

Community Report

2022

City of Sedona

2022 Community Report



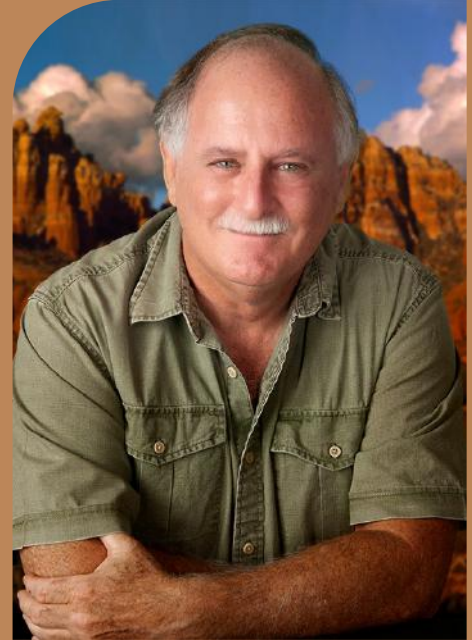
Message from our leaders

From the Mayor's Desk

While resiliency was the theme of 2021, in 2022, we focused on determining what the new normal is. During the first half of the year, traffic, soaring housing prices, tourism, and resident balance continued to dominate dinner table conversations, but in the second half of the year, we saw a shift: housing prices stopped their stratospheric climb and it felt like there were fewer people in town. Meanwhile, the number of short-term rentals continued to increase and now make up approximately 16 percent of our housing stock, making it continually difficult for local workforce to find housing in city limits. This past year, we tackled important issues like finding the right balance between tourism and resident quality of life, what avenues we can legally pursue to mitigate the impacts of short-term rentals, neighborhood impacts from parking/off-highway vehicle use, and what strategic land purchases should be made to help create workforce housing units. As we start 2023, we will continue forward progress on these issues and more, including our Sedona in Motion (SIM) traffic alleviation projects, continuing to develop a robust transit system, financially preparing for the possibility of a recession, continued work with our legislative advocate to fight for local control of short-term rental regulation, and completion of the city-wide evacuation modeling project.

Thank you for being part of the community that makes Sedona a truly incredible place to live. I'm proud of all the accomplishments from 2022 that are listed in this report and look forward to what we can do in 2023.

- **MAYOR SCOTT JABLOW**



MAYOR SCOTT JABLOW

Our Priority Projects

- Implementing ongoing SIM traffic improvements.
- Pursuing workforce housing opportunities.
- Advocating for meaningful regulation of short-term rentals.
- Enhancing emergency preparedness and evacuation planning.
- Exploring environmental sustainability opportunities.
- Launching the public input process for the Community Plan update.

For the complete priorities list, go to: www.sedonaaz.gov/councilpriorities



A Word from the City Manager

2022 at City Hall picked right up where we left off in 2021: with many of the same priorities carrying over since the scope of most of these projects spans several years. City Council's list of policy priorities for 2022 was comprehensive, and it set the course for the staff's work program. A highlight of some of the accomplishments on these priorities includes:

- We kicked off our public outreach process for the every ten-year Community Plan update, with the creation of a workgroup of residents that advise on process and citizen engagement. We also conducted a city-wide mail survey, held a community forum event with an impressive 350 attendees, and began our first Listening and Learning Sessions on specific topics of special interest to the community. This outreach and input gathering will continue into 2023 and a first draft of the report is expected mid-year.
- We launched the Sedona Shuttle, a transit program serving a handful of popular trailheads in and around the city, stood up two park and rides to support the service, and logged more than 200,000 passenger boardings since March. This system has provided much-needed relief to congestion and parking issues that had been spilling into nearby neighborhoods and causing safety and quality of life concerns.
- We acquired three strategic pieces of property: the old gas station at the "Y," a lot off Shelby Dr., and the 41 acres known as the Cultural Park.
- We started construction on big Sedona in Motion (SIM) projects like the Forest Road Connection Project and Chapel Road shared-use path. The design and construction of numerous other SIM projects will continue into 2023.
- We offered programs like Rent Local, Fuerza Local, the Home Energy Retrofit Program, and the compost pilot program to advance housing, economic diversification, and sustainability goals.

As you can see, these priorities focus on addressing community needs and providing community amenities. I encourage you to read the rest of this report for more details on all of the projects and programs we worked on in 2022, and we look forward to continuing to serve you in 2023.

- **CITY MANAGER KAREN OSBURN**



KAREN OSBURN
CITY MANAGER

Want to know more about the plans at the Cultural Park? Check on the FAQ on this topic and more at www.sedonaaz.gov/faq.

