

City of Flagstaff

FY 2020-2021

Budget

June 16, 2020





Budget Timeline

- **June 2nd – Tentative Budget Adoption**
- **June 16th**
 - Public Hearing for Budget and Tax Levy
 - Final Budget Adoption
 - 1st Reading of Property Tax Ordinance
- **July 7th**
 - 2nd Reading and Adoption of Property Tax Ordinance



Budget Highlights

- **Recession Plan Overlaps the Budget**
 - Allows the City to make decisions based on actual data
 - Enables the flexibility to make changes/adjustments quickly
 - Significant Stage of Recession
- **No Property Tax Increase**
 - No primary property tax increase except new construction
 - Secondary property tax rate is decreasing for the first time in 14 years
- **PSPRS Pension Debt and Paydown**
 - \$122M in expenditures
 - Net present value savings of over \$55M



Budget Summary

- General Fund increase: \$1.5M
 - Including state minimum wage assessment, insurance increases & pension increases and COLA (deferred)
- CARES funding - \$18.1M and \$8.6M
 - Reimbursement basis
- Independent revenue streams
 - Airport – CARES & Parking
 - Water Resource and Infrastructure Protection
- Housing total budget – all funds
 - \$13,629,089



Recommendation

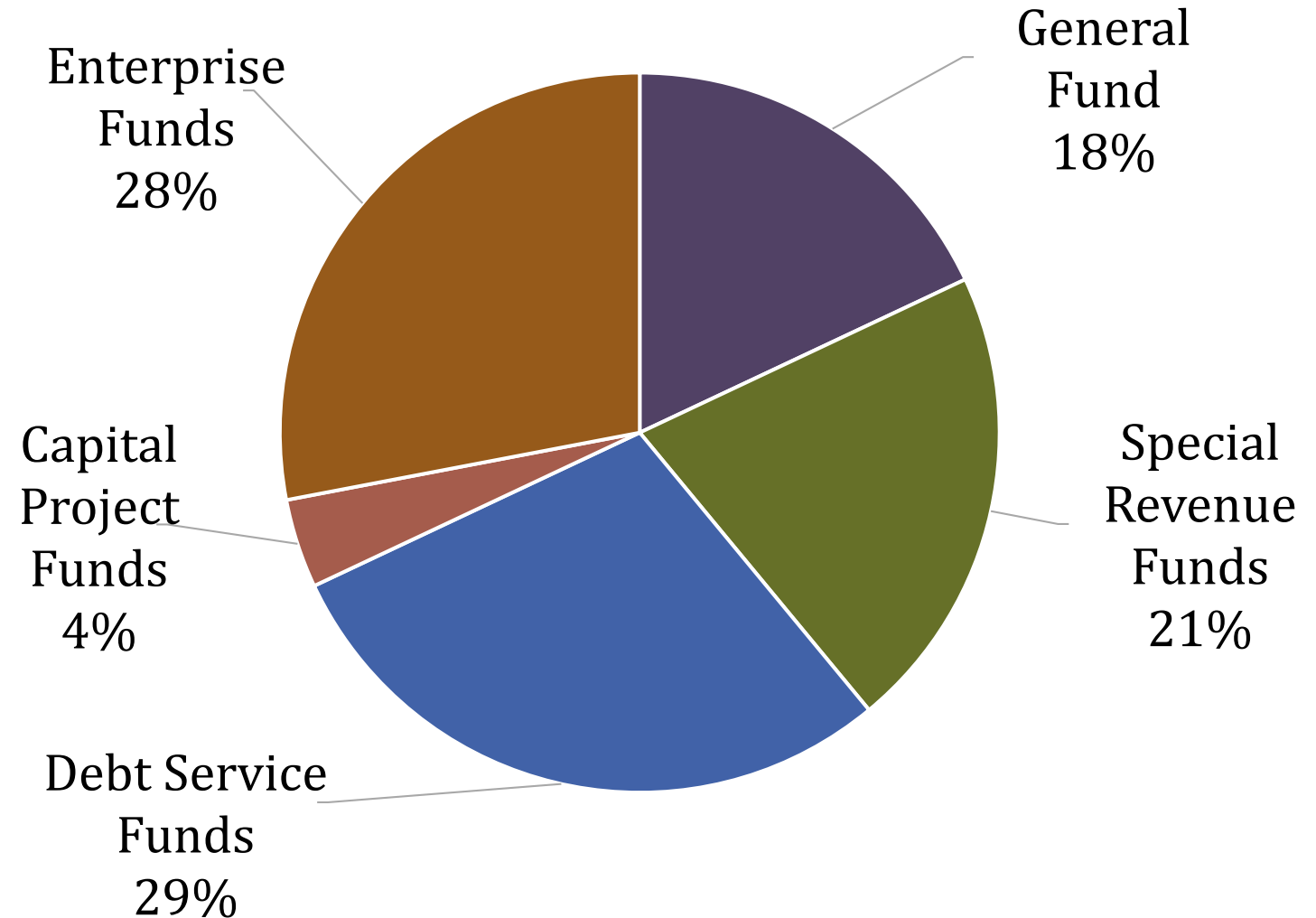
Adopt the Budget as Presented

- Provides the Maximum Allowed Expenditures by Division
- Noting Recession Plan Overlaps the Budget
- Staff will monthly review revenues and reduce expenditures based on estimates

