most of the status tracking resides.

Operating Budget Details	
Description	2027 Budget
Sustainability Plans Management Platform	10,000
Implementation	8,000
Net Total	(18,000)

Pre-approved Duplex and Triplex House Plans per ARS 9-461.20 (SB1529)

Decision Package
Budget Year
Decision Package Type
Decision Package Stage
Department

AUTO - 78 - Pre-approved Duplex and Triplex House Plans per ARS 9-461.20 (SB1529)
2027
Decision Package
City Manager Approval [Decision Package]
Community Development



Description

SB 1529 (now ARS 9-461.20) requires all municipalities to have pre-approved construction plans by January 1, 2027 for duplexes and triplexes (ADUs and single family homes were required to be in place by June 1, 2026). More specifically, the law requires pre-approved plans to be in place for three sizes of duplexes and three sizes of triplexes - each with options for three distinct elevations. Cities have the option of acquiring specific sets of plans directly from an architect or establish a program that allows for architects to submit plans to place in a library to be purchased at a reduced cost. Sedona has chosen the latter. This Decision Package requests \$100,000 to conduct a pair of national design competitions (one for duplexes and another for triplexes) and pay award winners a stipend to reduce the cost to complete full sets of construction plans that are then available for purchase at a reasonable rate in Sedona's pre-approved plan library. This option allows Sedona to meet state requirements but in a way that encourages high quality designs that also consider community priorities such as sustainability and fire resilience, as well as creative design.

Comments

Community Development has been, and continues to be, in discussion with the other Verde Valley municipalities for development of a common library of pre-approved plans that can be used in each incorporated community that chooses to participate. Prior to conclusion of FY26, staff will establish the library for pre-approved plans and initiate similar design competitions for ADUs and small-scale single family homes. All requested funding will be for Professional Services and will not require additional FTEs, IT equipment, or furniture from Facilities.

Justification

As this is a new State Statute, not complying within the stated timeframe can have legal consequences. Staff have elected this option (creating the pre-approved housing plan library) as the best way to meet state requirements and simultaneously use the program to promote best design practices - even in development of affordable housing.

Operating Budget Details

Description	2027 Budget
One-Time - Professional Services Contract	100,000
Net Total	(100,000)

NAU Partnership (FTE Support/Internships)

Decision Package	AUTO - 79 - NAU Partnership
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Sustainability



Description	Internship position within the Sustainability Department. The approximately 900 hours position would facilitate data collection for greenhouse gas inventories, research and framework development for future climate resiliency, environmental education, and business programming opportunities.
Comments	The internship position is being requested as a one-time position in order to refine the mechanics and deliverables of the position. The internship position would be evaluated to identify the effectiveness and feasibility of incorporation as an ongoing program in the FY28 budget process. Interns could be potentially recruited from Northern Arizona University' Climate Science and Solutions Program. Students in that graduate program are required to participate in an internship as part of the CSS program. Through previous collaborations with NAU, the city has been a strong working relationship with the university and CSS program, and NAU students have reached out before inquiring about internship opportunities. Additionally, sustainability staff could utilize additional networks to recruit people for an internship opportunity. A long duration internship, such as the one proposed, could help provide a stop gap to hiring another full-time position. However, long term implementation of business programming, climate resiliency, building programs, and environmental education (current sustainability programming gasp) would still be difficult without an additional full-time position. The Sustainability Department oversees the implementation of the Climate Action Plan and Municipal Sustainability Plan. There are over 100 action items between the two plans. Currently, the department has three-full time staff managing projects across buildings and energy, transportation and land use, and materials and consumption, water and natural systems, and climate resiliency. An internship position would help alleviate capacity/time constraints that are being experienced across projects and staff. There is a currently a gap in community resiliency and business programming, delays in data gathering for greenhouse gas inventories, and lapses in community outreach and environmental education coverage. Traditionally, the department has utilized AmeriCorps team members to help fill some of these gaps. However, over the past year, the AmeriCorps program has seen significant changes in staffing and funding at the federal level. Both the Environmental Literacy Corps and VISTA programs, which the department has utilized, have been impacted. This has caused increased in costs for current AmeriCorps offering and reduced the reliability of those programs going forward. An internship provided by the city could reduce the reliance on programming and support from federal programs that are proving to be inconsistent. The proposed position is anticipated to replace the team member that has historically been from the AmeriCorps VISTA program.
Justification	

Operating Budget Details

Description
One-Time - Temp Wages
Net Total

2027 Budget
25,000
(25,000)

Door-to-Door Composting Pilot Program

Decision Package	AUTO - 80 - Door-to-Door Composting Pilot Program
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Sustainability



