



The
Budget Team
CITY OF FLAGSTAFF



Budget Retreat

April 24th & 25th, 2025



The
Budget Team
CITY OF FLAGSTAFF



Welcome and Overview

Retreat Protocol

- Think high level
- Complex process with multiple components
- Great amount of staff discussion to get here
- No problem solving, but rather building framework
- Inclusive but succinct
- Stay on track



The
Budget Team
CITY OF FLAGSTAFF



Overview

Agenda - Day 1

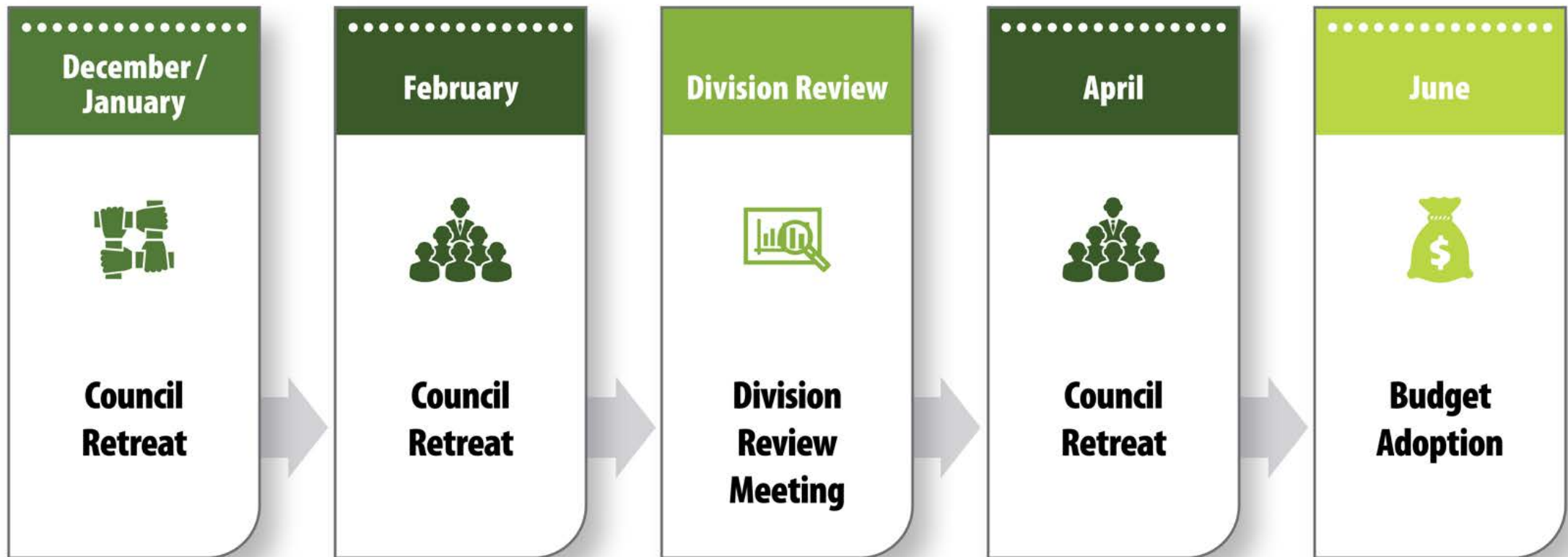


- Overview
- Revenue Updates
- Investing in Employees
- Employee Advisory Committee
- New Budget Appropriations
- Capital Improvement Program
- Key Community Priorities

Agenda - Day 2

- Opening and Overview
- Key Community Priorities
- Financial Planning for Future Consideration
- Council Parking Lot (Adds/Deletes) and Discussion

Budget Timeline




Budget Approach



- ✓ Compensation and benefits
- ✓ Key Community Priorities and Objectives
- ✓ Infrastructure needs
- ✓ Carbon Neutrality Plan
- ✓ Housing 10-Year Plan

Color of Money



Color of Money – Fund Accounting

Many of the City's revenues are restricted and can only be spent on specific functions or expenditures. Fund accounting is used to ensure proper tracking of those revenues and related expenditures.

City fiscal policies require that each fund must be balanced on an ongoing basis for a minimum of five years. In addition, each fund must maintain a minimum fund balance. Minimum fund balance is required to ensure liquidity and cash flow as well as provide financial stability should the City experience declining operating revenues. Minimum fund balance amounts vary by fund and range from 10% to 25% of operating revenues.

Below is background information on the various City's funds and their restricted revenues.

Special Revenue Funds

Used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision, or ordinance to finance a particular function or activity.

- Library - Secondary property tax and general fund transfer
- HURF (Streets) - Gasoline tax
- Transportation tax - 1.281% sales tax
 - Transportation Improvements (.426%)
 - Road Repair & Street Safety (.33%)
 - Transit (.295%)
 - Route 66 to Butler Overpass (.23%)
- BBB tax - 2.0% tax on bed, board & beverage
 - Beautification (.40%)
 - Economic Development (.19%)
 - Arts & Science (.15%)
 - Tourism (.60%)
 - Recreation (.66%)
- ParkFlag
- Housing & Community Services - Grants

Enterprise Funds

Self-supporting thru User Fees adopted by ordinance such as Water/Wastewater/Trash billings, Rent and Airport lease and fees.

- Water
- Wastewater
- Reclaim
- Stormwater
- Sustainability and Environmental Management
- Airport
- Solid Waste
- Flagstaff Housing Authority

Capital Project Funds

Used to account for major capital acquisition separate from ongoing operations

- Restricted Funding Sources - Voter Approved Bonds, Grants, Third Party Restricted Fees
- General Obligation Bond Projects:
 - FUTS/Open Space
 - Watershed Protection
 - Courthouse
 - USGS campus expansion



Continued ... Color of Money – Fund Accounting

Debt Service Funds

Used to account for the accumulation of resources and payments of the long-term debt

- Restricted revenues
 - General obligation bond fund - Secondary Property Tax

General Fund

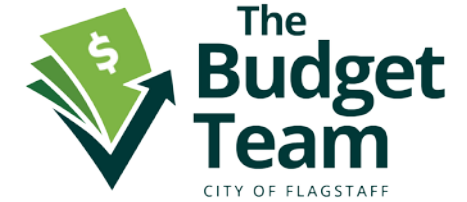
Accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government that are not accounted for in other funds and most revenues are unrestricted.

- In other words...everything else

General Fund Revenues include:

- 1% City Sales Tax
- Franchise Tax
- Primary Property Tax
- State Shared Revenue (Sales, Income, Vehicle Tax)
- Licenses and Permits
- Fines and Forfeitures
- User Fees-Charges for Services
- CD, Recreation, Police, Fire, Cemetery

Color of Money



- Special Revenue, Enterprise, Debt Service and Capital Project Funds
 - The revenues in these funds are restricted on how they can be spent
 - Voter approved
 - State statute
 - Ordinance
- General Fund –mostly unrestricted revenues



The
Budget Team
CITY OF FLAGSTAFF



Revenue Updates

Revenue Update - General Fund



General Fund Sales Tax Revenues

Category	FY 2024-25 Budget	FY 2024-25 February Est.	Estmate vs Budget	FY 2024-245 April Est.	Change from February	FY 2025-26 Budget	Change from February
Sales Taxes							
Utilities	\$ 1,280,100	\$ 1,304,000	\$ 23,900	\$ 1,316,000	\$ 12,000	\$ 1,342,300	\$ 12,200
Telecommunications	183,600	170,000	(13,600)	164,000	(6,000)	165,600	(6,100)
Restaurant/Bars	4,059,600	4,111,000	51,400	4,105,000	(6,000)	4,228,200	(6,100)
Amusements	114,100	131,000	16,900	131,000	-	134,900	-
Commercial Rental	1,343,300	1,375,000	31,700	1,382,000	7,000	1,423,500	7,200
Personal Property Rental	878,700	975,000	96,300	967,000	(8,000)	996,000	(8,300)
Contracting	2,900,000	3,060,000	160,000	3,090,000	30,000	3,120,900	30,300
Retail	14,847,000	14,585,000	(262,000)	14,554,000	(31,000)	14,845,100	(31,600)
Marketplace Retail	1,201,900	1,345,000	143,100	1,332,000	(13,000)	1,385,300	(13,500)
Hotel/Motel/STR	2,185,500	2,137,000	(48,500)	2,134,000	(3,000)	2,155,300	(3,100)
Miscellaneous	104,100	83,600	(20,500)	82,500	(1,100)	83,100	(1,100)
Use Tax	1,850,000	1,825,000	(25,000)	1,818,000	(7,000)	1,872,500	(7,300)
Sales Taxes Total	\$ 30,947,900	\$ 31,101,600	\$ 153,700	\$ 31,075,500	\$ (26,100)	\$ 31,752,700	\$ (27,400)

Revenue Update - General Fund



General Fund State Shared Revenues

Category	FY 2024-25 Budget	FY 2024-25 February Est.	Estmate vs Budget	FY 2024-245 April Est.	Change from February	FY 2025-26 Budget	Change from Estimate
State Shared Sales Tax	\$ 11,628,000	\$ 11,440,000	\$ (188,000)	\$ 11,600,000	\$ 160,000	\$ 11,855,200	\$ 163,500
State Shared Urban Revenue	15,996,000	16,292,000	296,000	16,292,000	-	15,062,100	-
Auto Lieu Tax	4,343,000	4,520,000	177,000	4,630,000	110,000	4,722,600	112,200
Total	\$ 31,967,000	\$ 32,252,000	\$ 285,000	\$ 32,522,000	\$ 270,000	\$ 31,639,900	\$ 275,700

Revenue Update – General Fund



- Intentionally left blank



The
Budget Team
CITY OF FLAGSTAFF



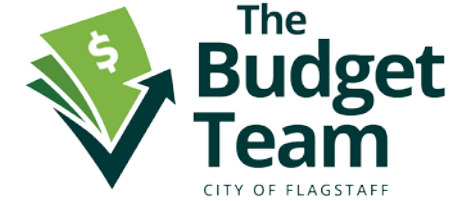
Investing in Employees

February Retreat Refresher



- Vacancy Rate
 - April 2025 = 12.03%
 - January 2025 = 12.25%
 - 2024: 13.20%
 - 2022: 11.15%
 - 2021: 17.07%
 - 2020: 12.01%
- Budgeted full-time equivalent (FTE) (not including Temporary and Council): 905.20
 - Unfilled FTE: 109.17
- Turnover Rate
 - January-November 2024 = 12.7%

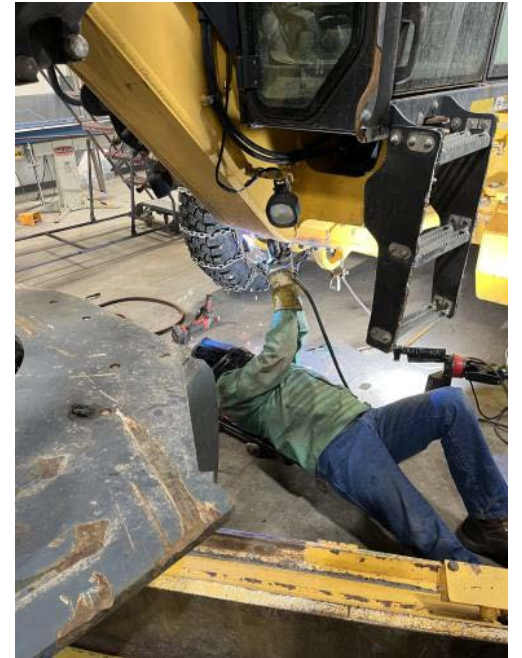
February Retreat Refresher



- Current Job Postings: **22**
 - [FlagstaffCityCareers.com](https://www.flagstaffcitycareers.com)
- Current Requisitions: **49**
- Time to Fill: **77** days (averaged 57.4 days in March 2025)
 - Peer Average: 127 days
- Applications: **1,521** (up 7% from this time last year)
 - Up 30% overall in 2024!

