

# CITY OF FLAGSTAFF, ARIZONA

## ParkFlag

### Parking Rates and Fees

### Analysis Report – 2025



Economic Vitality and Management Services Divisions

July 2025

# Executive Summary

The City of Flagstaff is considering changes to its public parking rates and parking permit fees in the downtown area known as the ParkFlag District. The Economic Vitality Division and Management Services Division have prepared a financial analysis to provide a review of what increased parking revenues would be generated to help fund necessary expenditures for ParkFlag enhanced operations, enhanced maintenance, and additional capital costs for public parking and expansion of public parking inventory. Staff intend to provide City Council with a recommendation for fees and rates at the September 2, 2025, and September 16, 2025, Council meetings. It is anticipated an Ordinance will be adopted with the new rates at the September 16, 2025, Council meeting with an anticipated effective date of March 1, 2026.

## **Park Flag District Overview**

The City Council established a comprehensive public parking program for the ParkFlag District in 2016. The City Council has adopted paid parking and permit fees for use of public parking in district pursuant to its authority under A.R.S. Section 9-276(a)(1) to “regulate the use...or otherwise improve streets, alleys, avenues, sidewalks...and off-street parking.” In addition, the City has authority under state law and its City Charter to manage public rights-of-way and other real property owned by the City, such as off-street public parking lots. A map showing the boundaries of the ParkFlag District along with public parking areas can be found here:

[https://www.parkflag.org/files/ugd/c1bde0\\_18b32f06a17e4c8daab4b4a34d3408e4.pdf](https://www.parkflag.org/files/ugd/c1bde0_18b32f06a17e4c8daab4b4a34d3408e4.pdf)

ParkFlag is a City program within the Economic Vitality Division established under Flagstaff City Code Section 9-01-001-0014 **Office of Parking Manager**. ParkFlag works in partnership with the City Traffic Engineer and Flagstaff Police Department to enforce downtown parking regulations. All revenues and expenditures, however, are managed in a separate Special Revenue Fund that was established under the Flagstaff City Code Section 9-01-001-0015 **Comprehensive Parking Management Program Special Revenue Fund Created**. All revenues/expenses associated with the parking program stay separate from the City’s General Fund and must currently be used for parking, traffic regulation, and street improvements. Funds in this account must be associated with the operation and maintenance of the ParkFlag system and may not be used for other city initiatives, projects, areas of service, etc.

Furthermore, in addition to the separate accounting, the City Code requires that a minimum of 20% of gross revenues must be set aside in a separate fund dedicated to the acquisition of additional parking supply. This is a key provision, and for the very first time, it requires funds be set aside for future parking facilities.

The ParkFlag team consists of seven staff members, including five Parking Aides, one Lead Aide, and the Program Manager. One of the aides is assigned to the Flagstaff Pulliam Airport, and that position is fully funded by the Airport. Parking Aides are first and foremost ambassadors to the Downtown area, assisting customers with kiosk payments, educating parkers on proper payment and parking practices as well as providing directions to nearby shops, restaurants, and attractions.

# ParkFlag Pay to Park Rates

## Staff Proposal

Staff recommends updates to the current parking rates to provide additional revenues to support ParkFlag public parking enhanced operations, enhanced maintenance, and additional capital costs for public parking and expansion of public parking inventory.

## Discussion of ParkFlag District

The City receives over 5 million visitors annually. A substantial portion of these visitors spend time in the downtown area managed by ParkFlag. The Flagstaff Visitor Intercept Study sites that Downtown Flagstaff is the top activity for visitors while they are in market. The Comprehensive Parking Program helps manage parking downtown to regulate traffic and improve the overall downtown visitor experience.

## **Parking District Metrics Overview**

ParkFlag manages approximately 1,036 paid parking spaces, both on-street and off-street, within the ParkFlag District. A portion of the on-street spaces are available not only to the public for Pay-to-Park using kiosks or the mobile app but are also designated for use by Employee Permit holders. These spaces are regulated and open for general public use during the following hours:

- Weekday: Sunday through Thursday: 9:00 AM – 5:00 PM
- Weekend: Friday and Saturday: 9:00 AM – 8:00 PM

Current occupancy trends show strong public demand for paid parking in the district:

- **Weekdays:** Average occupancy reaches approximately 60%, indicating consistent daytime demand.
- **Weekends:** Average occupancy reaches approximately 80%, reflecting high peak activity demand.