Description	Door-to-door composting pilot program for community food scraps. The project would look to register approximately 100 homes in a door-to-door service to collect food scraps to be diverted from the landfill.
Comments	The proposal is for a one-time pilot. The project would be evaluated for effectiveness and feasibility for conversion into an ongoing program in the FY28 budget process.
Justification	Since 2022, the City of Sedona has operated a community food scraps program that has diverted over 38,000 pounds of food from landfills and redirected them towards composting and use on Verde Valley farms. The program started as a 50-household program and has expanded to 150 households. The current program has a drop-off location at Posse Grounds Park. The program has been very successful, and the department is looking for ways to expand the reach of waste diversion within the community. Some community members have expressed difficulty with finding and accessing the current drop-off location, along with constraints related to time commitment and travel distance to participate. As of January 2026, the program has 125 registered households, with some households dropping out to the aforementioned challenges. Under this proposal, the department would pilot an expansion of existing the existing community foods scraps program to a door-to-door service that would target space for an additional 100 households. The service would aim for monthly collection of food scraps. The proposal has the potential to reduce travel time, traffic, capacity issues, and maintain contamination protocols for waste collection versus if the current site was expanded to more households. Greenhouse gas emissions from residential and commercial waste, which covers municipal solid waste, at the community level were estimated at 5,626 metric tons in 2024. The foods scraps collected through the duration of the current program (over 38,000lbs) have reduced emissions by 10 metric tons. While a small door-to-door food scraps pilot would have a similar impact, the lessons learned from scaling the program would help inform and develop future solutions that would target a larger portion of these emissions. The Climate Action Plan established an action item to implement a city-wide organic waste program to compost food waste and yard waste. The Community Compost Program and annual yard waste collection events were the initial steps taken in this area. Piloting an expansion to a small door-to-door service will incrementally increase food waste diversion while providing insights for future efforts to scale solutions for this action item.

Operating Budget Details	
Description	2027 Budget
One-Time - Professional Services Contract	20,000
Net Total	(20,000)

Uptown CFA Professional Design Services

Decision Package	AUTO - 82 - Uptown CFA Professional Design Services
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Community Development



Description	Staff propose completion of a solutions-focused Uptown Community Focus Area (CFA) Plan using the 2021 draft product as a resource. The Uptown CFA Plan will expand upon recommendations of the 2024 Community Plan and will reflect the substantially expanded boundaries noted in the Community Plan. The Uptown CFA Plan will be a highly actionable document with a focus on implementation of improvements, policies, programs and other solutions to successfully enhance the functionality, character and desirability of the area within the CFA plan boundaries. To assist in this effort, staff is requesting \$125,000 to be used two ways. First, funding will allow for acquisition of data, graphic support, and technical expertise where needed. Second, remaining funding will be used to design and complete one or more small scale capital improvements resulting from the Uptown CFA.
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Comments	The Uptown Community Focus Area Plan will be designed for the immediate and long term benefit of a variety of audiences including Sedona residents, guests, and the area business community. To build a strong foundation for recommendations and increase transparency, the plan will include an existing conditions analysis. Elements of the plan will include land use/historic preservation, mobility and parking, urban design and placemaking, infrastructure, conservation and nature integration, and business cultivation and support. The plan will conclude with a detailed implementation program including all solutions recommended as part of the CFA plan.
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Justification	Completion of an Uptown Community Focus Area Plan has been a priority of both staff and leadership. The 2021 draft plan offers a basic foundation upon which to build but it does not include the level of detail necessary for an actionable product, nor does it fully address items critical to the success of the plan. Equally important, it does not reflect the expanded boundaries proposed in the Community Plan. The Uptown CFA Plan will be completed "in house" by staff in coordination with local partner organizations and area stakeholders. The requested \$125,000 would be used in two ways. First, funding will allow staff to acquire specialized data from sources such as Placer.ai and CoStar, provide graphic support to visualize both concepts and recommendations, seek out technical expertise from relevant topic specialist. Second, remaining funds can be used to initiate conceptual design services and potentially complete one or more improvements that could be undertaken immediately. Staff can complete the plan without the requested funding; however, the result would be a product that is less defensible, harder to visualize, and lacking some of the detail and opportunity necessary to quickly move from paper to reality.
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Operating Budget Details

Description	2027 Budget
One-Time - Professional Services Contract	75,000
One-Time - Operating budget costs to make enhancements from design recommendations	50,000
Net Total	(125,000)

Residential Tree Planting Program

Decision Package	AUTO - 86 - Residential Tree Planting Program
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Sustainability
Description	
	The Sustainability Department seeks to implement a residential tree planting pilot program in partnership with a nonprofit organization or contractor and Sedona residents. The pilot aims to plant 100 native, drought tolerant, shade trees across 50 residential properties to help combat Sedona's Urban Heat Island, increase native habitat, help reduce runoff from heavy rain events, reduce erosion, and potentially reduce energy consumption from air conditioning units on hot summer days.
Comments	This project will be overseen by the Sustainability Department's Sustainability Coordinators. The City intends to model the program after a similar successful residential tree planting initiative implemented by the City of Mesa, utilizing a nonprofit organization or contractor to source locally appropriate, native, drought-tolerant, shade tree species.
	The selected nonprofit or contractor will be responsible for helping to create educational and outreach materials, engage with Sedona residents, schedule site visits at residential properties, procure trees, trees transport, conducting 811 calls for underground utilities, identify appropriate planting locations that are in line with fire wise best practices, recruiting volunteers for planting, and conducting a tree inspection follow six months to a year after the tree planting event. In addition, the contractor will develop and maintain a program website to support resident participation, including educational resources and a tree selection interface.
Justification	Following resident outreach and recruitment, participating households will be directed to the program website to submit contact information and select up to two trees to be planted on their property. Residents located within designated urban heat island areas may be eligible for additional trees, subject to program guidelines and availability of trees.
	The City anticipates planting up to 100 trees during the first year of program implementation separated into two planting events with the first being this fall (50 trees) and the second being next spring (50 trees).
	Since the early 2000's, Sedona has seen a steep and steady departure from its historical norm when it comes to the number of days above 95 and 100 degrees Fahrenheit. In 2023, the Sustainability Department conducted an Urban Heat Island mapping study, in partnership with NOAA, the state climatologist, and 26 Sedona residents, to identify areas within Sedona experiencing the greatest heat-related impacts due to the urban heat island effect. Building on the findings of that study, the Sustainability Department commissioned a Heat Mitigation and Adaptation Guidebook in 2024. The guidebook outlines fifteen heat mitigation and adaptation strategies that could be deployed by the city, which included residential tree plantings, to address localized heat island impacts. Planting shade trees was a top recommendation within the guidebook. Some of the solutions within the guidebook were projected to take five to ten years to be fully implemented, with tree plantings taking the longest to fully mature but bringing about the highest direct impact to heat mitigation with also the most environmental co-benefits.
	Trees cool the air through the process of evapotranspiration, whereby vegetation releases moisture into the atmosphere. This effect is most profound among large stands of trees, such as in dense forests surrounding the city or within well-vegetated parks. Even in smaller quantities, trees provide shade which gives refuge to pedestrians and other commuters as well as those working or recreating outdoors, and keeps outdoor surfaces from absorbing solar radiation. Trees also shade buildings, which reduces the need for energy use to cool indoor spaces. Heat mapping conducted in Sedona in 2023 showed that some parts of the city – those least vegetated and suffering the most severe impacts of the urban heat island effect – were up to 16.4°F hotter than the coolest parts. A recent University of Washington study also found that areas with no tree cover within approximately 30feet were up to five times more likely to reach temperatures that can pose health risks.