Personnel Recommendations

- General Fund
 - IT Manager (1.0 FTE) - Information Technology (1X)
 - Senior Assistant City Attorney III (1.0 FTE) - City Attorney
 - Fire Captain – Dispatch (1.0 FTE) - Fire (1X)
 - Mechanic II (1.0 FTE) - Public Works



Personnel Recommendations



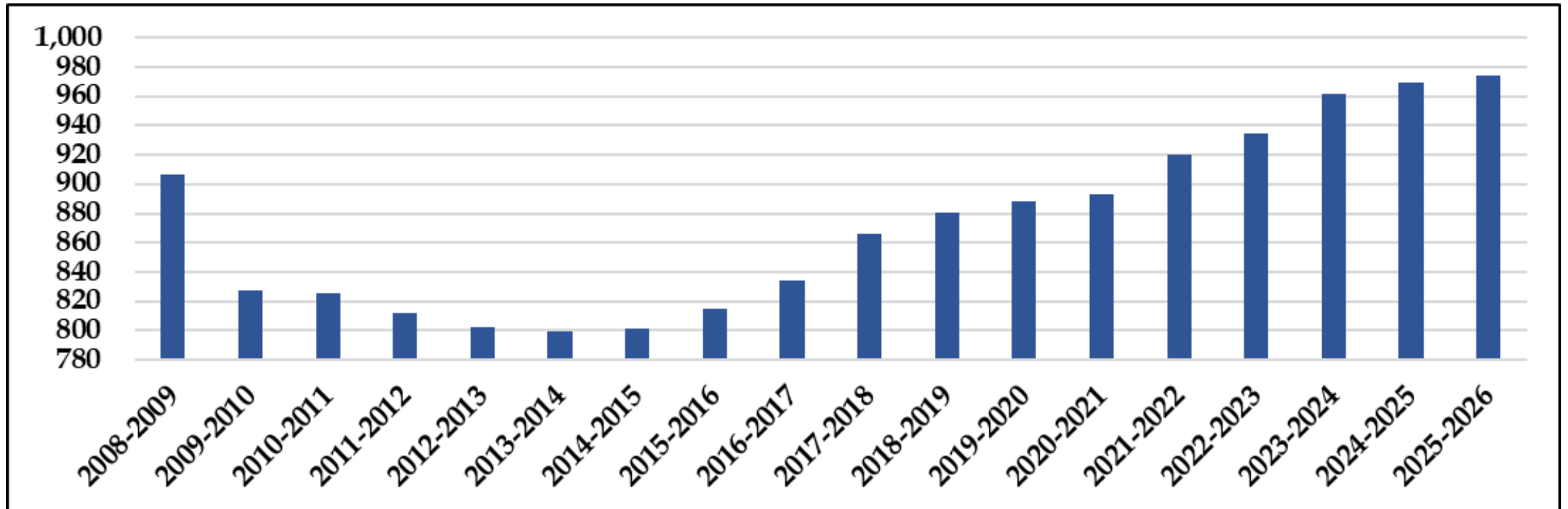
- Library
 - Library Clerk – Temp (.20 FTE) - Forest Lakes (1X)
 - Library Clerk – Temp (.25 FTE) - Grand Canyon
- Water Services
 - Water Services Supervisor (1.0 FTE)
 - Water Resources Specialist (1.0 FTE)
- Sustainability
 - Administrative Specialist – Temp (.49 FTE)
 - Community Services Coordinator (1.0 FTE)

Reclassifications

- General Fund
 - Nine positions
- Water Services
 - One position
- Sustainability
 - Two positions



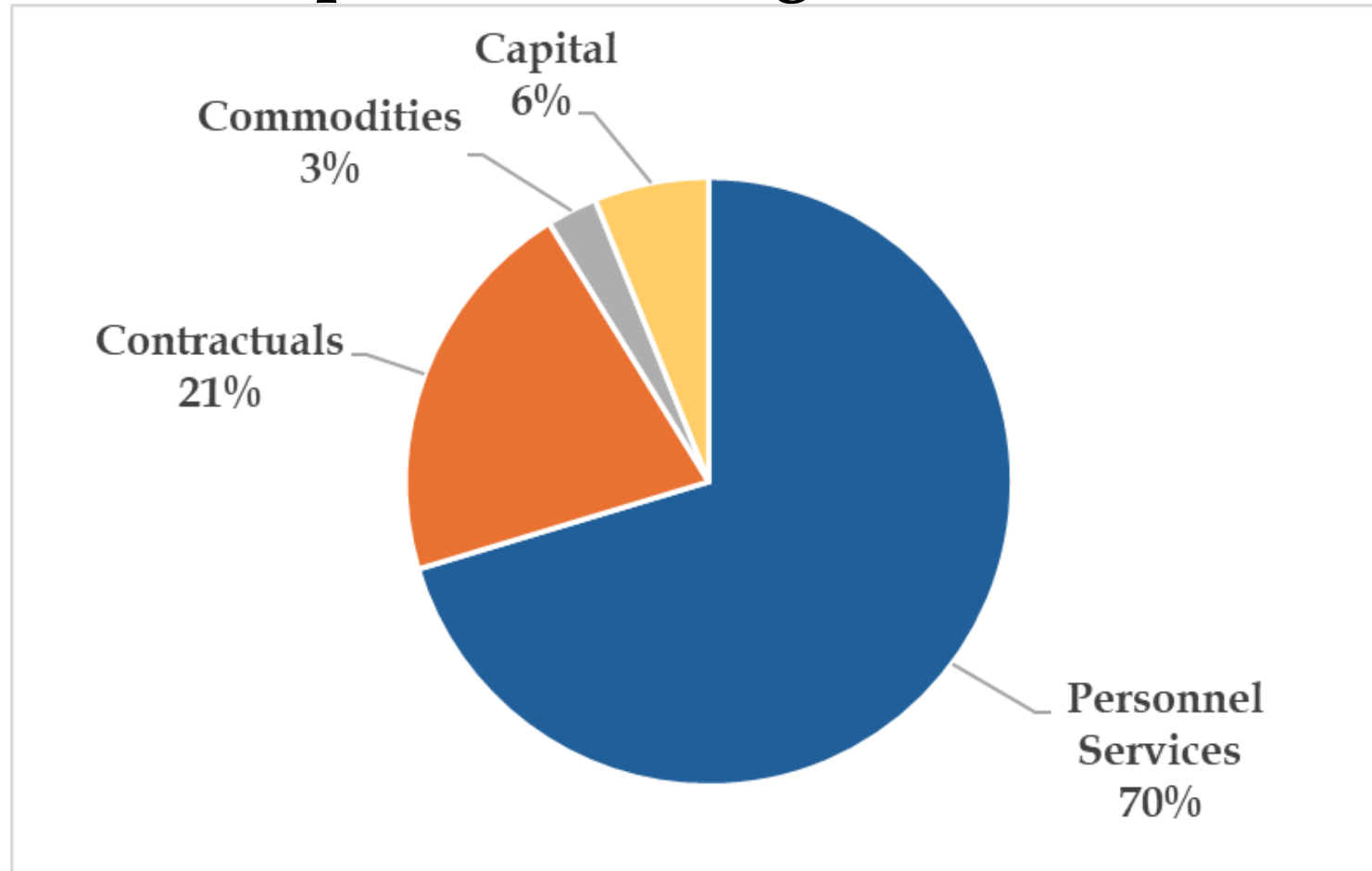
Staffing History (Full-time Equivalents)



FY 2025-2026 Proposed Budget by Category



General Fund Expenditure Budget



Budget Approach

Compensation and Benefits

- ✓ Continuing to identify recruitment opportunities to ensure competitiveness with other organizations with a continued focus on market pay
- ✓ Pay plan advancement in your specific pay plan is predictable and important to keep up with rising costs and compensate employees with good and strong performances
- ✓ Maintaining cost share levels for benefit coverage contributions
- ✓ Continuing to address starting wage to be higher than the local minimum wage

Compensation Recommendations



Market Adjustments

- Based on feedback from Employee Advisory Committee, divisions and Human Resources
- Funded adjustments to continue moving positions closer to market
- Identified the final 25% of positions
 - Audited all positions to ensure all are reviewed
 - Includes 33 positions/76 FTEs
 - Allocated funding in FY 2025-26 for those at least 7.5% behind market

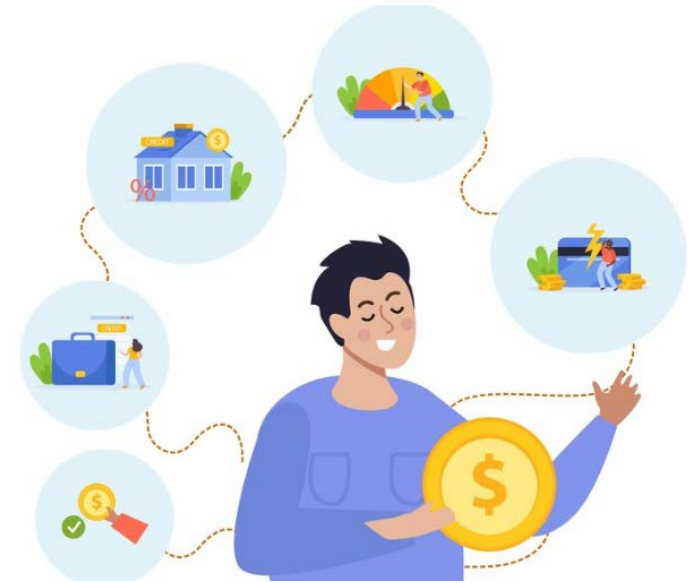
Compensation Recommendations



Market Adjustments

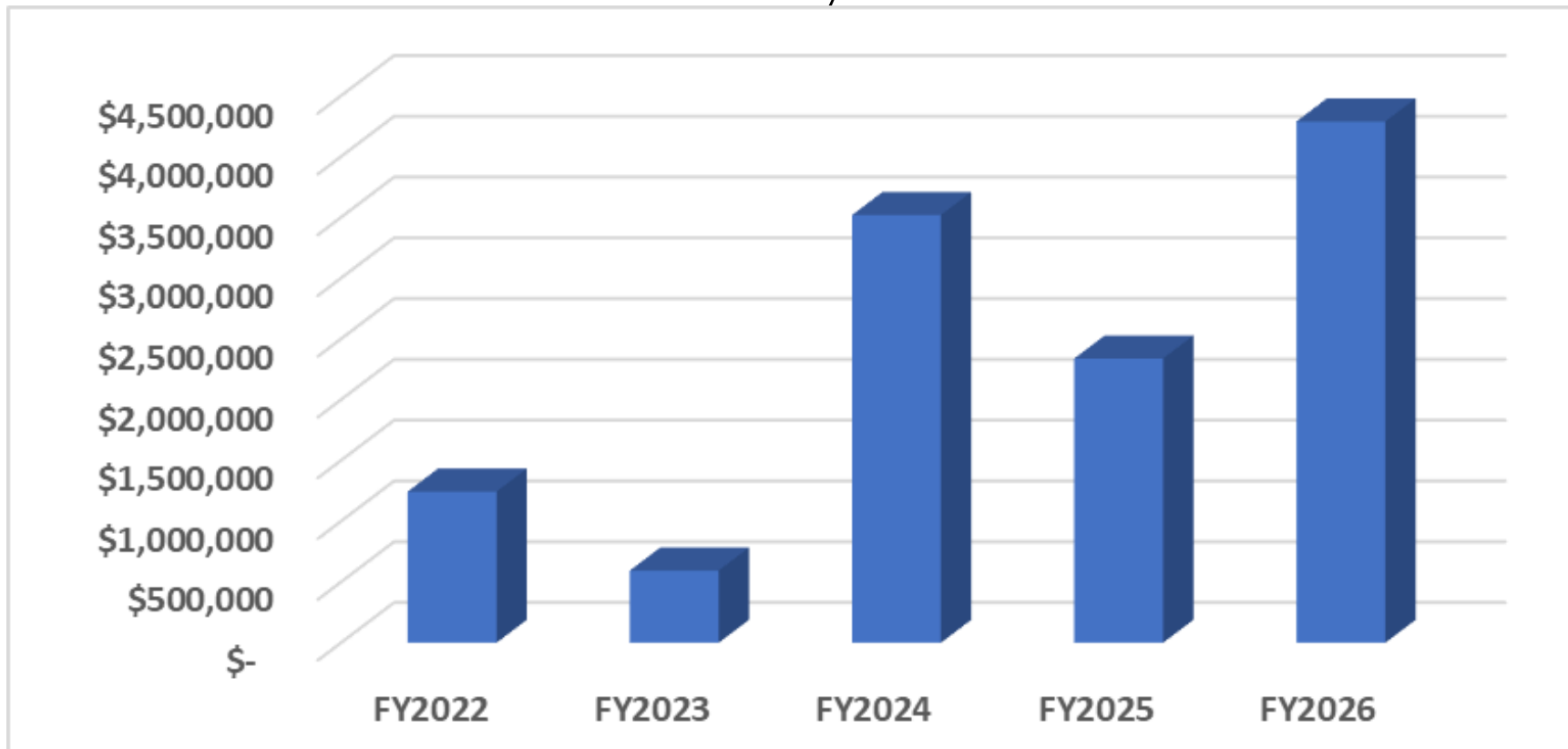
- Regular Pay Plan: \$1,715,000
- Police Step Plan: \$950,000
- Fire Step Plan: \$1,620,000