These occupancy trends demonstrate that the Parking District operates near optimal capacity based on industry standards, especially on weekends, and provide critical insights for resource planning, rate adjustments, and potential program expansions.

Current pay to park revenue per available space trends show less than what we would expect based on the higher occupancy trends, but consideration should be given as spaces may be occupied by permit holders who pay \$10 monthly to park on a daily basis. (Pay to park revenue per available space = total number of spaces X total number of hours / total pay to park revenue earned)

**Weekdays:** Pay to park revenue per available space is approximately 21% of total paid parking hours

**Weekends:** Pay to park revenue per available space is approximately 60% of total paid parking hours

**Overall:** Combined average pay to park revenue per available space is approximately 34%

**Market review:** The following information is based on ParkFlag market research.

Location	Cost Per Hour	Daily Rate	Surface Lot or Covered	Notes
<b>Downtown Flagstaff- ParkFlag</b>	\$1.00	NA	Streets, Lots	Street and some lots
<b>Downtown Flagstaff- Private</b>	\$4.00	NA	Garages, Lots	Garages and lots, privately managed.
<b>Phoenix - Municipal</b>	\$1.50	NA	Streets, Lots	Downtown, uptown, capitol, and college areas; enforced 8 a.m. to 10 p.m.
<b>Phoenix, Roosevelt Area - Private</b>	\$4.00 to \$12.00	NA	Lots	In Roosevelt Neighborhood
<b>Phoenix, Downtown- Private</b>		\$12.00 to \$30.00	Lots, and Garages	Mostly garages, some lots
<b>Tempe- Municipal</b>	\$1.50 to \$2.00	NA	Street	Street parking rate is set by location.
<b>Mesa- Municipal</b>		NA	Garages, Streets, Lots	Advertised as over 5,000 free spaces, no rate listed
<b>Scottsdale- Municipal</b>	\$1.00 to \$4.00	NA	Garages, Streets, Lots	There is no daily limit. Parking is Monday-Saturday 8 am- 10 pm. Parking is not metered Sundays.
<b>Tucson - Municipal</b>	\$1.00	NA		Free after 5pm and on weekends. Advertises 9,000 public parking spaces in garages and 1,800 metered spaces on streets Metered parking in downtown core, Fourth Ave, Main Gate Square, Mercade District Mon - Fri 8 am to 5 pm
<b>Tucson - Municipal</b>	\$1.00	\$3.00 to \$5.00	Garage	Garage managed by Park Tucson
<b>Tucson - Private</b>	NA	\$7.00 to \$20.00	Garage	Private garages
<b>Prescott - Municipal</b>	\$0	NA	Streets	Parking is free
<b>Jerome - Municipal</b>	NA	\$5.00	Streets, Lots	Downtown Jerome
<b>Durango - Municipal</b>	\$0.50 to \$1.50	\$5.00	Streets, Lots	Parking varies based on location.
<b>Durango- Private</b>	\$2.00	NA	Lot	Only one private parking option in Durango.
<b>Albuquerque - Municipal</b>	\$2.00	\$10.00	Garages, Lots	Structures, Lots, and Streets
<b>Albuquerque - Municipal</b>	\$0.05 to \$1.00	NA	Streets	

Location	Cost Per Hour	Daily Rate	Surface Lot or Covered	Notes
<b>Albuquerque-Private</b>	\$2.00 to \$6.00	NA	Garages, Lots	
<b>Santa Fe -Municipal</b>	\$1.00 to \$2.00	\$12.00	Garage, Lots	\$1 for the first hour, \$2 for the second, and max rate of \$12 a day, some garages are 24/7, some are 7 a.m. to 11 p.m.- 1 a.m.
<b>Santa Fe -Municipal</b>	\$2.00	NA	Streets	Mon- Sat 8 a.m. to 6 p.m., Free on Sunday
<b>Taos - Municipal</b>	\$2.00**	\$10.00	Streets, Lots	\$2 an hour for the first hour, \$1 for every hour after, Cash is always \$1 an hour, even for first hour, Max is \$10 per day. Mon- Sat 9 a.m. to 6 p.m. Sunday is free
<b>Los Angeles-Municipal</b>	\$2.00 to \$6.00	NA	Streets, Lots	Price is dependent on location

### Enhanced Parking District Maintenance

The Parking District is very well utilized and ParkFlag is looking to provide enhancement to the district. The City has received requests for enhanced municipal services in the downtown area, such as a desire for restroom maintenance, graffiti removal, snow and cinder removal in sidewalks and alleys, painting of infrastructure, trash service, pressure washing, weed removal, and others as appropriate.