Residential Tree Planting Program

Operating Budget Details

Description	2027 Budget
One-Time - Professional Services contract - 1 year	84,000
Net Total	(84,000)

Paid Advertising Contingency Fund For Marketing Campaigns

Decision Package	AUTO - 87 - Paid Advertising Contingency Fund For Destination Marketing Campaigns
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Program	Tourism & Economic Initiatives



Description	The Tourism and Economic Initiatives Program is seeking \$300,000 in contingency funds in FY27 to support paid advertising strategies that drive high-value tourism—defined as overnight, higher-spend, lower-impact visitation—during strategic times of year. Since its inception in July 2023, the City's Tourism Program annual paid advertising budget for destination marketing campaigns has remained at \$350,000. The requested contingency funds would provide the Tourism Program with the flexibility to respond to changing market conditions or time-sensitive opportunities by increasing paid advertising from \$350,000 to up to \$650,000. This approach supports maintaining overnight visitation during strategic periods and stabilizing tourism-related business performance throughout the year. Since these funds are being requested as contingency funds, deployment of them would require prior approval from the City Council. Three paid advertising strategies are proposed to leverage the requested additional \$300,000, with estimated allocations as follows: • \$150,000 to expand the reach of summer 2026 and winter 2026/2027 destination marketing campaigns should business performance decline or flatten year-over-year • \$100,000 to conduct year-round marketing to high-net-worth individuals (i.e. those with \$250,000 and above household income, which is the top 10% of U.S. households) in the Tourism Program's flight markets, including San Francisco, Denver, Seattle, Dallas, Chicago, Minneapolis, and New York, with a focus on higher-spend, lower-impact visitation • \$50,000 to build awareness of Sedona as an overnight destination within the Phoenix metro during strategic periods tied to high-impact events, such as the 2026 Fiesta Bowl and the 2025 WNBA Championships This is not the first time the Tourism Program has utilized contingency funding to increase paid advertising; however, this is the first request made proactively during the budget process and the first contingency fund dedicated specifically to the Tourism Program. In FY26, City Council approved City of Sedona contingency funding to increase the paid advertising budget by \$50,000 for the summer 2025 campaign and approximately \$100,000 for the winter 2025/2026 campaign, bringing the total FY26 paid advertising budget to \$500,000. The FY27 request represents an incremental increase from the previous fiscal year. This request to increase the availability of funds for paid advertising was supported by the Tourism Advisory Board at its December 2025 meeting; however, City staff is proposing to hold all of the \$300,000 for contingency funds instead of what the Tourism Advisory Board requested, which was to request a \$100,000 increase to the base budget for the Tourism Program to market to the top 10% of U.S. households in our flight markets throughout the year.
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Paid Advertising Contingency Fund For Marketing Campaigns

Comments

If approved, City staff will continue to monitor tourism industry performance, strategic event opportunities in Phoenix, and City revenue trends throughout FY27. The \$100,000 for year-round marketing to the top 10% of U.S. households in our target flight markets will be wrapped into staff's Spring and Fall campaign creative development, and implemented after Council approves those twice a year pitches. Then, when indicators suggest declining performance or when time-sensitive strategic event marketing opportunities arise, staff will be prepared to return to City Council with targeted paid advertising proposals designed to increase overnight visitation, strengthen hotel demand, and support visitor-related spending at local businesses.

Justification

PROBLEM

Nationally, the U.S. tourism economy has entered a more competitive and less predictable environment due to changes in international inbound travel patterns, ongoing economic uncertainty, and evolving traveler behavior. Destinations across the country are competing for a smaller pool of discretionary travel dollars, particularly during shoulder and off-peak seasons.

Here in Sedona, the City does not levy a property tax, and with revenue derived solely from sales and bed taxes, it depends largely on a strong tourism economy. Should reductions in visitor spending occur, the City's revenue is at risk.