Total Estimate: \$4,285,000



Market Adjustments

- Total investment for market adjustments
 - \$ 12.0M over the last five years



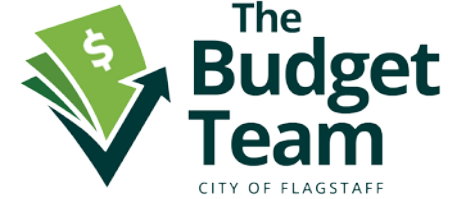
Benefit Recommendations

Medical Insurance

- Total recommended investment: \$100,000
 - Maintained cost share for all employees
 - Competitive rates for employees to cover dependents
 - On par with other public agencies (i.e. Coconino County)



Benefit Recommendations



Benefits – Other

- Dental – enhanced options with a three-tier structure
- Vision – enhanced options with a three-tier structure
- ASRS rate decrease – 12.27% to 12.00%
- PSPRS – minor adjustments to Public Safety
- Citywide tuition assistance - \$43,000
- Ecopass Program - \$18,000
- Maintaining Employer Assisted Housing Program
- Enhanced mental health support

In Summary



Total recommended compensation and benefits commitment: \$4.4 million

- ✓ Market adjustments - \$4.3 million
- ✓ Maintain cost share for all medical plans - \$100,000
- ✓ Reminder – pay for performance and step increases are fully funded





The
Budget Team
CITY OF FLAGSTAFF



Break



The
Budget Team
CITY OF FLAGSTAFF



Employee Advisory Committee

EAC Update

- ✓ Market adjustments for the last 25% of positions
- ✓ Maintained medical cost sharing for employees
- Increase in parental leave





The
Budget Team
CITY OF FLAGSTAFF



New Budget Appropriations

Summary - Total Budget Requests



Total General Fund Budget Requests	Ongoing	One-Time
Personnel (excludes merits, market adjustment & employee benefits)	\$ 4,980,517	\$ 1,209,400
Other Budget Requests	9,122,143	27,853,822
Total Requests	\$ 14,102,660	\$ 29,063,222

Total All Other Budget Requests	Ongoing	One-Time
Personnel (excludes merits, market adjustment & employee benefits)	\$ 944,513	\$ 60,205
Other Budget Requests	12,944,645	37,574,261
Total Requests	\$ 13,889,158	\$ 37,634,466

Total All Funds	\$ 27,991,818	\$ 66,697,688
------------------------	----------------------	----------------------

Employee Investments – General Fund



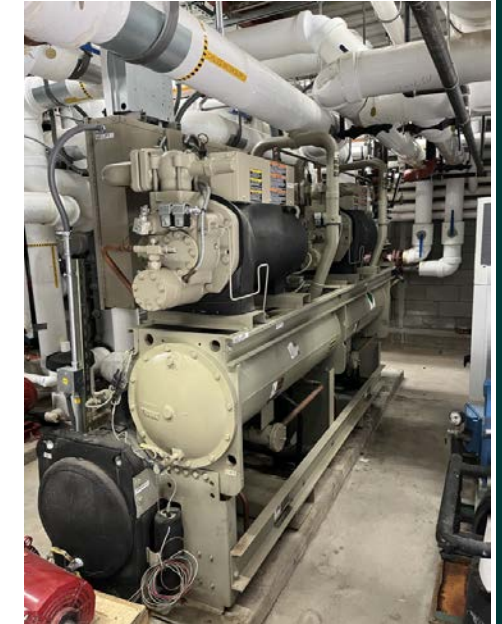
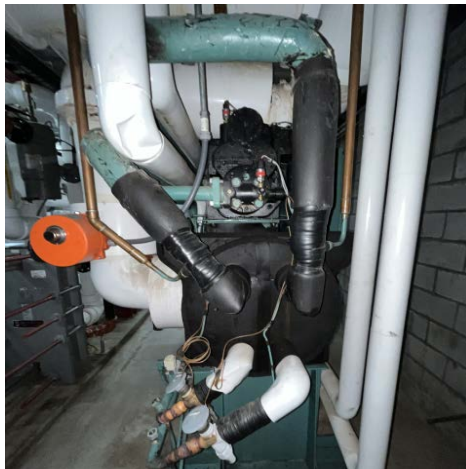
Summary of Employee Investments – General Fund	Ongoing
Merit and Pay for Performance	\$ 2,100,000
Market Adjustments (Regular, Fire and Police Pay Plans)	3,512,000
Medical Insurance	70,000
Total Employee Investments	\$ 5,682,000



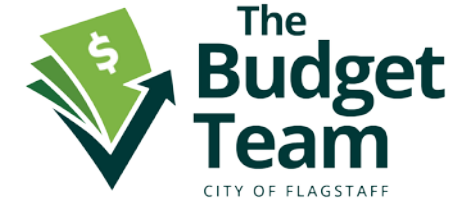
Infrastructure - General Fund



Summary of Infrastructure - General Fund	One-Time
Fleet	\$ 1,018,000
Facilities - Facility Improvements	2,880,000
Facilities - New	2,092,000
Information Technology - Software Modernization	5,477,000
Total Infrastructure	\$ 11,467,000



Summary - General Fund



Summary - General Fund	Ongoing	One-Time
Available FY 2025-26 - February Retreat	\$ 1,990,000	\$ 11,190,000
Other Sources/Projected Savings	1,585,000	3,053,000
Revenue Projection Updates	425,000	840,000
Funding Set Aside	2,100,000	11,401,000
Total Available FY 2025-26	6,100,000	26,484,000
Approved Budget Requests and Fixed Costs		
Investing in Employees	5,682,000	0
Infrastructure Investments	0	11,467,000
All Other Approved Budget Requests (Net)	309,000	7,742,000
Support for Other Funds	108,000	7,276,000
Total Available	\$ 1,000	\$ (1,000)

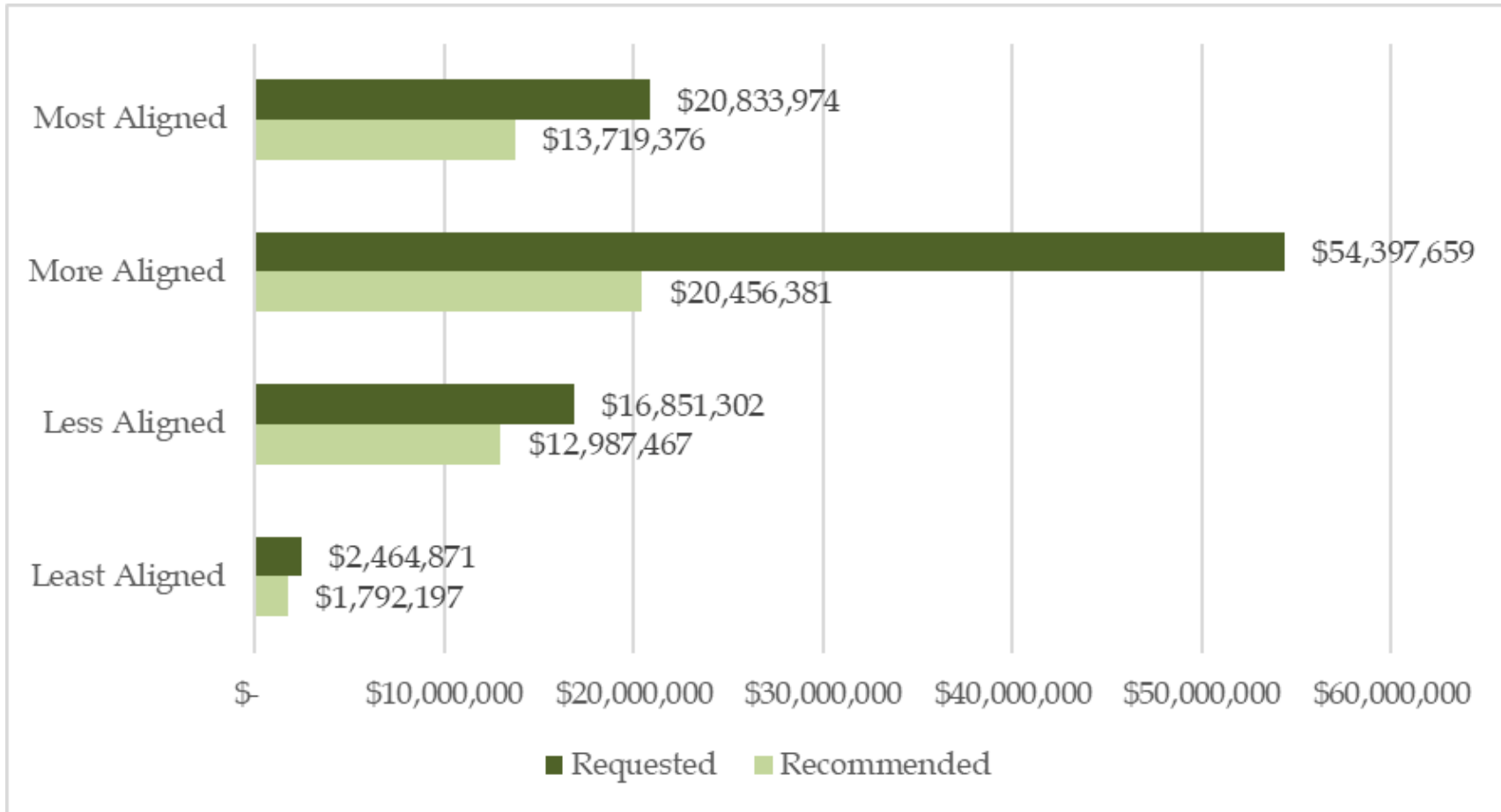
Note: No Primary Property Tax levy increase, except new construction.