The City will consider managing a contract for these services, hiring additional staff to deliver these services, or use a third-party agreement to manage and deliver the services. Not all enhanced municipal services relate to public parking and therefore some may need to be paid for with other funding sources. Parking revenues collected could be used for funding maintenance of parking spaces, curbs, improved signage, streets, and other needed amenities.

### Operations Costs

Personnel costs are expected to increase annually at approximately 3.5% due to the pay plan and compensation plans. Increases support employee wage adjustments necessary to meet the high cost of living in Flagstaff. With some minor staff reorganizations, the district does not anticipate adding staff over the next 10 years. ParkFlag experiences an annual cost increase of at least 5% in software systems and will see increased credit card charges related to the parking rate changes. There are also rising costs for parts, supplies, and other inflation-related expenses. ParkFlag does expect to see technology changes in the next 2-5 years for areas such as credit card acceptance, camera systems, and integrations with our Municipal Court. An increase in parking rates will cover those necessary expenditures. We are required to set aside 20% of annual parking rate revenues (Lockbox) for the purpose of future parking expansion. This plan will demonstrate the set aside and use for new parking expansions.

## **Parking Inventory Changes**

The availability of parking spaces in the downtown parking district will see various changes over the next 5 years. There are three off-street parking lots that may be repurposed for other needs such as partnerships that are developing downtown.

The City is considering future parking structure improvements within the downtown parking district. These new parking structures may be delivered by the City or a partnership with property owners within the district for a shared structure. Any parking partnership opportunities will require initial City investments which can be debt financed and additional operating costs.

Parking structures are more expensive to build than surface lots but can offer increased parking inventory as well as the benefits some levels being protected from weather conditions. Therefore, we are considering having a higher parking rate at these parking structure locations.

## **Proposed Parking Rates/Fees**

Based on the above considerations, staff is proposing a \$2.00 per hour rate for all on street and uncovered parking lots and a \$3.00 per hour rate for parking in a parking structure. This parking rate increase anticipates having the needed funding for sustainable operations cost growth, enhanced maintenance in the district, increased parking lock box for future sites, and expansion of parking capacity. The financial analysis below will provide a 10-year outlook of the ParkFlag financial plan.

As mentioned earlier, the cost to deliver structured parking is significant. For this reason, the City is considering several different delivery methods. In each, the cost of structured parking is well over \$40,000 per space. Thus, in consideration of the high cost to construct and the benefits of parking structure the City is considering a higher fee structure for the covered spaces.

# ParkFlag Permit Fees

## Staff Proposal

Staff recommends updates to the permits for the ParkFlag district to include two new permit types using the existing fee schedule of \$10 monthly. These additional permits will address evolving needs within the parking district. Staff recommends updating the Administrative Guidelines to include the following additions:

1. **Construction Employee Permit:** For construction workers in the downtown area. Permits follow the same process and restrictions as Employee Permits; permits must be purchased and managed through the online permit portal, with parking restricted to designated employee zones.
2. **Vendor Employee Permit:** For sales representatives from various industries (e.g., beer, food, retail). Permits must be purchased and managed through the online permit portal, with parking restricted to designated employee zones.

The addition of these new permit types would benefit the need for designated parking for these two unique but prevalent groups while also generating ParkFlag revenues.

## Discussion of ParkFlag permits

We currently offer two types of employee parking permits: Employee Zone North (EN) and Employee Zone South (ES). These permits are valid only within their designated zones. If a vehicle with an employee permit is parked in a paid parking area outside of the designated EN or ES zones, the driver is required to pay to park hourly rate.