At the same time, many peer destinations, including those with significantly larger marketing budgets, are increasing paid media investments to capture demand in high-value domestic markets. Without the ability to respond quickly to market shifts or emerging opportunities, Sedona risks losing market share during critical travel periods, which can negatively impact overnight visitation, lodging performance, and City revenues tied to bed and sales taxes.

Given Sedona's reliance on tourism-generated revenue to support City services, the absence of dedicated contingency funds limits the City's ability to proactively manage downturns, respond to economic disruptions, and strategically influence visitation toward higher-value, lower-impact travelers.

WHAT ARE THE REVENUE ENHANCEMENTS ASSOCIATED WITH THIS REQUEST?

Paid advertising is one of the most effective and measurable tools available to the Tourism Program to influence overnight visitation and visitor spending. Over the past three fiscal years, City staff have demonstrated the ability to reach targeted audiences and drive visitation during historic need periods, particularly in summer and winter.

Because City revenues are directly tied to the 3.5% bed tax and 3.5% sales tax, a healthy visitor economy is critical to overall fiscal stability. These investments are designed not only to increase visitation during strategic periods, but also to stabilize revenue collections during periods of economic volatility by maintaining consistent lodging demand and visitor spending.

Over the last 2 years, the Tourism Program has demonstrated an ability to leverage paid advertising strategies to generate a return on investment for the City of Sedona. Specifically, Return on Ad Spend (ROAS) measures the effectiveness of paid tourism advertising by comparing the estimated economic impact generated by a campaign to the cost of that advertising. When conducted by Destination Marketing and Management Organizations (DMMOs) like the Tourism Program, ROAS indicates how efficiently paid advertising dollars translate into visitor spending and related tax revenue for the community.

Paid Advertising Contingency Fund For Marketing Campaigns

Justification

ROAS results from previous paid advertising campaigns conducted by the Tourism Program are listed below:

- Winter 2023: Economic Impact: \$409,171 with ROAS of 8.7:1
- Summer 2024: Economic impact: \$6,701,171 with ROAS of 89:1
- Winter 2024: Economic impact: \$4,600,328 with ROAS of 67:1
- Summer 2025: Economic Impact: \$2,565,869 with ROAS of 12:1
- Current winter 2025: as of January, we already have a ROAS of 12:1

RISK ANALYSIS

Having a tourism-specific contingency fund ensures that if these funds are needed, the Tourism Program won't have to compete with other departments for the general contingency money. Additionally, without dedicated contingency funds, the City may be unable to respond in a timely manner to downturns in tourism demand, increased competition from peer destinations, or unexpected economic disruptions, because the money may already be allocated to a different City project. Delayed responses can result in prolonged declines in lodging occupancy, reduced visitor spending, and lower bed and sales tax collections. The financial risk of inaction may exceed the risk associated with a targeted, Council-approved investment in increased paid advertising.

COST-BENEFIT ANALYSIS

Paid advertising is among the most controllable and cost-effective tools available to influence overnight visitation. The proposed \$300,000 contingency allocation represents a strategic investment in protecting and enhancing bed tax and sales tax revenues generated by incremental overnight stays. Even modest improvements in occupancy and average daily rate during shoulder seasons can yield significant fiscal returns – for example, even if the additional \$300,000 yielded the lowest ROAS observed in the last two years, the deployment of these funds would return \$3,600,000 in economic impact to Sedona businesses.

By prioritizing high-net-worth travelers and strategic regional markets, the Tourism Program can maximize economic benefit per visitor while reducing pressure on community infrastructure. Because these funds are contingent and require City Council authorization prior to use, they retain full oversight to evaluate expected benefits against costs before deployment.

Operating Budget Details

Description	2027 Budget
One-Time - T&E - Spendable contingency	300,000
Net Total	(300,000)

Court Specialist

Decision Package	AUTO - 88 - Court Specialist (1x)
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Municipal Court



Description	A Court Specialist is a highly responsible and confidential worker in the judicial system, interacting with victims, witnesses, attorneys, litigants, court personnel from other jurisdictions, and various law enforcement agencies. They receive, investigate, and respond to a high volume of sensitive phone calls, inquiries, complaints, and emails. This position requires a high level of confidentiality and must maintain both electronic and physical file systems to ensure that all court processes and documents are prepared and recorded with accuracy and timeliness.
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Comments	Currently, court clerks are overwhelmed and struggle to efficiently process the increased number of filings with the Court. There are strict timeliness requirements imposed by the Arizona Administrative Office of the Courts (AOC) and without additional staff, the Court will not be able to adhere to the AOC mandates. Additionally, turnover in the Court continues to be an issue and the stresses of the position are believed to be related to the loss of personnel. Loss of adequately trained personnel may further hamper the Court's ability to maintain standards and may further exacerbate the tenuous staffing that it currently is able to maintain. In order be a productive Court Specialist it takes an estimated nine to twelve months of on-the-job training. The most senior of the current four Court Specialists has only been with the city for just over a year. Two have been working for six months and one for about one month. Additional hirings in the police department and code enforcement will continue to add to the staff's workload. It is imperative to hire, train and keep current employees and to stay ahead of expected increases in case filings.
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Justification	Due to the courts increasing workload, an additional Court Specialist is needed. Statistics obtained in February 2026 indicate filings may double by the end of the current fiscal year. A review of courts that are somewhat similarly situated with case filings, shows Sedona's court is understaffed. Courts in Fredonia, Camp Verde, Cottonwood, San Luis, Show Low and Chino Valley had a combined total of 13,977 filings and a total of 26,75 fulltime employees, resulting in an average case per employee of 523. Sedona had 3075 filings in FY 2025 and is on track to have 3512 filings for FY 2026, leaving average case filings for the two years of 769 and 878, respectively. This workload will lead to further issues in training and maintaining the current staff. This will severely hamper the Court's ability to provide timely and adequate service to the various stakeholders and negatively affect the Court's ability to adhere to mandatory requirements.
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Operating Budget Details