Priority Based Budget Alignment



- Measures alignment with priorities, objectives, and basic program attributes
 - Just one tool for evaluating budget requests and allocations
 - Is NOT a direct proxy for "importance"
 - Many highly important programs are less aligned and least aligned
- Most Aligned Programs: Top scoring 25% of programs
- Least Aligned Programs: Bottom scoring 25% of programs

Total Budget Requests - All Funds

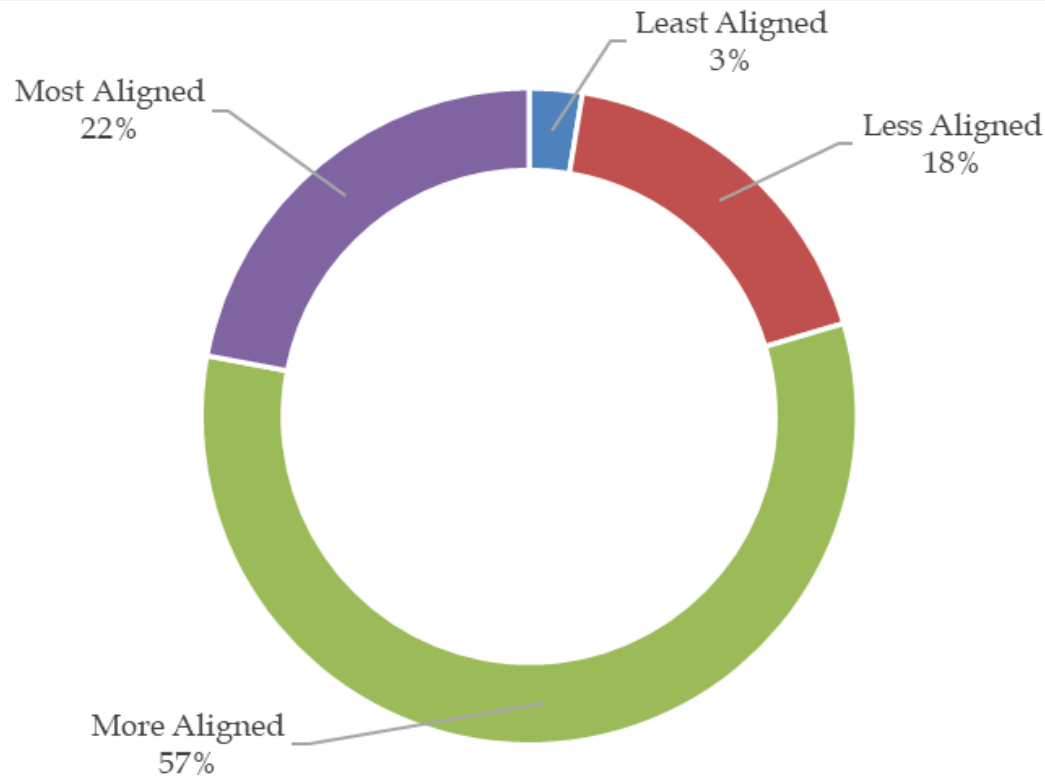


Total Requested:
\$94,547,806

Total Recommended:
\$48,955,421

*Excludes Capital Improvement Program (CIP) and reclassifications

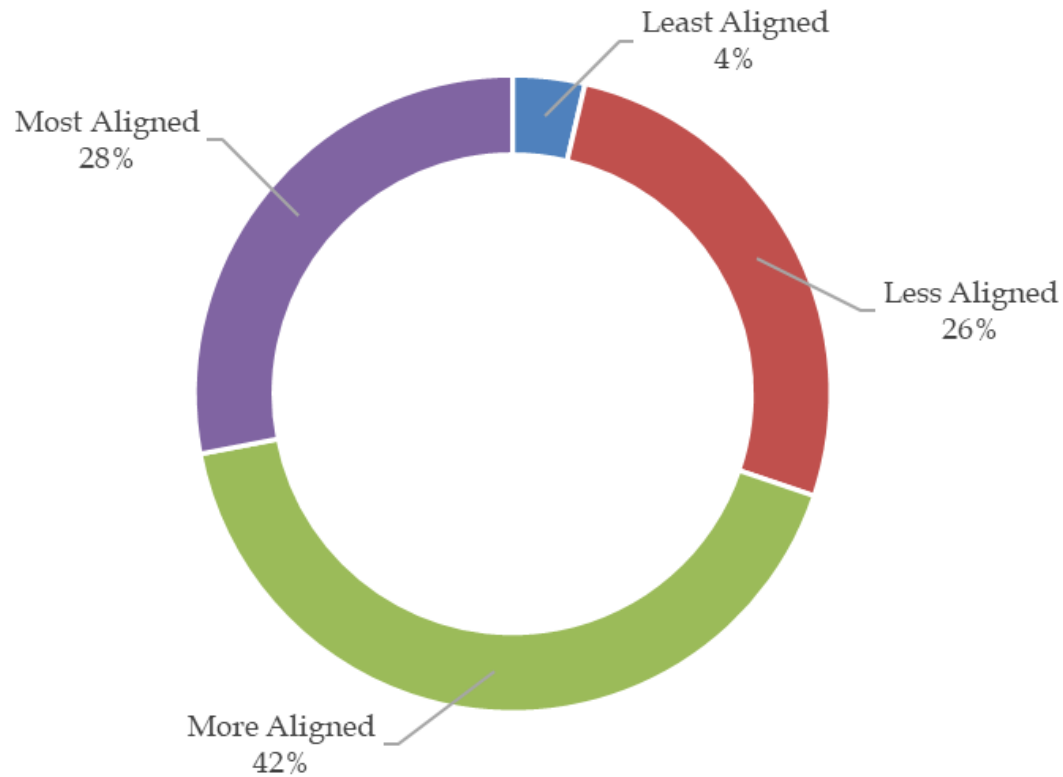
Operating Requests by Alignment



Alignment	Total Requested
Most Aligned	\$ 20,833,974
More Aligned	54,397,659
Less Aligned	16,851,302
Least Aligned	2,464,871
Total	\$ 94,547,806

*Excludes Capital Improvement Program (CIP) and reclassifications

Recommendations by Alignment



Alignment	Total Recommended
Most Aligned	\$ 13,719,376
More Aligned	20,456,381
Less Aligned	12,987,467
Least Aligned	1,792,197
Total	\$ 48,955,421

*Excludes Capital Improvement Program (CIP) and reclassifications

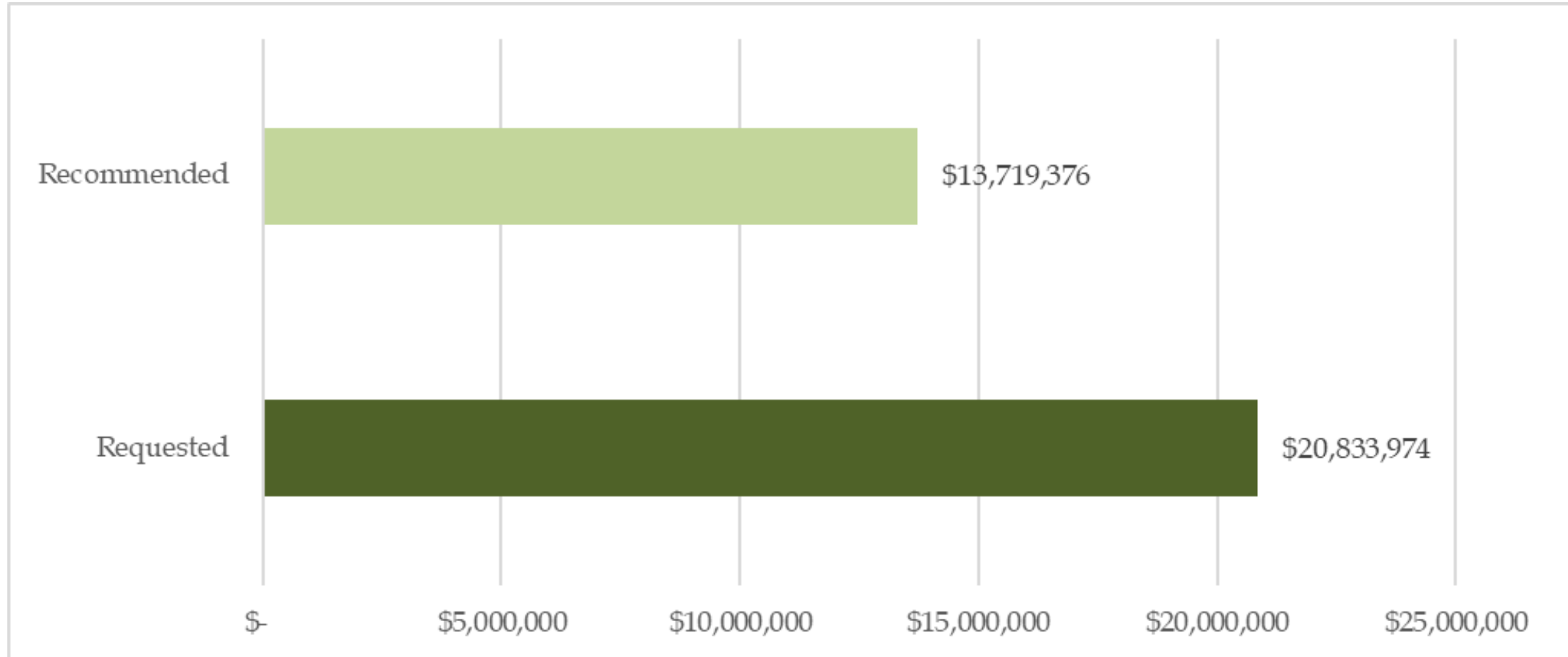
Requests and Recommendations



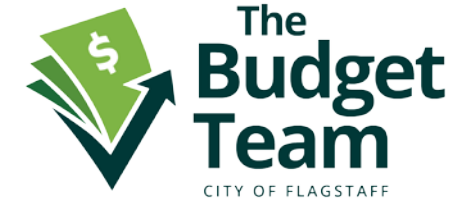
Alignment	Total Requested	Total Recommended	Percent Approved
Most Aligned	\$ 20,833,974	\$ 13,719,376	66%
More Aligned	54,397,659	20,456,381	38%
Less Aligned	16,851,302	12,987,467	77%
Least Aligned	2,464,871	1,792,197	73%
Total	\$ 94,547,806	\$ 48,955,421	52%








*Excludes Capital Improvement Program (CIP) and reclassifications

Most Aligned








Most Aligned



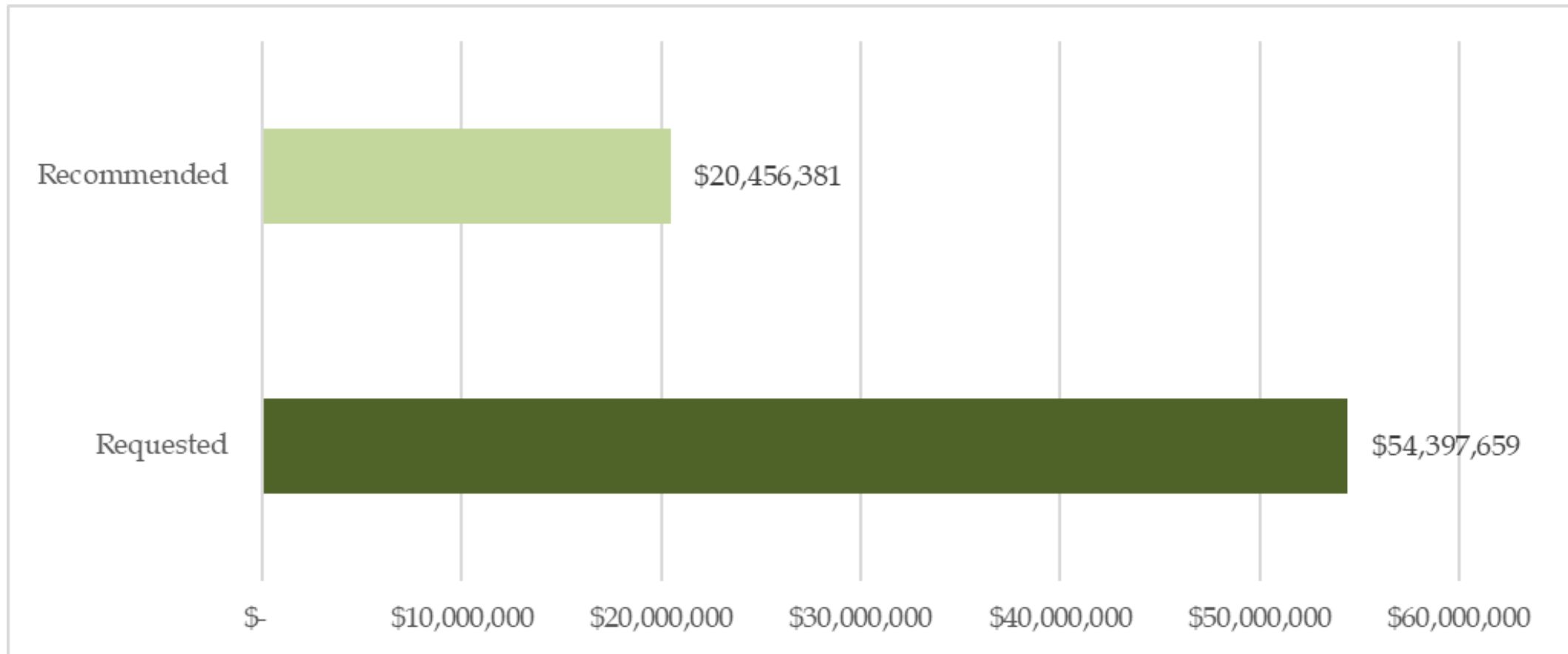
Highlights of Recommended Requests By Priority Based Budget Program	Color of Money	Ongoing	One-Time
Airport Long Range Planning		\$ 0	\$ 31,100
Enterprise Software Management		0	2,329,718
Fire Suppression		0	1,211,218
GIS Services		0	141,169
Infrastructure Management		0	165,689
Regional Plan Update and Management		0	32,148
Stormwater Infrastructure Maintenance		130,925	0