Over the past twelve months, ParkFlag has generated \$72,414 in permit revenue, this number also includes Amtrak Permits and Encroachment Permit sales.

Current Active Permits	As of 6/30/2025
Employee North (EN)	318
Employee South (ES)	128
Total Active Permits	446

We expect to see a slight increase in revenues with the introduction of these two new permit types, Construction Employee Permit and the Vendor Employee Permit.

## Other Permits and Fee Considerations

Council provided direction to explore additional types of permits which may be adopted by Council at the public meeting to adopt fees, such as Flagstaff resident permits.

## Proposed Parking Permit Fees

We do not intend to change the current permit fee schedule; we are only adding new permit for Construction and Vendor Employees which will need to be adopted by Council.

# Financial Plans

## Review of ParkFlag Financial Plans

Based on the staff proposals mentioned in this report, staff has developed a financial analysis to demonstrate balancing of the ParkFlag needs over the next 10-years. When preparing the financial plans for this report, there were several factors taking into consideration. Future changes to these factors will have fiscal impacts to the plan.

### **Proposed: \$3.00 parking structure rate, \$2.00 hourly rate all other locations, and new permit fees**

The financial plan presented in Table 1 demonstrates the resource and uses of funds for a balanced 10-year plan for the ParkFlag fund. The initial year, FY 2025-26, is based on an effective date of 3/1/2025 and therefore is only about 25% of the potential annual revenue impact. FY 2026-27 will show the first full year of revenues and expenditure after the pay to park and permit fee changes are adopted.

TABLE 1:

Line	Financial Plan	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
1	Beginning Fund Balance	\$ 2,700,500	2,632,600	1,078,500	1,584,100	2,248,400	624,300	761,800	916,500	1,016,100	1,057,500
2	Resources										
3	Parking Revenue-Current Rate	1,286,700	1,293,900	1,301,100	1,308,300	1,315,700	1,323,100	1,330,500	1,337,900	1,345,400	1,352,900
4	Other Revenue	67,500	26,300	10,800	15,800	22,500	6,200	7,600	9,200	10,200	10,600
5	Pay to Park Rate Increase	242,500	975,000	1,102,400	1,231,000	1,237,100	1,243,200	1,249,400	1,255,700	1,262,000	1,268,300
6	Permit Revenue Increase	400	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
7	Pay to Park Spaces Change	-	(97,200)	52,900	92,400	174,300	174,300	174,300	174,300	174,300	174,300
8	Loan Proceeds	-	1,500,000	-	-	3,700,000	-	-	-	-	-
9	Total Resources and Balance	4,297,600	6,331,800	3,546,900	4,232,800	8,699,200	3,372,300	3,524,800	3,694,800	3,809,200	3,864,800
10	Uses of Funds										
11	Operation Expenses	1,043,700	1,083,000	1,123,700	1,214,100	1,259,800	1,307,400	1,356,800	1,408,000	1,461,300	1,516,500
12	Increase Operations Expenses	21,900	341,800	383,100	305,200	320,600	328,900	337,400	346,300	355,400	364,800
13	Parking District Enhancements	259,400	267,200	275,200	283,500	292,000	400,800	409,800	419,100	428,700	438,600
14	Debt Service	115,000	217,500	160,000	160,000	480,000	480,000	480,000	480,000	480,000	480,000
15	Capital Expense	25,000	3,343,800	20,800	21,600	5,022,500	93,400	24,300	25,300	26,300	27,400
16	Contingency	200,000	-	-	-	700,000	-	-	-	-	-
17	Total Uses of Funds	1,665,000	5,253,300	1,962,800	1,984,400	8,074,900	2,610,500	2,608,300	2,678,700	2,751,700	2,827,300
18	Ending Fund Balance	\$ 2,632,600	1,078,500	1,584,100	2,248,400	624,300	761,800	916,500	1,016,100	1,057,500	1,037,500
19											
20	Restricted Fund Balance-Lockbox	2,143,200	599,200	932,900	1,302,600	72,800	142,400	215,000	290,700	369,300	450,800
21											
22	Unrestricted Fund Balance	489,400	479,300	651,200	945,800	551,500	619,400	701,500	725,400	688,200	586,700
23	Minimum Fund Balance (20%)	319,400	439,800	493,700	529,700	550,200	549,600	552,600	555,700	558,600	561,500
24	Over/(Under) Minimum Fund Balance	170,000	39,500	157,500	416,100	1,300	69,800	148,900	169,700	129,600	25,200