Description	2027 Budget
One-Time - 1x Cisco 1841 IP Phone	190
1x Base Microsoft Email License	100
One-Time - 2x NEC/LG 24" monitors	500
Total 5224-21 - Information Technology	790
One-Time - Court specialist furniture	3,500
Total 5320-79 - Public Works - Facilities	3,500
Total 5520-01 - Municipal Court - FTE	67,061
Net Total	(71,351)

250th Celebration Event

Decision Package	AUTO - 91 - 250th Celebration Event
Budget Year	2027
Decision Package Type	Decision Package
Decision Package Stage	City Manager Approval [Decision Package]
Department	Parks and Recreation



Description	Budget to support community events and a community celebration in Sedona as part of the America250 commemoration of the 250th anniversary of the United States. Funding may be used for a series of local community events leading up to the July 4th holiday, citywide decorative elements such as banners, and a signature community celebration on or around July 3rd. The signature event may include a lit drone show—an aerial display using synchronized, illuminated drones to create images and designs in the night sky—as part of a family-friendly community celebration. If a drone show is not pursued, alternative special events or activities of a similar or smaller scale may be developed to create a meaningful and engaging community experience in the days leading up to July 4th. Final event details will be determined during planning based on feasibility, partnerships, and overall community impact. Parks and Recreation will coordinate the event in partnership with other community partners and departments.
Comments	
Justification	This allocation supports one-time costs associated with planning and implementing America250 commemorative programming. The funding allows staff flexibility to evaluate event concepts, coordinate with regional partners, and select the most cost-effective and impactful programming model while maintaining consistency with Sedona's existing July 4th events and regional community priorities.

Operating Budget Details

Description	2027 Budget
One-Time - America's 250th Anniversary	100,000
Net Total	(100,000)

City of Sedona
FY27 Proposed Budget
Community Service Provider Contract Renewal

Community Service Provider		Humane Society	Sedona Community Center	Sedona Historical Society	Sedona Public Library	Sedona Recycles	Verde Valley Caregivers	Hope House of Sedona	Total
FY23	\$77,030	\$206,540	\$100,000	\$541,960	\$217,410	\$65,220	\$0	\$ 1,208,160	
FY24	\$93,090	\$236,000	\$150,000	\$865,200	\$250,000	\$80,000	\$0	\$ 1,674,290	
FY25	\$96,450	\$244,500	\$155,400	\$896,350	\$259,000	\$82,880	\$0	\$ 1,734,580	
FY26	\$146,447	\$262,825	\$167,050	\$963,518	\$278,420	\$89,094	\$0	\$ 1,907,354	
FY 26 Total Budget	\$1,956,826	\$765,201	\$411,700	\$2,389,687	N/A	N/A	\$0	\$ 5,523,414	
FY26 % of Budget	7%	34%	41%	40%	N/A	N/A	0%		
FY 27 Total Budget	\$2,023,656	\$867,419	\$503,550	\$2,117,927	\$339,000	\$1,873,700	\$270,380	\$ 7,995,632	
FY27 % of Budget	16%	40%	40%	50%	85%	7%	50%		
FY26 + CPI of 2.9%	\$150,694	\$270,447	\$171,894	\$991,460	\$286,494	\$91,678	\$135,000	\$ 2,097,667	
FY27 Base Request	\$323,127	\$342,825	\$200,000	\$1,058,963	\$289,000	\$130,000	\$135,000	\$ 2,478,915	
One-Time Request	\$0	\$75,000	\$40,000	\$150,000	\$50,000	\$0	\$0	\$ 315,000	
TOTAL FY27 Request	\$323,127	\$417,825	\$240,000	\$1,208,963	\$339,000	\$130,000	\$135,000	\$ 2,793,915	
Council Approved								\$ -	
CBWG one-time	N/A	No	No	Yes	No	N/A	N/A		
CBWG ongoing	Yes	Change	Yes	Yes	Yes	Yes	Yes		
CMone-time	N/A	Tier 1			Tier 1	N/A	N/A		
CMongoing	Yes	Yes	Yes	Yes	Yes	Yes	Yes		

Option A:	FY26 base funding adjusted by the December 2025 Western Regional CPI (2.9%).
Option B:	FY27 Community Service Provider (CSP) base funding requests for the new contract period.
Option C:	Total FY27 funding request, including both base funding and one-time requests from all CSPs.
Option D:	Council-directed funding level, based on policy priorities, community needs, and fiscal considerations.