Most Aligned

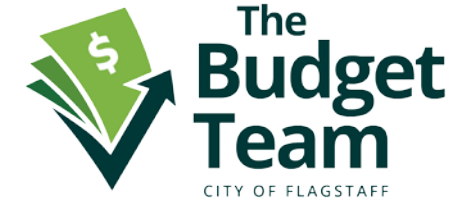


Highlights of Recommended Requests By Priority Based Budget Program	Color of Money	Ongoing	One-Time
Street Maintenance		\$ 0	\$ 575,000
Wastewater Collections Maintenance & Repair		36,093	381,000
Wells Production, Operations and Maintenance		640,300	0
Wildcat Hill Water Reclamation Plant Operations		342,712	166,235
Wildfire Management		0	1,064,350

More Aligned








More Aligned



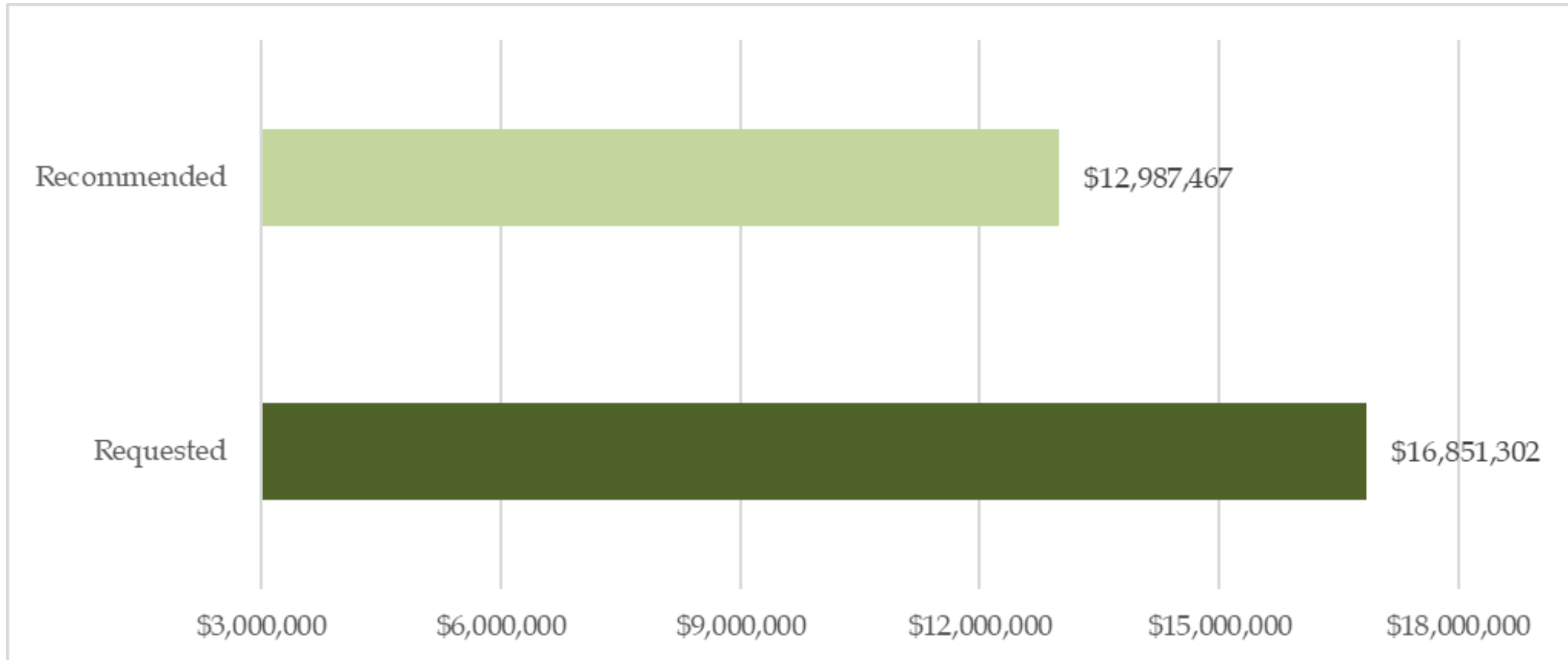
Highlights of Recommended Requests By Priority Based Budget Program	Color of Money	Ongoing	One-Time
Affordable Housing Unit Creation		\$ 0	\$ 544,667
City Facilities Capital Renewal		0	2,110,099
Carbon Neutrality Plan Implementation		1,393	303,925
Community-focused Resilience and Mobilization		32,113	538,525
Criminal Investigations		0	205,375
Emergency and Non-Emergency Uniform Response		0	1,626,655
Medical Response		0	1,254,862

More Aligned

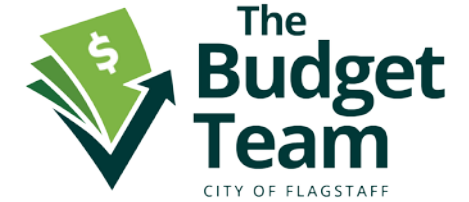








Highlights of Recommended Requests By Priority Based Budget Program	Color of Money	Ongoing	One-Time
Residential Trash Collection		\$ 0	\$ 850,000
Snow Operations		0	415,500
Traffic Signals		0	220,000
Water Services Information Systems		184,198	0
Wildfire Response		0	102,936

Less Aligned

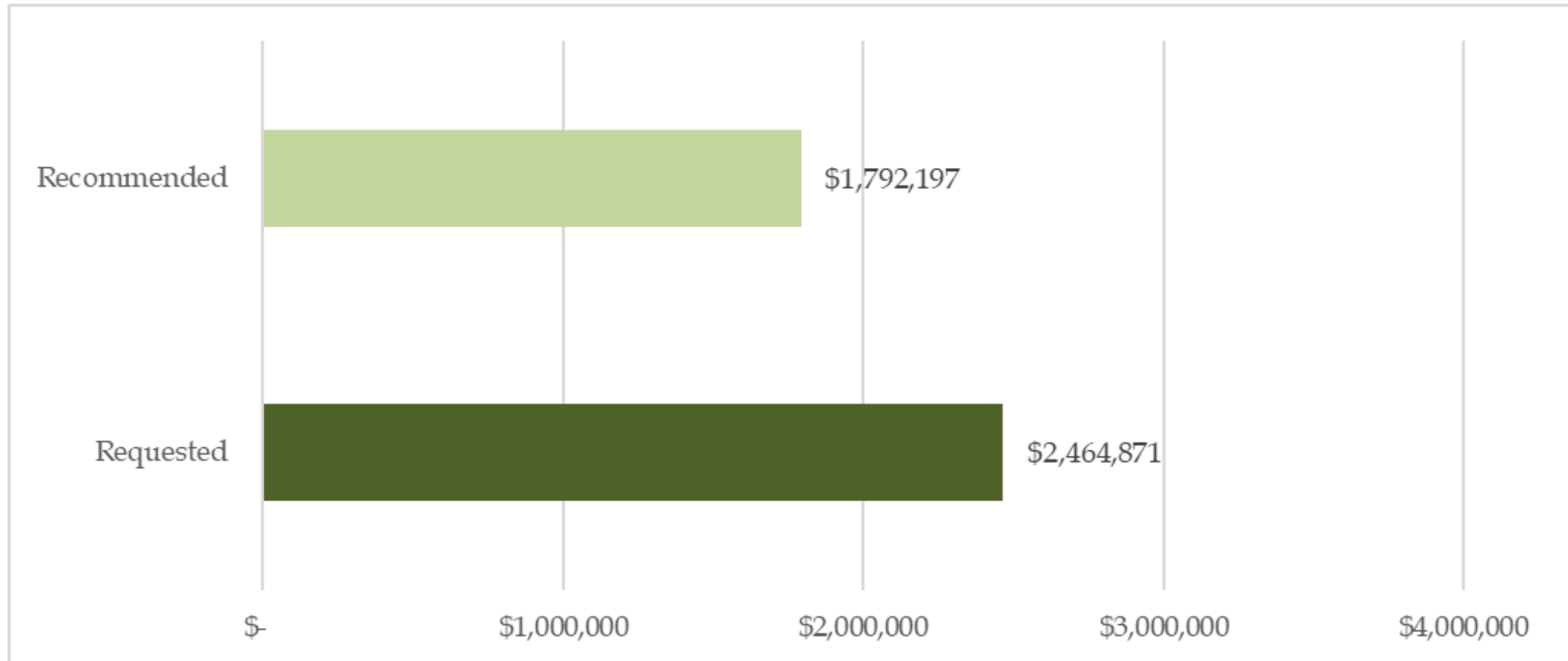


Less Aligned



Highlights of Recommended Requests By Priority Based Budget Program	Color of Money	Ongoing	One-Time
Art and Science Community Funding		\$ 48,000	\$ 570,000
City Facilities Security and Access Control		0	240,099
Housing Voucher Programs - Direct Rental Assistance		5,000,000	0
Incubation and Acceleration Business Support		17,268	515,000
Cemetery Grounds Maintenance		0	290,324
Visitor Center Concierge Service		4,632	70,400

Least Aligned



Least Aligned



Highlights of Recommended Requests By Priority Based Budget Program	Color of Money	Ongoing	One-Time
Election Management		\$ 0	\$ 150,700
Airport Facility & Building Maintenance		0	153,500
Community Events Operations and Management		0	212,500
Special Projects		0	90,602



The
Budget Team
CITY OF FLAGSTAFF



Lunch

Carbon Neutrality Plan (CNP)



Staff are asked to consider their funding requests through the lens of the Carbon Neutrality Plan (CNP) strategies.