Legal Schedule A

Total FY 2020-2021 Budget: \$450,688,316

\$111.8M (33%) increase over FY 2019-2020

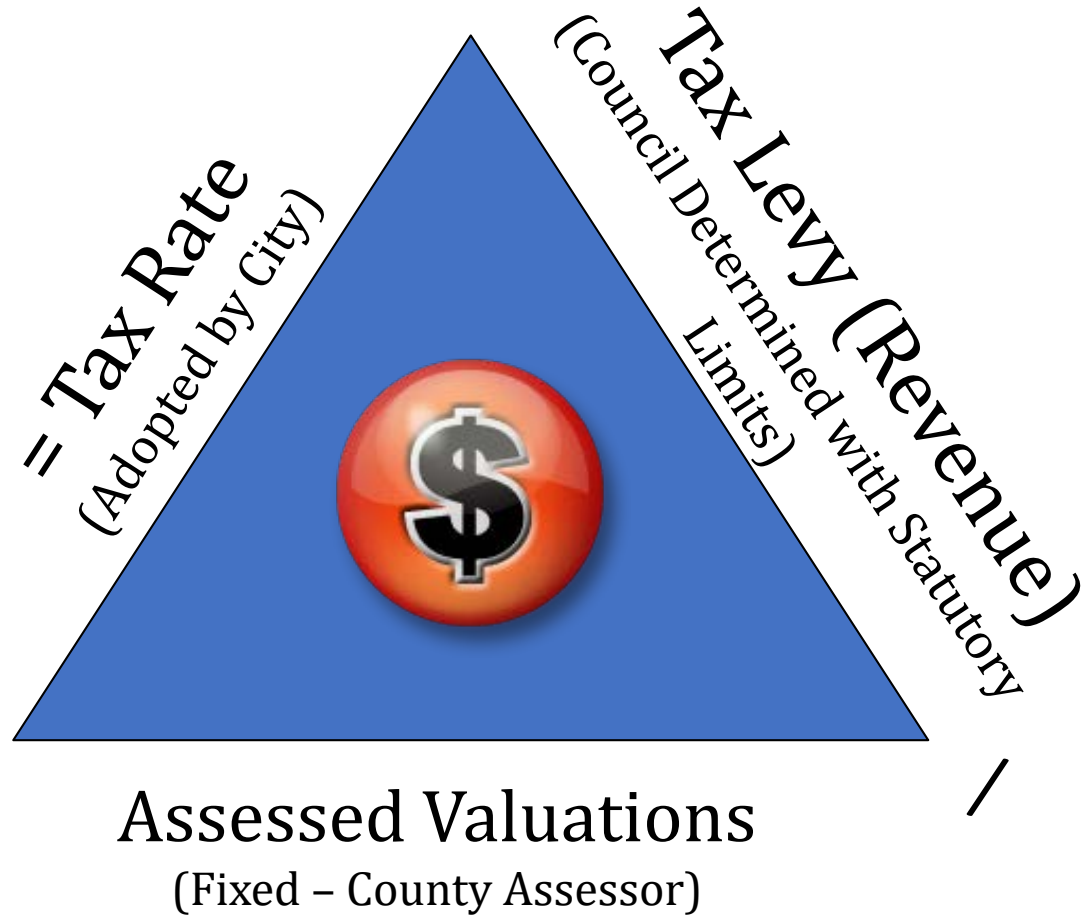




Property Taxes

Anatomy of Property Taxes

$$\text{Tax Levy (Revenue)} / \text{Assessed Valuation (AV)} = \text{Tax Rate}$$





Proposed Property Tax

Total Proposed Primary Tax Levy: \$6,952,496

- New construction revenue totals \$60,474
- Assessed values increased 5.6% on average
- Proposed tax rate of \$0.7510 per \$100/AV
- Rate decrease from \$0.7933 in the prior year
- Unrestricted per state statutes

Total Proposed Secondary Tax Levy: \$7,406,121

- Proposed tax rate of \$0.8000 per \$100/AV
- Rate decrease from \$0.8366 in the prior year
- 1.9% levy increase
- Cannot exceed the estimated general obligation debt service payments for FY 2020-2021



Property Tax Rates

Property Tax Rates	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021 Proposed
Primary	\$ 0.8121	0.8233	0.8334	0.7933	0.7510
Secondary	0.8366	0.8366	0.8366	0.8366	0.8000
Total	\$ 1.6487	1.6599	1.6700	1.6299	1.5510

- **Primary Property Tax Rate (FY 2020-2021)**
 - Proposed: .7510 per \$100/AV
 - Flat Levy: .7510 per \$100/AV
 - Maximum: .7660 per \$100/AV



Property Assessed Values

	Budget 2020	Budget 2021	
	<u>Tax Year 2019</u>	<u>Tax Year 2020</u>	<u>% Increase</u>
Limited Net AV	\$868,806,647	\$925,765,090	6.6%
Full Cash Net AV	\$1,008,490,173	\$1,123,106,392	11.4%

- Determined by the County Assessor's Office
- New construction .9%
- Values based on valuation done in late 2018 for Tax Year 2020
- Limited assessed value is used to calculate both the primary and secondary property tax per State Statutes
- Limited assessed value is limited to maximum 5% increase per year for most real property



City Property Tax Impact

On Homeowners:

Impact on Home Owner-Primary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	300,000	5.000%	315,000		
Primary Tax Estimate	237.99		236.57	(1.43)	-0.6%

Impact on Home Owner-Secondary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	300,000	5.00%	315,000		
Secondary Tax Estimate	250.98		252.00	1.02	0.4%

- In FY 2019, City property taxes were 22% of the total homeowner property tax bill



City Property Tax Impact

Commercial Property:

Impact on Commercial-Primary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	1,000,000	5.000%	1,050,000		
Primary Tax Estimate	1,427.94		1,419.39	(8.55)	-0.6%

Impact on Commercial-Secondary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	1,000,000	5.00%	1,050,000		
Secondary Tax Estimate	1,505.88		1,512.00	6.12	0.4%

Questions

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