POSITION LIST/FULL-TIME EQUIVALENTS

SUMMARY OF FULL-TIME EQUIVALENTS BY FUND

Fiscal Year	General Fund	Streets Fund	Affordable Housing Fund	Transp. Sales Tax Fund	Public Transit Fund	Waste-water Fund	Info. Tech. Fund	Totals
FY2024	150.08	4.11	2.00	1.00	1.50	17.10	6.00	181.89
FY2025	157.01	4.11	2.00	1.00	1.50	17.10	6.17	188.89
FY2026	169.77	4.11	2.00	1.00	1.50	17.10	6.17	201.65
FY2027	168.16	4.27	2.20	1.00	2.50	17.20	6.00	201.33

SUMMARY OF FULL-TIME EQUIVALENTS BY DEPARTMENT

Department	FY2024	FY2025	FY2026	FY2027
City Council	7.00	7.00	7.00	7.00
City Manager's Office	7.90	5.00	5.00	9.45
Human Resources	2.17	3.00	3.00	3.00
Financial Services	11.56	11.00	11.00	11.00
Tourism & Economic Initiatives	3.10	7.00	7.00	3.55
City Attorney's Office	3.54	4.00	4.00	4.00
City Clerk's Office	3.88	3.88	4.88	4.88
Parks & Recreation	9.02	9.02	9.02	9.01
Community Development	17.41	17.14	17.14	17.00
Public Works	35.85	38.85	39.61	37.61
Sustainability	3.00	3.00	3.00	3.00
Police	48.63	50.00	60.50	60.50
Municipal Court	6.33	7.33	7.83	7.83
Public Transit	1.50	1.50	1.50	2.50
Wastewater	15.00	15.00	15.00	15.00
Information Technology	6.00	6.17	6.17	6.00
Total	181.89	188.89	201.65	201.33

POSITION LIST/FULL-TIME EQUIVALENTS

POSITION LIST

Department/Authorized Position	FY2025	FY2026	FY2027	Requested Changes
City Council				
Mayor (GF)	1.00	1.00	1.00	-
Vice-Mayor (GF)	1.00	1.00	1.00	-
City Councilors (GF)	5.00	5.00	5.00	-
City Council Total	7.00	7.00	7.00	-
City Manager's Office				
City Manager (GF)	1.00	1.00	1.00	-
Deputy City Manager (GF)	2.00	3.00	3.00	-
Communications & Public Affairs Manager (GF)	-	-	1.00	-
Marketing & Website Coordinator (GF)	-	-	.75	-
Arts & Culture Coordinator (GF)	1.00	1.00	1.00	-
Marketing Manager (GF)	-	-	.75	-
Public Relations Analyst (GF)	-	-	.95	-
Executive Assistant (GF)	1.00	1.00	1.00	-
City Manager's Office Total	5.00	5.00	9.45	-
Human Resources				
Human Resource Manager (GF)	1.00	1.00	1.00	-
Human Resource Specialist (GF)	2.00	2.00	2.00	-
Human Resources Total	3.00	3.00	3.00	-
Financial Services				
Director of Financial Services (GF)	1.00	1.00	1.00	-
Accounting Manager (GF)	1.00	1.00	1.00	-
Procurement Officer (GF)	1.00	1.00	1.00	-
Procurement Specialist (GF)	-	-	1.00	-
Budget Manager (GF)	-	-	1.00	-
Budget & Financial Analyst (GF)	1.00	1.00	1.00	-
Customer Service & Billing Supervisor (GF)	1.00	1.00	1.00	-
Accounting Technician (GF)	4.00	4.00	2.00	-
Administrative Assistant (GF)	1.00	1.00	1.00	-
Temporary City Employee (GF)	.56	-	-	-
Financial Services Total	11.56	11.00	11.00	-
Tourism & Economic Initiatives				
Communications & Tourism Director (GF)	1.00	1.00	-	-
Tourism Manager (GF)	1.00	1.00	1.00	-
Marketing Manager (GF)	1.00	1.00	.25	-
Public Relations Analyst (GF)	1.00	1.00	.05	-
Tourism/Marketing & Economic Initiatives Coordinator (GF)	3.00	3.00	2.25	-
Tourism & Economic Initiatives Total	7.00	7.00	3.55	-