The risk and cost of inaction will be far greater than the cost of action

1. Analysis

- How requests align or advance Carbon Neutrality Plan strategies

2. Benefits

- Accountability to climate commitments
- Tracking new funding investment
- Education and capacity building



The Flagstaff Carbon Neutrality Plan

An evolving framework for action
Revised December 2022

Climate Action New Funding



Total recommended investment in climate action: **\$2,651,609**

5% of recommended funding requests

\$ 1,356,774 in budget requests that **advance** the CNP

\$ 1,199,835 in budget requests that **align** with the CNP

Highlights:

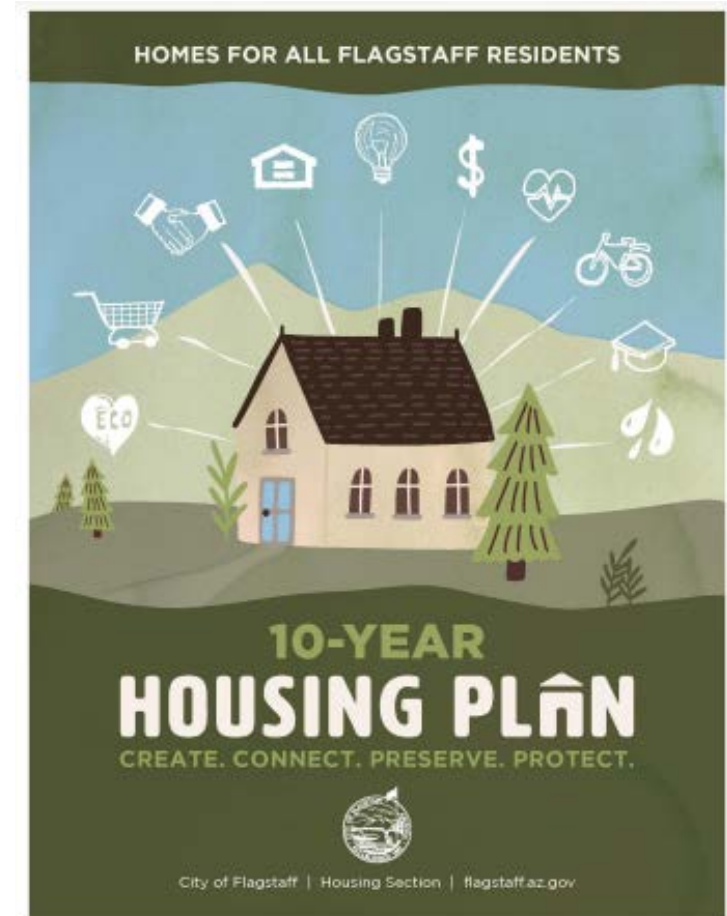
- Fleet – education and training on electric vehicles **\$7,500**
- Sustainability – Installation of fast charger for City fleet **\$300,000**
- Fire/Sustainability – Home hardening pilot **\$100,000**
- Housing – Incentive pay for affordable housing **\$250,000**

Housing 10 Year Plan Investments



Create 1: Incentivize the creation of affordable units through various programs and mechanisms

- Incentive policy for Affordable Housing - \$250,000



Housing 10 Year Plan Investments



Create 3: Create a dedicated funding source for affordable housing in Flagstaff

- Land acquisition/unit preservation - \$250,000
- Employer Assisted Housing Program (EAH) - \$75,331
- **Bond Programs**
 - Homebuyer assistance - \$7,000,000
 - Rental Incentive Bond Program - \$5,000,000
 - Redevelop City Owned Land - \$5,000,000
 - Adaptive Reuse Program - \$3,000,000
(Also Preserve 1: Encourage the adaptive reuse of buildings)

Housing 10 Year Plan Investments



Connect 2.4: Educate the community

- Outreach Engagement Coordinator (one-time) - \$30,000





The
Budget Team
CITY OF FLAGSTAFF



Capital Improvement Program

Summary



Program	FY 2024-25 Estimate	FY 2025-26 Budget	FY 2027-30 Projection
General Government	\$ 33,873,874	\$ 49,303,891	\$ 131,046,755
Streets/Transportation	53,189,116	65,345,990	286,039,485
BBB	7,127,219	4,893,743	14,073,000
Water Services	35,125,169	61,125,082	192,233,563
Solid Waste	3,753,590	30,000	6,460,000
Airport	781,636	11,268,374	43,368,146
Total	\$ 133,850,604	\$ 191,967,080	\$ 673,220,949



The
Budget Team
CITY OF FLAGSTAFF



Key Community Priorities








CITY OF FLAGSTAFF
Key Community Priorities



CITY OF FLAGSTAFF

Priority Based Budgeting Priorities and Objectives



GOVERNANCE PROGRAMS	COMMUNITY PROGRAMS					
 High Performing Governance	 Safe and Healthy Community	 Inclusive and Engaged Community	 Sustainable and Innovative Infrastructure	 Robust and Resilient Economy	 Livable Community	 Environmental Stewardship
Serve the public by providing high quality customer service	Enhance community engagement and strengthen relationships between the community and public safety services	Proactively foster community representation and civic engagement by enhancing opportunities for public involvement, in line with best practices	Deliver outstanding services to residents through a healthy, well-maintained infrastructure system	Support and strengthen a robust, diverse, and sustainable economy	Create a welcoming community through partnerships, resilient neighborhoods, and civic engagement	Promote, protect, and enhance a healthy, sustainable environment and its natural resources
Cultivate community communication engagement practices that are clear, consistent, and timely	Support social services, community partners, and housing opportunities	Advance social equity and social justice in Flagstaff by supporting social services	Utilize existing long-range plans that identify the community's future infrastructure needs and all associated costs	Maintain and enhance an equitable and effective business, retention, and expansion program throughout the community	Provide amenities and activities that support a healthy lifestyle	Engage community members through education and volunteer opportunities
Encourage public trust through transparency, accessibility, and use of the City's public participation policy	Provide and build upon the alternative response model, and other community partnerships to best serve the mental and behavioral health needs of the community	Facilitate and foster equity, diversity, and inclusivity, including support of trauma-informed policies and practices	Provide, manage, and maintain effective infrastructure for multimodal and active transportation	Enhance relationships between the development community, the City, and Flagstaff residents	Work with regional partners that provide equitable and inclusive educational and cultural opportunities for Flagstaff residents of all ages	Implement and enhance sustainable building practices, waste diversion programs, alternative energy programs, and multimodal transportation options
Maintain the organization's fiscal stability through strong financial policies and best practices	Provide public safety services with resources, staff, and training responsive to the community's needs	Enhance the City's involvement in community, education, and regional partnerships to strengthen the level of public trust	Facilitate, develop, and encourage carbon-neutral energy opportunities	Attract employers that provide high quality jobs and have a low impact on infrastructure and natural resources	Actively support attainable and affordable housing through the City's 10-Year Housing plan as well as other projects and opportunities	Encourage the private sector's investment in environmental stewardship
Implement and communicate innovative and efficient local government programs, new ideas, and best practices	Promote physical and mental well-being through providing recreational opportunities, parks, open space, and active transportation options	Ensure City facilities, services, and programs are accessible for all residents and representative of Flagstaff's diverse community	Support the community's social infrastructure needs; assist those partner organizations that provide services the City does not	Enhance the community's workforce housing and development programs; improve partnerships with the private and public sectors	Support diverse employment opportunities and high quality jobs	Implement, maintain, and further the Carbon Neutrality Plan (CNP) with awareness of social inequities
Be an inclusive employer of choice by providing employees with the necessary tools, training, support, and compensation	Ensure the built environment is safe through the use of consistent standards as well as best practices for building and land use	Promote environmental justice and the access to environmental benefits		Embrace and invest in responsible tourism opportunities to promote economic development	Achieve a well-maintained community through comprehensive and equitable code compliance and development	Strengthen Flagstaff's resilience to climate change impacts on built, natural, economic, health, and social systems

Definitions

ALTERNATIVE RESPONSE MODEL –

Responding to appropriate 911 calls with a behavioral health professional and the ability to provide culturally sensitive care to those in crisis or needing mental health or substance use assistance

ACTIVE TRANSPORTATION –

The transport of people or goods through non-motorized means, based around human physical activity

COMMUNITY PARTNERS –

Governmental, nonprofit, and private organizations in the Flagstaff community that work with the City of Flagstaff to implement its programs, projects, and/or services

ENVIRONMENTAL JUSTICE –

The just distribution of the benefits of climate protection and alleviation of unequal burdens created by climate change

INFRASTRUCTURE –

The basic physical structures and facilities needed for the operation of the City (i.e. buildings, transportation networks, parks, various water networks, etc.)

MULTIMODAL TRANSPORTATION –

Interconnected transportation system that accommodates multiple modes of transportation, including walking, bicycling, public transportation systems, and driving

RESILIENT NEIGHBORHOOD –

A community with the capacity to anticipate, accommodate, and positively adapt and thrive amidst changing climate conditions, while building systems of equity, connection, and empowerment

SOCIAL EQUITY –

Actively working to counteract systemic inequalities to ensure that social services are delivered equitably and everyone in a community has access to the same opportunities and outcomes

SOCIAL INFRASTRUCTURE –

The background structures and systems that allow social, economic, cultural and political life to happen, including social services, transportation, housing, education, and healthcare

SOCIAL JUSTICE –

Fair and compassionate distribution of wealth, opportunities, and privileges

SOCIAL SERVICES –

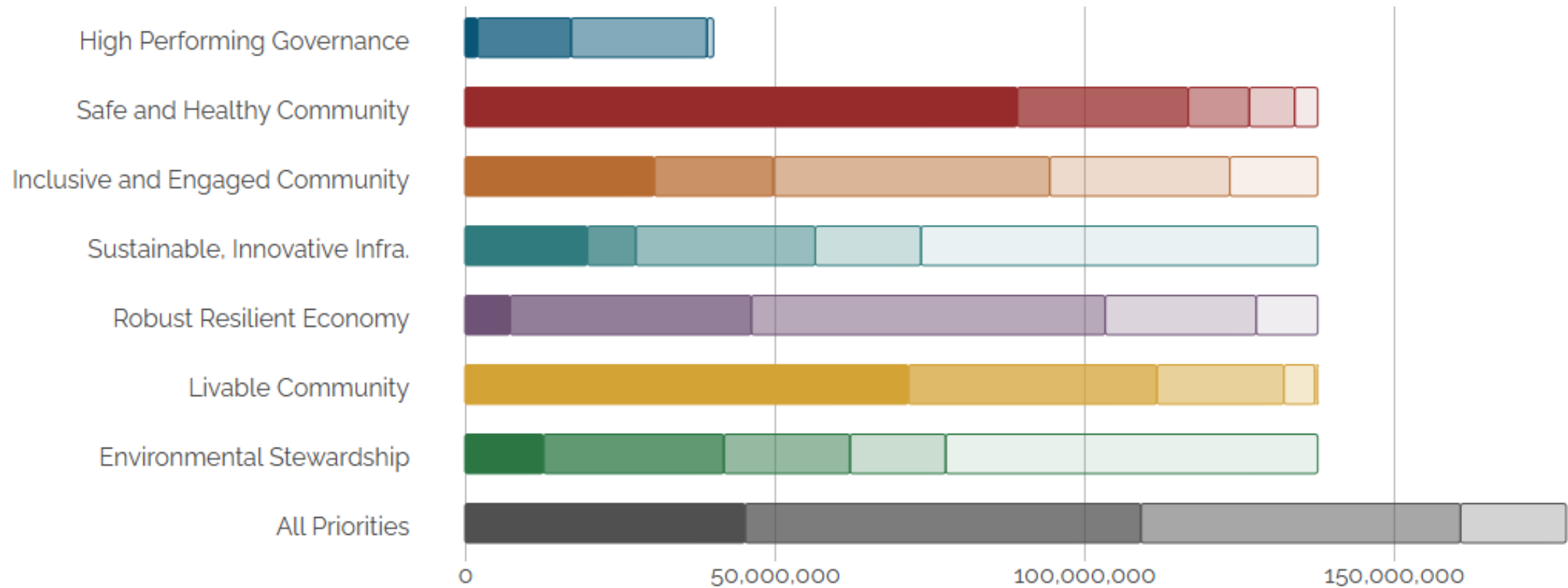
Programs and services that provide support and assistance to improve the well-being of individuals, families, and communities

TRAUMA-INFORMED –

Understanding and considering the pervasive nature of trauma from exposure to abuse, neglect, discrimination, violence, or other adverse experiences and promoting environments of healing and recovery



Key Community Priorities - Base Budget Only



Represents the FY 2024-25 Base/Ongoing Operating Budget



High Performing Governance



High Performing Governance Objectives:

- Serve the public by providing high quality customer service
- Cultivate community communication engagement practices that are clear, consistent, and timely
- Encourage public trust through transparency, accessibility, and use of the City's public participation policy
- Maintain the organization's fiscal stability through strong financial policies and best practices
- Implement and communicate innovative and efficient local government programs, new ideas, and best practices
- Provide employees with the necessary tools, training, support, and compensation