## Resources/Revenues

In Table 1, baseline revenues are provided on lines 3 and 4 and rate change revenue impacts are provided on lines 5-7 in the table. Pay to park rate increases (line 5) shows anticipated revenue gains over baseline revenues. When calculating new pay to park revenues, we take into consideration the revenue trends related to available spaces as well as recognizing there may be short term reductions due to consumer concerns for higher parking rates. The City will set aside 20% of annual operating revenues per ordinance leaving 80% to fund operations.

Permit revenue increases (line 6) is based on anticipating a monthly average issuance of 10 additional monthly parking permits for the new construction and vendor employee permits.

This financial plan recognizes there will be impacts to off-street/parking lots in the downtown over the next 10-years and we show our anticipated impacts to the revenues under pay to park spaces change (line 7). Currently there are two city parking lots that will be impacted by development. This plan also projected growth in paid parking spaces with possible partnerships with other developments in the downtown district area which may provide over 100 parking structure spaces. Staff has worked to determine what potential impacts the parking lot space changes will have on parking revenues.

The financial analysis also recommends the issuance of loans (line 8) for the construction or partnerships for additional spaces in the parking district as mentioned in the previous paragraph. While the City will continue to set aside 20% of parking revenues to support future expansion of downtown parking, those revenues alone will not fully fund the construction or purchase of spaces. Therefore, we will consider issue loans (or other financing options) to timely deliver the spaces which will be paid back by future proceeds from the parking lockbox. The analysis of revenue and uses of lockbox funds are provided in Table 2.

### **Uses of Funds/Expenditures**

Forecasted operational expenses are shown within the Uses of Funds section of the table. The Operation Expense shown (line 11) is tied to the operation budget approved for fiscal year 2025-26 and projected going forward based on certain anticipated growth rates. Personnel forecasts a 3.5% annual increase which is supported by the City's pay plan. Contractual and commodity forecast are using a 4% annual increase. This was determined as a blend of categories that may see inflation at certain rates, most notable is the costs for software contracts increasing at 5.0% annually.

The financial analysis provides for Increased Operations Expense (line 12) based on several future operational needs as a result of pay to park rate increase, technology improvements, future lease expense for new parking, and maintenance. The cost of processing credit card transactions is 9% of the transaction costs. As fees are increased and new parking availability changes, these costs will also increase. As we work with downtown developments for additional parking opportunities, we would need to consider operating leases for those spaces as well as increased maintenance. Lastly there are technology needs over the next 1-5 years that require funding from the fee increases. This includes upgrading credit card technology at the parking kiosks to meet processing standards.

Parking District Enhancements (line 13) is related to expenditures to provide a higher level of service in the parking district area as discussed earlier in this report. The portion shown here is for the specific enhancement costs related to the parking right-of-way. The baseline for the enhancements in fiscal year 2025-26 is \$550,000 total based on information previously provide to City Council in April. The difference from this line of the report and the total investments for enhancements will be funded with other resources as determined. The parking portion increases by 3% annually for inflation.

Debt Service (line 14) in this plan is related to current financing of the initial kiosk purchase as well as a portion of the future parking investments that are made above the Lockbox cash portion available.

Capital expenses (line 15) are for operational capital and construction or possible partnership costs for expanded parking opportunities. Operational capital includes the replacement of a vehicle and the annual replacement of kiosks as they become damaged or no longer functioning. In fiscal year 2026-27, capital funding is identified for a development project that would allow the City to purchase and provide additional spaces. And in fiscal year 2029-30, the plan allows for the acquisition or construction of parking spaces in the downtown area.

Lastly, the financial plan has a one-time set aside for Contingency (line 16) which is available for unforeseen expenditures that were unbudgeted as well as a set aside Contingency in fiscal year 2029-30 to alleviate economic downturns that have not been forecasted in the revenue projections.