POSITION LIST/FULL-TIME EQUIVALENTS

POSITION LIST

Department/Authorized Position	FY2025	FY2026	FY2027	Requested Changes
City Attorney's Office				
City Attorney (GF)	1.00	1.00	1.00	-
Assistant City Attorney (GF)	2.00	2.00	2.00	-
Legal Assistant (GF)	1.00	1.00	1.00	-
Temporary City Employee (GF)	-	-	-	-
City Attorney's Office Total	4.00	4.00	4.00	-
City Clerk's Office				
City Clerk (GF)	1.00	1.00	1.00	-
Deputy City Clerk (GF)	1.00	1.00	1.00	-
Short-Term Rental Specialist (GF)	1.00	1.00	1.00	-
Records Clerk (GF)	0.88	0.88	0.88	-
Short-Term Rental Code Enforcement Officer (GF)	-	1.00	1.00	-
City Clerk's Office Total	3.88	4.88	4.88	-
Parks & Recreation				
Parks and Recreation Manager (GF)	1.00	1.00	1.00	-
Recreation & Aquatics Supervisor (GF)	1.00	1.00	1.00	-
Recreation Coordinator II (GF)	1.00	1.00	1.00	-
Administrative & Recreation Assistant (GF)	1.00	1.00	1.00	-
Events & Rentals Coordinator (GF)	1.00	1.00	1.00	-
Recreation Assistant (GF)	0.26	0.26	0.26	-
Pool Manager (GF)	0.27	0.27	0.26	-
Pool Assistant Manager (GF)	0.46	0.46	0.46	-
Lifeguard (GF)	1.15	1.15	1.15	-
Swim Instructor (GF)	1.50	1.50	1.50	-
Aqua Fitness Instructor (GF)	0.03	0.03	0.03	-
Scorekeeper/Umpire/Referee (GF)	0.35	0.35	0.35	-
Parks & Recreation Total	9.02	9.02	9.01	-
Community Development				
Director/Assistant Director of Community Development (GF)	1.00	1.00	2.00	-
Chief Building Official (GF)	1.00	1.00	-	-
Planning Manager (GF)	1.00	1.00	1.00	-
Principal Planner (GF)	1.00	1.00	1.00	-
Senior Planner (GF)	-	1.00	2.00	-
Associate Planner (GF)	3.00	3.00	-	-
Building Inspector II (GF)	1.00	1.00	1.00	-
Plans Examiner II (GF)	1.00	1.00	1.00	-
Senior Code Enforcement Officer (GF)	1.00	1.00	1.00	-
Building Permits Technician II (GF)	1.00	2.00	2.00	-
Code Enforcement Officer (GF)	1.00	1.00	1.00	-
Building Permits Technician I (GF)	2.00	-	2.00	-
Housing Manager (HF)	2.00	2.00	2.00	-
Housing Coordinator	2.00	2.00	2.00	-
Administrative Assistant (GF)	1.00	1.00	1.00	-
Temporary City Employee (GF)	0.41	0.14	-	-
Community Development Total	17.41	17.14	17.00	-

POSITION LIST/FULL-TIME EQUIVALENTS

POSITION LIST

Department/Authorized Position	FY2025	FY2026	FY2027	Requested Changes
Public Works				
Director of Public Works/City Engineer (GF)	0.84	0.84	0.84	-
Director of Public Works/City Engineer (SF)	0.10	0.10	0.10	-
Director of Public Works/City Engineer (WWF)	0.06	0.06	0.06	-
Assistant Director of Public Works (GF)	0.75	0.75	0.75	-
Assistant Director of Public Works (SF)	0.25	0.25	0.25	-
Engineering Supervisor (GF)	0.75	0.75	0.75	-
Engineering Supervisor (SF)	0.25	0.25	0.25	-
Associate Engineer (GF)	1.85	1.85	1.85	-
Associate Engineer (TSTF)	1.00	1.00	1.00	-
Associate Engineer (WWF)	0.15	0.15	0.15	-
City Maintenance Manager (GF)	0.76	0.76	0.76	-
City Maintenance Manager (SF)	0.15	0.15	0.15	-
City Maintenance Manager (WWF)	0.09	0.09	0.09	-
Assistant Engineer (GF)	1.95	1.95	1.95	-
Assistant Engineer (WWF)	0.05	0.05	0.05	-
Grants Analyst (GF)	0.50	0.50	0.50	-
Chief Engineering Inspector (GF)	0.50	0.50	0.50	-
Chief Engineering Inspector (WWF)	0.50	0.50	0.50	-
Program Manager - Trails/Parking (GF)	1.00	1.00	-	-
Right-of-Way Supervisor (GF)	0.36	0.36	0.36	-
Right-of-Way Supervisor (SF)	0.58	0.58	0.58	-
Right-of-Way Supervisor (WWF)	0.06	0.06	0.06	-
Facilities Maintenance Supervisor (GF)	0.95	0.95	0.95	-
Facilities Maintenance Supervisor (SF)	0.05	0.05	0.05	-
Assistant Project Manager (GF)	1.00	1.00	1.00	-
Right-of-Way Specialist (GF)	0.24	0.24	0.24	-
Right-of-Way Specialist (SF)	0.70	0.70	0.70	-
Right-of-Way Specialist (WWF)	0.06	0.06	0.06	-
Bike Park Maintenance Worker (GF)	0.25	0.25	0.25	.75
Public Works Administrative Supervisor (GF)	0.97	0.97	0.97	-
Public Works Administrative Supervisor (SF)	0.03	0.03	0.03	-
Engineering Services Inspector (GF)	1.20	1.20	1.20	-
Engineering Services Inspector (WWF)	0.80	0.80	0.80	-
City Maintenance Worker II (GF)	6.76	6.76	6.76	-
City Maintenance Worker II (SF)	1.91	1.91	1.91	-
City Maintenance Worker II (WWF)	0.33	0.33	0.33	-
Facilities Maintenance Worker (GF)	2.00	2.00	2.00	-
Administrative Assistant (GF)	0.91	0.91	0.91	-
Administrative Assistant (SF)	0.09	0.09	0.09	-
Custodial Maintenance Worker (GF)	3.00	3.00	3.00	-
Traffic Control Assistant II (GF)	1.00	3.00	3.00	-
Traffic Control Assistant (GF)	3.10	1.86	1.86	-
Public Works Total	38.85	38.85	37.61	0.75