Sedona in Motion

Overview

Sedona in Motion (SIM) continues to be our highest priority. Halfway into this 10-year initiative, here are the 2022 accomplishments on current, major SIM projects. Learn more at www.sedonaaz.gov/sim.

Transit

- Launched the trailhead service of the Sedona Shuttle and logged over 200,000 passenger boardings.
- Set up two park-and-ride locations and are building a third.
- Evaluated vehicle options for microtransit, an on-demand service – called Sedona Shuttle Connect – expected in 2023.
- Completed site selection and environmental studies for future transit Maintenance & Operations Facility.



- AMARA LANE PROJECT

Walkability and Bikeability

- Completed the Chapel Rd., Shelby Dr., and Pinon Dr. shared use paths and private developers built the Hillside Vista Dr. shared use path.
- Broke ground on the Dry Creek to Navoti shared-use path.
- Began design on the Dry Creek Phase II shared-use path.
- Initiated public outreach on a shared-use path in the Andante neighborhood.

Major Roadway Addition

- Broke ground on the Forest Road Extension Project. This will be completed in the Spring 2024.

Uptown Construction

- Began construction of a dedicated right-hand turn lane on 89A at Amara Lane to improve northbound traffic flow.
- Initiated design of two northbound 89A lanes from Forest Road to the Jordan Roundabout. Public outreach will begin in early 2023.
- The Uptown Parking Garage Project is on hold until the City can conduct an updated needs assessment and siting study to account for current considerations such as transit operations, induced parking demand, an evacuation study, and an updated traffic analysis.

179 Congestion

- Constructed an exit from Los Abrigados to Brewer Road so that resort guests no longer have to use 179.
- Put the construction for the Pedestrian Crossing at Oak Creek project out to bid. The initial bid came in over the budget and engineer estimate and in 2023, the City will value engineer and re-bid the project to get costs down.

Our Financial Picture

The Numbers Explained

The City's financial picture remained strong in 2022, though starting in the Spring, we started to see sales and bed tax numbers flatten and in the Summer, soften compared to the year prior. Even with these indications, in FY22, we started with \$66 million in our fund balance and we ended with \$100.5 million. From July through October 2022, compared to the same period of time in 2021, sales tax is down 5% and bed tax is down 9%. However, from July through October 2022, compared to pre-COVID numbers from the same period of time in 2019, sales tax is 32% higher and bed tax is 46% higher. Overall the rate of inflation since October 2019 has been 16%. Taking all of this into account, the City's Finance Department is closely watching what is happening at the local level and if sales and bed tax continues to be lower than projections, there are significant surpluses to cover any reductions in revenues.



Fiscal Year

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



Monthly Financial Report

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

Other Notables:



- Home Rule passed in August 2022, giving the City authority to set its own spending limit based on a balanced and City Council-approved budget that takes into account current and projected revenues and local needs.



- The City took out \$35 million in tax-exempt bonds in 2022 – a \$25 million bond at 2.8% interest for Sedona in Motion projects and \$10 million at 4.4% interest for a portion of the purchase of the Cultural Park property. The bonds were a strategic move to take advantage of a then favorable interest rate environment and to keep cash on hand to cover projected increases in construction costs for critical infrastructure projects.



- Several major land acquisitions were made in 2022, totaling over \$24 million including \$20 million for the Cultural Park, \$2.2 million for multiple parcels for the Forest Rd. Extension Project, \$1.5 million for 2250 Shelby Dr. and \$200,000 for 125 State Route 89A.



Livability Report

Arts and Culture

In 2022, the City selected the four sculptures that will be placed in the remaining open roundabouts on 179: Canyon Drive, Morgan Road, Chapel Road, and Back O' Beyond Road. Local artists Susan Kliewer, James Muir, Mark Feldtkeller, and Santa Fe artist Don Kennell were awarded contracts. Installation and unveiling dates will be announced in 2023. The City Hall Art Program featured a wide variety of artists including Betty and Howard Carr, Susan Kliewer and Jeff Dolan, Robert and Shirley Eichten Albrecht, Melanie Chambers Hartman, and Stan and Susie Rose. In addition, the Artist in the Classroom Program relaunched with 27 incredible artists – half being new to the program – and inspired many students in our local schools.

Sustainability

The sustainability program advanced several main initiatives including:

- Completed two rounds of the Home Energy Retrofit Program for residents to make their homes more energy efficient. \$71,200 in total has been allocated for 20 households in Fiscal Year 2023 so far.
- Held two community information sessions on sustainability and resiliency.
- Participated in the Northern Arizona Solar Co-Op that resulted in 57 regional households who signed contracts for residential solar.
- Joined the Green Power Partner Program through APS and began sourcing 100% of municipal energy from a renewable energy farm.
- Held the fourth annual Home Hazardous Waste Event.
- Filled all 50 slots for the compost pilot program and diverted over two tons of food waste from landfills since its inception in May 2022.
- Installed 8 electric vehicle charging stations at Sunset Park (4 Level 2 Chargers) and Posse Grounds Park (4 DC Fast Chargers).
- Kicked off "Scor3card in Sedona," a sustainable business pilot program.

