

## MINUTES

### 1. Call to Order

Mayor Daggett called the Budget Retreat of the Flagstaff City Council held April 25, 2025, to order at 8:35 a.m.

#### NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

*Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for discussion and consultation with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).*

### 2. ROLL CALL

*NOTE: One or more Councilmembers may be in attendance through other technological means.*

PRESENT:

ABSENT:

MAYOR DAGGETT  
VICE MAYOR SWEET  
COUNCILMEMBER ASLAN  
COUNCILMEMBER GARCIA  
COUNCILMEMBER HOUSE (virtual)  
COUNCILMEMBER MATTHEWS  
COUNCILMEMBER SPENCE

Others present: City Manager Greg Clifton; City Attorney Sterling Solomon.

### 3. Pledge of Allegiance, Mission Statement, and Land Acknowledgement

The Council and audience recited the pledge of allegiance, Councilmember Matthews read the Mission Statement of the City of Flagstaff, and Councilmember Spence read the Land Acknowledgement.

#### MISSION STATEMENT

*The mission of the City of Flagstaff is to protect and enhance the quality of life for all.*

#### LAND ACKNOWLEDGEMENT

*The Flagstaff City Council humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.*

#### 4. City Council FY 2025-2026 Budget Retreat

Mr. Clifton, along with Senior Deputy City Manager Shannon Anderson, and Deputy City Manager Joanne Keene offered opening comments and provided a PowerPoint presentation that covered the following:

DAY 2 OPENING AND OVERVIEW  
FINANCIAL PLANNING FOR FUTURE CONSIDERATION  
COUNCIL BUDGET CONSIDERATIONS  
GENERAL FUND  
SPECIAL REVENUE FUNDS  
ENTERPRISE FUNDS

Council discussed the city's 25% reserve fund policy, which was adopted about ten years ago. Given the escalating costs of construction, there was a suggestion to consider reducing that reserve requirement, potentially to 20%, to free up one-time funds that could be used to keep capital improvement projects on track and avoid costly delays. While not proposing immediate action, the idea was to stay proactive and flexible, especially in light of recent rate increases and infrastructure needs that had been delayed for years due to resource constraints.

Staff acknowledged that revisiting the policy was possible and that such a change would be a one-time financial adjustment, not a recurring funding stream. They also noted that contingency funds were already set aside in specific accounts, like the Water Services fund, to help offset cost spikes. A potential option mentioned was to temporarily dip into reserves and rebuild over time, which was sometimes done during economic downturns.

There was also conversation around the use of reserve funds for personnel, with one viewpoint emphasizing that reserves should prioritize maintaining staffing during unforeseen hardships, rather than covering construction costs. The city's current reserve policy was seen as fiscally responsible, it supported strong audit outcomes and positive feedback from bond rating agencies. Maintaining a healthy fund balance contributed significantly to the city's financial stability and creditworthiness. Council expressed a desire to continue the conversation in the future.

Ms. Anderson continued the presentation.

RESOURCE TOOLBOX  
DEVELOPMENT IMPACT FEES  
WHAT CAN'T IMPACT FEES PAY FOR?  
TRANSACTION PRIVILEGE TAX  
SECONDARY PROPERTY TAX AND GENERAL OBLIGATION (GO) BONDS  
SECONDARY PROPERTY TAX RATE CAPACITY  
PRIMARY PROPERTY TAX  
GENERAL FUND 10-YEAR HISTORY  
GENERAL FUND EXPENDITURES  
POTENTIAL FUTURE CONSIDERATIONS

Economic Vitality Director Heidi Hansen and Community Investment Director Dave McIntire continued the presentation.

DOWNTOWN ENHANCEMENTS  
OTHER CONSIDERATIONS  
REQUEST  
POSSIBLE SOLUTION  
POTENTIAL FUND ALLOCATIONS  
PARKFLAG INCREASE TIMELINE  
PARKING FEE CONSIDERATIONS  
REVENUE GENERATED FROM PARKING INCREASES  
BED, BOARD, AND BEVERAGE (BBB) FUNDING

Council broadly expressed support for a proposed downtown parking rate increase, recognizing it as a necessary step to fund maintenance and improvements that would enhance the downtown experience for both residents and visitors. Several acknowledged initial hesitations about paid parking but now supported increasing rates, even up to \$2 per hour, citing the importance of funding upgrades like pavers, signage, benches, and lighting, and addressing deferred maintenance. They noted that downtown was a major economic and cultural hub and events like the Dark Skies Festival and pinecone drop highlighted its vibrancy. Improving downtown's infrastructure and aesthetics would support businesses already burdened by high costs and taxes and ensure visitors continued to view Flagstaff as a destination worth returning to.

There was a strong emphasis on messaging and outreach, and clearly communicating why the increase was happening and showing tangible improvements first would help the public understand and support the change. It was agreed that any changes must be backed by local businesses to succeed. The city planned to maintain free morning hours for locals and emphasized that options like bus service remained available for those who preferred not to pay for parking.

Hunter Herbert and John VanLandingham, on behalf of the Downtown Business Alliance (DBA), addressed Council and expressed appreciation for the support of downtown improvements and emphasized how critical that support was to the future success of the area. The current slowdown in tourism presented a unique opportunity to address deferred maintenance and invest in enhancements, such as streetscape upgrades, so that when visitor numbers rose again, downtown was well-prepared, attractive, and functional. Visible improvements now could build goodwill with locals and repeat visitors alike. Discussions about parking dominated much of the DBA's time, but the focus was shifting from complaints about lack of parking to proactively improving and better utilizing existing resources. They shared that the DBA board was approximately 80% supportive of a rate increase, especially since private lots already charged significantly more than city meters. People did not pay for parking itself; they paid for convenience. With many low-cost or free options still available, increasing parking rates for prime spots made economic sense. They appreciated the city's efforts and thoughtful approach to reinvestment and collaboration and urged approval of the proposal to continue improving downtown for the benefit of residents, businesses, and visitors alike.

A break was held from 10:25 a.m. through 10:40 a.m.

Fire Chief Mark Gaillard continued the presentation.

PUBLIC SAFETY  
ALTERNATIVE FUNDING FOR PUBLIC SAFETY CITY OVERVIEW  
FUNDING  
WASTEWATER TREATMENT PLANT  
HISTORY  
WHY?  
TREATMENT OPTIONS  
MEMBRANE BIOLOGICAL REACTOR (MBR)  
FUNDING

A break was held from 11:30 a.m. through 12:00 p.m.

FUTURE CONSIDERATIONS DISCUSSION

Council listed the following as items for future discussion:

- Sale of the Orpheum Theatre
- Creation of an Arts and Cultural District
- Development of the Indigenous Community Cultural Center
- Finding additional ways to support the Flagstaff arts and science economy
- Managing bulky trash and its impact on accessibility

PUBLIC PARTICIPATION

None

Mr. Clifton offered closing remarks and concluded the presentation.

**5. Adjournment**

Day two of the Budget Retreat of the Flagstaff City Council held April 25, 2025, adjourned at 12:15 p.m.

ATTEST:

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MAYOR

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CITY CLERK