POSITION LIST/FULL-TIME EQUIVALENTS

Department/Authorized Position	FY2025	FY2026	FY2027	Requested Changes
POSITION LIST				
Sustainability				
Sustainability Manager (GF)	1.00	1.00	1.00	-
Sustainability Coordinator (GF)	2.00	2.00	2.00	-
Sustainability Total	3.00	3.00	3.00	-
Police				
Chief of Police (GF)	1.00	1.00	1.00	-
Deputy Police Chief (GF)	1.00	1.00	1.00	-
Police Lieutenant and Manager (GF)	2.00	2.00	2.00	-
Police Sergeant (GF)	5.00	5.00	5.00	-
Police Detective (GF)	2.00	2.00	2.00	-
Police Officer (GF)	19.00	27.00	27.00	-
Communication/Records Supervisor (GF)	1.00	1.00	1.00	-
Communications Specialist (GF)	8.00	8.00	8.00	-
Community Service Officer (GF)	4.00	4.00	4.00	-
Executive Assistant (GF)	1.00	1.00	1.00	-
Police Records Clerk II (GF)	1.00	1.00	1.00	-
Property & Evidence Technician (GF)	1.00	1.00	1.00	-
Victim Services Specialist/Background Investigator (GF)	1.00	1.00	1.00	-
Support Services Technician (GF)	1.00	1.00	1.00	-
Police Records Technician (GF)	1.00	1.50	1.50	-
Community Service Aide (GF)	1.00	1.00	1.00	-
Emergency Management Coordinator/Manager (GF)	-	1.00	1.00	-
Community Outreach Officer (GF)	-	1.00	1.00	-
Police Total	50.00	60.50	60.50	-
Municipal Court				
Magistrate Judge (GF)	1.00	1.00	1.00	-
Magistrate Judge Pro-Tem (GF)	0.05	0.05	0.05	-
Court Administrator (GF)	1.00	1.00	1.00	-
Court Clerk (GF)	4.00	4.00	4.00	1.00
Court Security Officer (GF)	0.50	1.00	1.00	-
Temporary City Employee (GF)	0.78	0.78	0.78	(.78)
Municipal Court Total	7.33	7.83	7.83	0.22

POSITION LIST/FULL-TIME EQUIVALENTS

POSITION LIST

Department/Authorized Position	FY2025	FY2026	FY2027	Requested Changes
Public Transit				
Transit Administrator (PTF)	1.00	1.00	1.00	-
Grants Analyst (PTF)	0.50	0.50	0.50	-
Program Manager – Trails/Parking (PTF)	-	-	1.00	
Public Transit Total	1.50	1.50	2.50	-
Wastewater				
Director of Wastewater (WWF)	1.00	1.00	1.00	-
WW Regulatory Compliance Specialist (WWF)	1.00	1.00	1.00	-
Chief Collections Operator (WWF)	1.00	1.00	1.00	-
Chief Plant Operator (WWF)	1.00	1.00	1.00	-
Mechanic/Electrician (WWF)	-	-	-	-
Project Manager (WWF)	1.00	1.00	1.00	-
Wastewater Inspector (WWF)	1.00	1.00	1.00	-
Collections Operator III (WWF)	2.00	2.00	2.00	-
Lab Technician (WWF)	1.00	1.00	1.00	-
Collections Operator II (WWF)	-	-	-	-
Plant Operator II (WWF)	3.00	3.00	3.00	-
Collections/Camera Operator I (WWF)	1.00	1.00	1.00	-
Preventative Maintenance Technician (WWF)	1.00	1.00	1.00	-
Administrative Assistant (WWF)	1.00	1.00	1.00	-
Wastewater Total	15.00	15.00	15.00	-
Information Technology				
Information Technology Manager (ITF)	1.00	1.00	1.00	-
GIS Analyst (ITF)	1.00	1.00	1.00	-
Network Engineer (ITF)	2.00	2.00	2.00	-
System Administrator (ITF)	1.00	1.00	1.00	-
IT Support/Help Desk Technician (ITF)	1.00	1.17	1.00	1.00
Information Technology Total	6.00	6.17	6.00	1.00
City-Wide Totals				
General Fund	157.01	169.77	168.16	.97
Streets Fund	4.11	4.11	4.27	-
Affordable Housing Fund	2.00	2.00	2.00	-
Transportation Sales Tax Fund	1.00	1.00	1.00	-
Public Transit Fund	1.50	1.50	2.50	-
Wastewater Fund	17.10	17.10	17.20	-
Information Technology Fund	6.00	6.17	6.00	1.00
Total City Full-Time Equivalents	188.89	201.65	201.33	1.97

(AHF) = Affordable Housing Fund

(GF) = General Fund

(ITF) = Information Technology Internal Service Fund

(PT) = Public Transit Fund

(SF) = Streets Fund

(TSTF) = Transportation Sales Tax Fund

(WWF) = Wastewater Enterprise Fund

POSITION LIST/FULL-TIME EQUIVALENTS

continued

FY 2027 Staffing Changes

The City staffing changes were based on analyses of departmental needs and funding allocations. The proposed fiscal year 2026-27 budget includes the following changes:

Proposed Staffing Decision Packages for Council Recommendations:

- **Full-Time Bike/Pedestrian Coordinator** – Creates a dedicated position to coordinate bicycle and pedestrian initiatives, support mobility and safety projects, pursue grants, and collaborate with City departments and regional partners.
- **Additional Tech Support Technician (PD Liaison)** – Adds a technician to support the City's technology systems and serve as a dedicated liaison to the Police Department, assisting with system maintenance, troubleshooting, and coordination of critical public safety technology.
- **Court Specialist (Replacing Temporary Employee Diane/Sheron Burke)** – Converts the current temporary position to a permanent Court Specialist to provide consistent support for court operations, including case processing, records management, and customer service.