**Fund Balance**

At the beginning of fiscal year 2025-26, the total fund balance is estimated at \$2.7 million. Of this fund balance, \$1.8 million is restricted for use related to the Lockbox requirement. The ending fund balance (line 18) includes restricted and unrestricted fund balance at the end of each fiscal year. We then demonstrate what portion of the fund balance is restricted for Lock Box requirements which will tie out in Table 2 in this report. The difference equals the unrestricted fund balance (line 22) of Table 1. The City understands the need to reserve a portion of fund balance annually and has determined to set that amount at 20% of operating revenues (line 23) to add fiscal stability during economic downturns. The analysis shows that we are meeting the minimum fund balance at the end of each fiscal year. Of note, in fiscal years 2033-34 and 2034-35 we show that ongoing revenues are not keeping pace with ongoing operating expense. This is related to the annual revenue growth being estimated at 1.5% and operating expenses tend to grow at 3.5%-4.0% annually. The City will need to complete another financial analysis of the ParkFlag fund in approximately 5-6 years to determine what adjustments will need to be made to assure long-term health of the fund.

**Lockbox**

Table 2 demonstrates meeting the requirements to reserve 20% of parking revenues (Lockbox) for future parking. The proposed plan demonstrates the use of the lock box funds for parking expansion as mentioned earlier in this report.

TABLE 2:

Line	Parking Lockbox Analysis	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
1	Beginning Balance	\$ 1,823,800	2,143,200	599,200	932,900	1,302,600	72,800	142,400	215,000	290,700	369,300
2	Resources										
3	Parking Revenue 20% Set Aside	319,400	439,800	493,700	529,700	550,200	549,600	552,600	555,700	558,600	561,500
4	Total Resources and Balance	2,143,200	2,583,000	1,092,900	1,462,600	1,852,800	622,400	695,000	770,700	849,300	930,800
5	Uses of Funds										
6	Parking Expansion - Cash	-	1,823,800	-	-	1,300,000	-	-	-	-	-
7	Parking Expansion - Debt	-	160,000	160,000	160,000	480,000	480,000	480,000	480,000	480,000	480,000
8	Other	-	-	-	-	-	-	-	-	-	-
9	Total Uses of Funds	-	1,983,800	160,000	160,000	1,780,000	480,000	480,000	480,000	480,000	480,000
10	Ending Balance	\$ 2,143,200	599,200	932,900	1,302,600	72,800	142,400	215,000	290,700	369,300	450,800

The Lockbox has a current balance of \$1.8 million from required set asides since the beginning of the parking district. The parking revenue annual set aside (line 3) shows the change and increases related to new rates and fees over the next 10 years. Based on the discussion earlier about new construction and partnerships, we demonstrate the use of cash balances (line 6) versus debt financing (line 7) to deliver additional spaces. We work on using cash balances first, then debt finance additional needs. The principal and interest debt payments will be paid with the Lockbox collections.

# Community Outreach and Future Meetings

## **Public Outreach Meetings**

ParkFlag and other City staff will provide opportunities for the public to meet and discuss the parking rate and fee changes during July and August. Feedback will be shared with City Council as part of the adoption of new fees and rates. The pay to park rate increases and the downtown enhancements program has been presented to the Downtown Business Alliance Board of Directors, and we worked with that organization on these concepts. Discussion also occurred with the Flagstaff Downtown Business Improvement & Revitalization District (FDBIRD) during one of their public meetings. At least two public meetings will be held prior to the Council meetings to welcome comments from the public to inform the discussion.

## **City Council Meetings**

On April 25, 2025, staff presented information related to pay to park rates to support ParkFlag and Enhanced Parking District Maintenance to City Council during the fiscal year 2025-26 Budget Retreat. Council provided direction to City staff to move forward with a rate and fee analysis with a \$1.00 per hour increase to the pay to park program and with funding support for enhanced maintenance funding in the parking district.

On September 2, 2025, and September 16, 2025, the City will hold two public hearings where staff will present an ordinance along with the fees and rates analysis information to the Council. The Council could accept staff recommendations or adjust, such as increasing or decreasing the fees and rates. Or the Council could choose to not read the ordinance the first time and direct staff to bring the item back with amendments. If Council completes the first read of the ordinance on September 2, 2025, a second read will be required at the September 16, 2025, meeting prior to official adoption the fees and rates. Fees and rates are anticipated to be effective March 1, 2026.