Parks and Recreation

The Parks and Recreation Department was excited to bring back the many programs, camps, classes, and events for the community in 2022 after the pandemic made gatherings challenging. The department hosted over 23 events, including the St. Patrick's Parade, Food Truck Festival, Celebration of Spring, Halloween in Uptown, Breakfast with Santa, Sedona Cinema Series, and two seasons of Red Dirt Concerts. Additionally, over 22 programs were offered like Grasshopper Basketball, Yappy Hour, and adult softball, including camps, classes, and several athletic and artistic camps for youth. Last, we opened a new, inclusive playground at Posse Grounds featuring slides, rope ladders, a cyclone spinner, a flexground surface, and shade structures over the new playground and bleachers along the adjacent field.

Economic Development



- FUERZA LOCAL
COHORT GRADUATES

At the beginning of the year, the future looked bright for bringing broadband to Sedona as part of the Yavapai County Final Mile Broadband Initiative but then provider Optimum informed the City the project will not include Sedona. However, we are committed to continuing to look for ways to improve broadband access and partner with internet providers in 2023. In 2022, the department hosted over 20 Spanish-speaking entrepreneurs at the first and second cohorts of Fuerza Local, an accelerator course that gives personalized training to assist Spanish-speaking businesses. The third cohort will open for registration in January 2023. Last, we convened a citizen work group to inform the city of potential recommendations for improving the quality and access to local healthcare and will continue this conversation into 2023. Healthcare is and will remain a targeted industry for the city's economic diversification and residents' quality of life.

Police

Staffing was a focus in 2022 for the Sedona Police Department (SPD), including the internal hire of Stephanie Foley as the first-ever female Police Chief. SPD will most likely be fully staffed with sworn officer positions by Spring 2023. SPD launched a pilot drone program to assist with collisions, diagramming, search and rescue, and criminal pursuits. Crime stats for the year include 1,750 parking citations, down 32% from 2021; 879 speeding tickets, up 32.4% from 2021; 53 DUI arrests, down 7% since 2021; 432 crimes against people, up 6.1% from 2021; and 449 property crimes, up 12.8% since 2021. Incredibly in 2022, SPD volunteers logged over 3,700 hours helping with prisoner transports, fingerprinting, and much more! Last, emergency management continued to be a focus with the completion of the Emergency Operations Plan and Community Emergency Preparedness Guide and the kick-off of a city-wide evacuation modeling project.

Want to be prepared in the event an emergency strikes?

Read the Community Emergency Preparedness Guide at:

www.sedonaaz.gov/emergencymanagement

Workforce Housing

In 2022, the City launched Rent Local, which pays homeowners up to \$10,000 a year to convert their short-term rental into a long-term rental. Additionally, the City funded the first loans for the Down Payment Assistance Program. Staff spent a considerable amount of time continuing to work relationships with housing developers to bring more workforce housing to the area. Additionally, the City acquired two properties – 2250 Shelby Dr. and the Cultural Park – with the intention of developing workforce housing on at least a portion of those sites.

Community Development



By the numbers, it was another steady year for development with 4729 building inspections, up 5.4% from 2021; 909 total permit applications (for signs, buildings, fences, etc.) up 7.1% from 2021, with 728 building permits applications, down 2.2% from 2021, in which 68 of those were new home permit applications, down 19% from a 2021 peak. Code enforcement processed 631 cases, down 18.8% from a 2021 peak linked to the launch of the trash ordinance. Similar to 2021, many of the cases – 258 to be exact – were trash complaints, with over half of those linked to short-term rentals. Last, we kicked off an extensive public outreach effort for the Community Plan update, a once-in-every-10-years effort. Watch for the first draft of the plan in 2023.

Want to know more about the Community Plan update?

Go to www.plansedona.com.

Short-term Rentals

With support from a City-hired legislative advocate, in 2022 the Arizona Legislature passed a law that provides authority to local governments to license short-term rentals (STRs). Because of this, the City now requires STR owners to apply for an annual City permit, with the application process beginning in January 2023. The legislative advocate will continue to pursue meaningful regulation of STRs at the state level during the upcoming legislative session. Other interesting 2022 STR facts included that the City:

- Monitored 1,000+ STRs with 2,900+ bedrooms in city limits.
- Calculates that 16% of housing inventory in city limits is STRs. In 2021, 12% of housing inventory in city limits was STRs.



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