High Performing Governance



- Modernize Applications and Business Transformation
 - Overhaul of many core City enterprise applications
 - Review of core business processes
 - Implement procurement and contract management software to assist with streamlining and efficiencies
- Upgrade existing software
 - Upgrade water meter reading software for enhanced reporting, leak detection, with customer water consumption portal planned for future implementation
 - Replace records management system (RMS) and computer aided dispatch (CAD) system maintenance to ensure uninterrupted emergency response and records operations



High Performing Governance



- Centralize drone program
- Review and update development codes to keep up with best standards and to achieve key housing and climate goals
- Market the City of Flagstaff as an employer of choice
- Market adjustments for many pay plans
- Create baseline cancer screening for Firefighters
- Provide public safety mental health services
- Invest in public-facing volunteer portal to increase volunteerism





High Performing Governance



- Enhance short-term rental license management through streamlined electronic applications, complaint tracking, and compliance monitoring
- Allocate resources to support upcoming code changes
- Provide funding for the Council initiative fund
- Invest in staff training to increase knowledge that is highly beneficial to the organization and growth of staff
- Stay informed of updates and news affecting the federal and state grant management community given recent policy direction



High Performing Governance



- Increase communication and collaboration with divisions on current and future grant needs while providing guidance during the grant cycle
- Strengthen transparency and accountability with the body-worn camera program to reinforcing trust
- Uphold hiring standards and safeguard the integrity of the police workforce with background check software



High Performing Governance



- Department-issued cellphones to enhance efficiency, ensure compliance, and support secure, consistent communication
- Conduct a Police Department staffing study to support strategic planning and resource alignment
- Support academy recruits to ensure a stable pipeline of trained officers, strengthen the workforce and support long-term staffing resilience





Safe and Healthy Community



Safe and Healthy Community Objectives:

- Enhance community engagement and strengthen relationships between the community and public safety services
- Support social services, community partners, and housing opportunities
- Provide and build upon the alternative response model, and other community partnerships to best serve the mental and behavioral health needs of the community
- Provide public safety services with resources, staff, and training responsive to the community's needs
- Promote physical and mental well-being through providing recreational opportunities, parks, open space, and active transportation options
- Ensure the built environment is safe through the use of consistent standards as well as best practices for building and land use



Safe and Healthy Community



- Fund Fire Academy for medical testing, overtime, personal protective equipment, and specialized gear
- Increase funding for Public Safety apparatus and vehicle maintenance to ensure units stay in a ready state
- Commit to alternate response programs and resources
- Increase funding for medical supplies and aged specialized fire and emergency medical services equipment
- Launch a home hardening pilot program to accelerate wildfire protection in the residential sector
- Increase support of the High Country Training Academy



Safe and Healthy Community



- Dedicate funding to downtown alleyway snow removal
- Build out a one-acre expansion of Citizen's Cemetery
- Further development of the new Highland Mesa Park and Cheshire Park expansion
- Initiate the first five years of capital project funding for open space, funded from the Bed, Board, and Beverage tax
- Improve the safety and performance of buildings with weatherization rebates in the residential sector





Safe and Healthy Community



- Complete the Airport Emergency Plan
- Update the Continuity of Operations Plan and the Continuity of Government Plan
- Administer and enhance the Emergency Alert System (RAVE)
- Partner with community stakeholders when impacting the emergency management
- Ensure dispatchers provide accurate, lifesaving instructions during medical emergencies with use of guide cards
- Sustain the license plate recognition system to improve the ability to proactively address crime and respond swiftly



Inclusive and Engaged Community



Inclusive and Engaged Community Objectives:

- Proactively foster community representation and civic engagement by enhancing opportunities for public involvement, in line with best practices
- Advance social equity and social justice in Flagstaff by supporting social services
- Facilitate and foster equity, diversity, and inclusivity, including support of trauma-informed policies and practices
- Enhance the City's involvement in community, education, and regional partnerships to strengthen the level of public trust
- Ensure City facilities, services, and programs are accessible for all residents and representative of Flagstaff's diverse community
- Promote environmental justice and the access to environmental benefits



Inclusive and Engaged Community



- Increase collection, programs, and internet accessibility for city and county libraries
- Increase neighborhood sustainability grants to support impactful community driven projects
- Work toward the 10-minute access to a park and/or open space goal and implementing a connected system
- Engage volunteers for cultural site monitoring, protection, and invasive weed removal

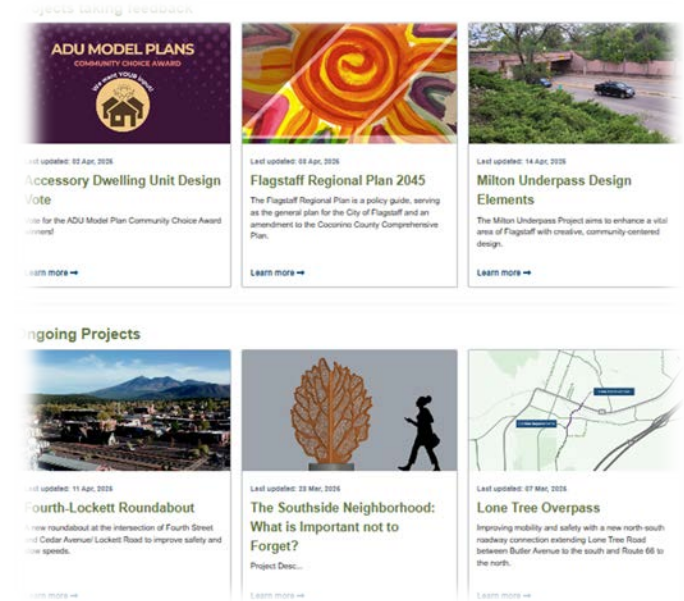




Inclusive and Engaged Community



- Outreach for the Regional Plan update (Regional Plan 2045) and the upcoming ballot initiative
- Support for the annual Mexican Mobile Consulate event
- Expand implementation of the Connect Flagstaff platform for City engagement initiatives and include partner organizations such as Mountain Line and Metro Plan
- Increase the accessibility of the City's website and other digital communications

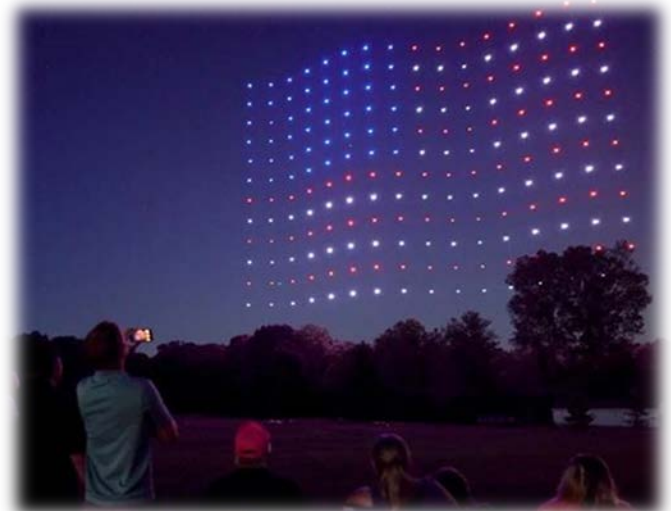




Inclusive and Engaged Community



- Grow the City's presence and following on a variety of social media channels
- Enhance the use of Spidr Tech for victim engagement by providing equitable access
- Provide inclusive programming including a 4th of July drone show and regional Flagstaff Pow-Wow





The
Budget Team
CITY OF FLAGSTAFF



Break



Sustainable and Innovative Infrastructure



Sustainable and Innovative Infrastructure Objectives:

- Deliver outstanding services to residents through a healthy, well-maintained infrastructure system
- Utilize existing long-range plans that identify the community's future infrastructure needs and all associated costs
- Provide, manage, and maintain effective infrastructure for multimodal and active transportation
- Facilitate, develop, and encourage carbon-neutral energy opportunities
- Support the community's social infrastructure needs; assist those partner organizations that provide services the City does not



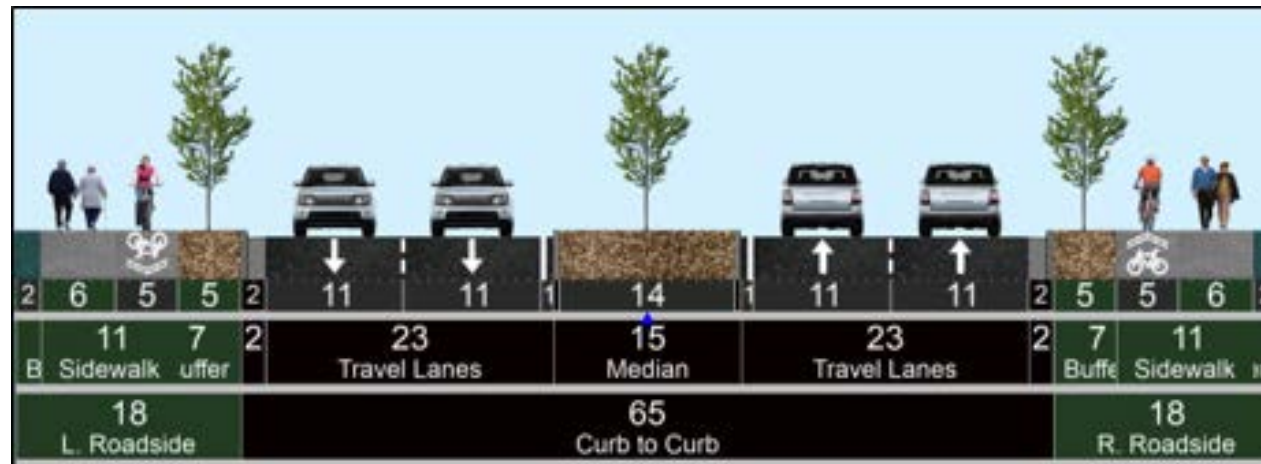
Sustainable and Innovative Infrastructure



- Implement an aircraft operations tracking software
- Improve wildlife hazard mitigation at the Airport
- Invest in electric vehicle fast charging infrastructure for City fleet
- Plan for future construction of Fire and Police facilities
- Maintain City facilities to deliver services
 - Jay Lively chillers
 - NACET building improvements
 - Airport infrastructure
 - Fire station maintenance



- Inclusion of bike and pedestrian infrastructure in major projects
- Provide dark sky compliant lighting fixtures through the streetlight luminaire replacement program
- Replace and maintain approximately eight miles of asphalt Flagstaff Urban Trails System (FUTS)





Robust and Resilient Economy



Robust and Resilient Economy Objectives:

- Support and strengthen a robust, diverse, and sustainable economy
- Maintain and enhance an equitable and effective business, retention, and expansion program throughout the community
- Enhance relationships between the development community, the City, and Flagstaff residents
- Attract employers that provide high quality jobs and low impact on infrastructure and natural resources
- Enhance the community's workforce housing and development programs; improve partnerships with the private and public sectors
- Embrace and invest in responsible tourism opportunities to promote economic development



Robust and Resilient Economy



- Efforts to celebrate the Route 66 Centennial and America's 250th birthday
- Beautification efforts with hanging flower baskets, murals, and more
- Attract and support a second airline
- Incentive programs to assist with business attraction, expansion and retention
- Support for the Green Business Bootcamp
- Plan workshops to educate on building code changes



Livable Community

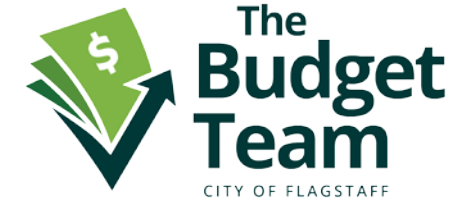


Livable Community Objectives:

- Create a welcoming community through partnerships, resilient neighborhoods, and civic engagement
- Provide amenities and activities that support a healthy lifestyle
- Work with regional partners that provide equitable and inclusive educational and cultural opportunities for Flagstaff residents of all ages
- Actively support attainable and affordable housing through the City's 10-year Housing plan as well as other projects and opportunities
- Support diverse employment opportunities and high-quality jobs
- Achieve a well-maintained community through comprehensive and equitable code compliance and development



Livable Community



- Increase in grants being offered to local non-profits and artists through our lead agency partnership
- Improve cultural site preservation and trail maintenance at Picture Canyon with the completion of the Arizona Recreational Trails program grant
- Increase recreational opportunities for children and families with day-camps, sports camps, and increased Aquaplex hours to include Sundays





Livable Community



- Increase Housing Choice Vouchers by 50, if approved by Department of Housing and Urban Development
- Fund the Incentive Policy for Affordable Housing
- Fund the Employee Assisted Housing Program
- Fund land acquisition and dwelling unit preservation to create and preserve housing units
- Plan development on City owned land designated for affordable housing
- Increase community education and marketing





Environmental Stewardship



Environmental Stewardship Objectives:

- Promote, protect, and enhance a healthy, sustainable environment and its natural resources
- Engage community members through education and volunteer opportunities
- Implement and enhance sustainable building practices, waste diversion programs, alternative energy programs, and multimodal transportation options
- Encourage the private sector's investment in environmental stewardship
- Implement, maintain, and further the Carbon Neutrality Plan (CNP) with awareness of social inequities
- Strengthen Flagstaff's resilience to climate change impacts on built, natural, economic, health, and social systems



Environmental Stewardship



- Encourage giving back through Discover Flagstaff's campaign – Flagstaff Local, My Actions Matter
- Expand residential food scraps drop-off composting program
- Promote Flagstaff's parks, recreation amenities, open spaces, and events as available and welcome to all to explore healthy environments and natural resources
- Expand community garden resources and urban farm incubator initiative





Environmental Stewardship



- Support wildfire mitigation and watershed protection through grant opportunities
- Implement a Sustainable Procurement Policy and Sustainable Procurement Code
- Solicit for an on-call contract to procure electric vehicles





The
Budget Team
CITY OF FLAGSTAFF



Priority Based Budgeting Priorities and Objectives Check - In

Priorities and Objectives Updates



- 2019:
 - Council work session helped develop and define the first Priorities and Objectives, adopted November 2019
- 2020:
 - Staff completed community outreach and provided recommended adjustments of the Objectives to Council, adopted November 2020
- 2023:
 - Council work session to discuss and make updates to the Objectives
 - Staff took Council updates and completed extensive community outreach
 - Recommended changes presented to Council, adopted November 2023
- 2025 – ?








CITY OF FLAGSTAFF
Key Community Priorities



CITY OF FLAGSTAFF

Priority Based Budgeting Priorities and Objectives



GOVERNANCE PROGRAMS	COMMUNITY PROGRAMS					
 High Performing Governance	 Safe and Healthy Community	 Inclusive and Engaged Community	 Sustainable and Innovative Infrastructure	 Robust and Resilient Economy	 Livable Community	 Environmental Stewardship
Serve the public by providing high quality customer service	Enhance community engagement and strengthen relationships between the community and public safety services	Proactively foster community representation and civic engagement by enhancing opportunities for public involvement, in line with best practices	Deliver outstanding services to residents through a healthy, well-maintained infrastructure system	Support and strengthen a robust, diverse, and sustainable economy	Create a welcoming community through partnerships, resilient neighborhoods, and civic engagement	Promote, protect, and enhance a healthy, sustainable environment and its natural resources
Cultivate community communication engagement practices that are clear, consistent, and timely	Support social services, community partners, and housing opportunities	Advance social equity and social justice in Flagstaff by supporting social services	Utilize existing long-range plans that identify the community's future infrastructure needs and all associated costs	Maintain and enhance an equitable and effective business, retention, and expansion program throughout the community	Provide amenities and activities that support a healthy lifestyle	Engage community members through education and volunteer opportunities
Encourage public trust through transparency, accessibility, and use of the City's public participation policy	Provide and build upon the alternative response model, and other community partnerships to best serve the mental and behavioral health needs of the community	Facilitate and foster equity, diversity, and inclusivity, including support of trauma-informed policies and practices	Provide, manage, and maintain effective infrastructure for multimodal and active transportation	Enhance relationships between the development community, the City, and Flagstaff residents	Work with regional partners that provide equitable and inclusive educational and cultural opportunities for Flagstaff residents of all ages	Implement and enhance sustainable building practices, waste diversion programs, alternative energy programs, and multimodal transportation options
Maintain the organization's fiscal stability through strong financial policies and best practices	Provide public safety services with resources, staff, and training responsive to the community's needs	Enhance the City's involvement in community, education, and regional partnerships to strengthen the level of public trust	Facilitate, develop, and encourage carbon-neutral energy opportunities	Attract employers that provide high quality jobs and have a low impact on infrastructure and natural resources	Actively support attainable and affordable housing through the City's 10-Year Housing plan as well as other projects and opportunities	Encourage the private sector's investment in environmental stewardship
Implement and communicate innovative and efficient local government programs, new ideas, and best practices	Promote physical and mental well-being through providing recreational opportunities, parks, open space, and active transportation options	Ensure City facilities, services, and programs are accessible for all residents and representative of Flagstaff's diverse community	Support the community's social infrastructure needs; assist those partner organizations that provide services the City does not	Enhance the community's workforce housing and development programs; improve partnerships with the private and public sectors	Support diverse employment opportunities and high quality jobs	Implement, maintain, and further the Carbon Neutrality Plan (CNP) with awareness of social inequities
Be an inclusive employer of choice by providing employees with the necessary tools, training, support, and compensation	Ensure the built environment is safe through the use of consistent standards as well as best practices for building and land use	Promote environmental justice and the access to environmental benefits		Embrace and invest in responsible tourism opportunities to promote economic development	Achieve a well-maintained community through comprehensive and equitable code compliance and development	Strengthen Flagstaff's resilience to climate change impacts on built, natural, economic, health, and social systems

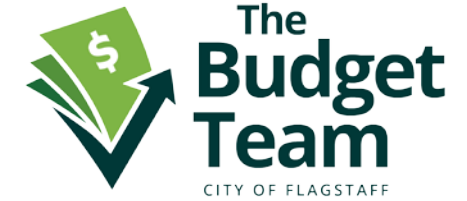
Priorities and Objectives

Important to revisit priorities periodically

- Evolving community needs
- Opportunity for stakeholder input
- Organizational changes



Possible Approaches



Amend Existing Priorities

- Quicker and less labor intensive
- Can build off strengths of existing priorities
- Existing organizational knowledge
- Would allow for refinement

Start From Scratch

- Larger undertaking by Council and staff
- Allows for reimagination of community priorities
- Unrestricted dialogue on community needs
- Could produce larger changes to priorities

Possible Processes



Community to Council

- Allows more unrestricted and broad input from community
- Could increase participation and community ownership
- Council can amend priorities based on community feedback

Council to Community

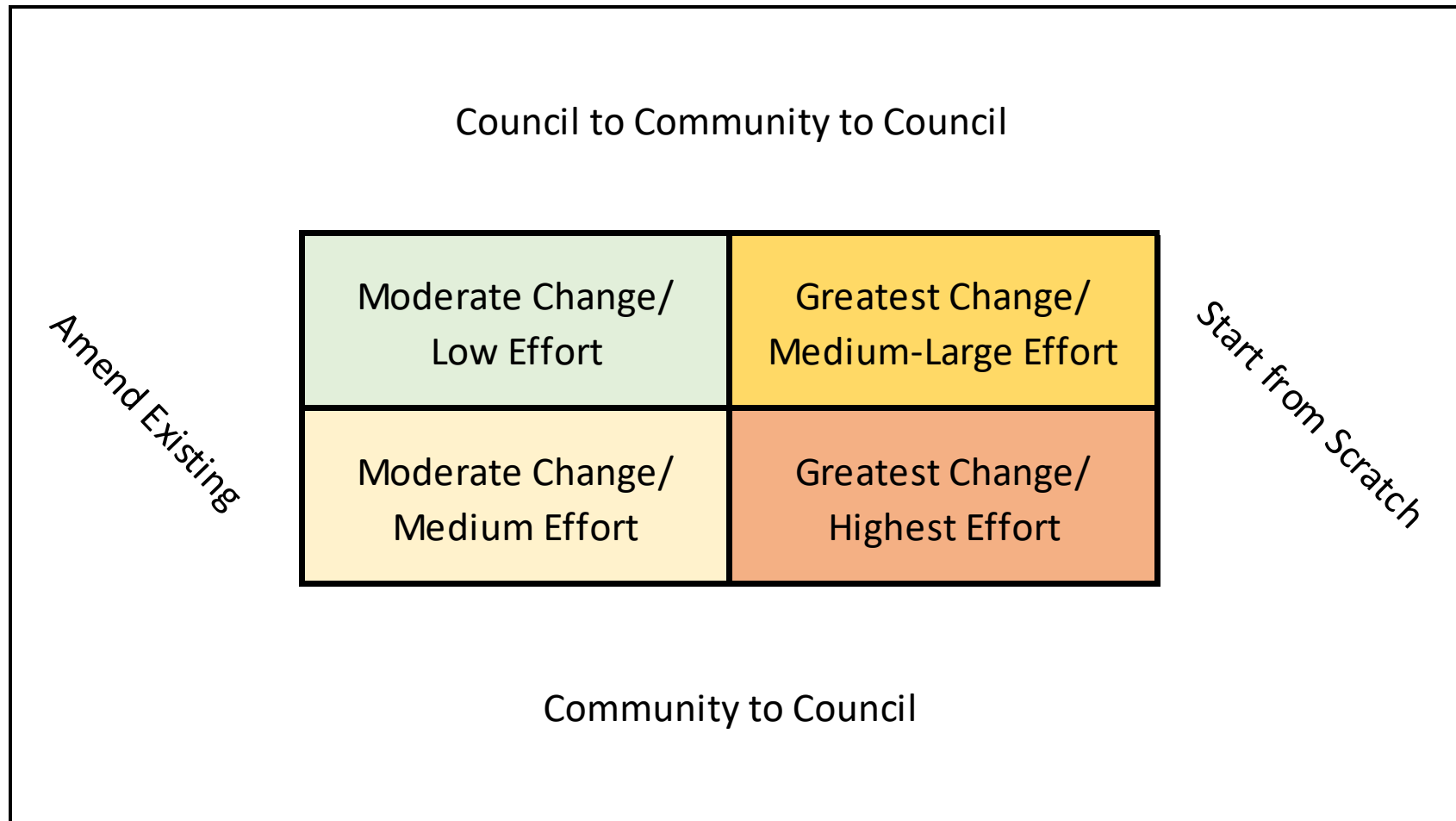
- Council can set broad ideas and parameters before public input
 - Public input would be more focused
- Early input on more mundane City needs
- Would come back to council after community for finalization

Outreach

- In-person open houses
- On-line forums
- Social and conventional media
- Engage community partners and citizens



Council Direction





The
Budget Team
CITY OF FLAGSTAFF



Public Participation



The
Budget Team
CITY OF FLAGSTAFF



Day 1 Wrap Up



The
Budget Team
CITY OF FLAGSTAFF



Day 2

Opening and Overview



The
Budget Team
CITY OF FLAGSTAFF



Financial Planning for Future Consideration



Council Budget Considerations



- Investing in Employees



- Competitive Salaries



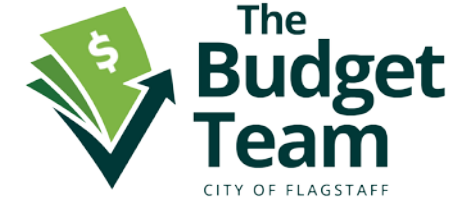
- Core Services Equipment and Staff



- Public Safety Mental Health



Council Budget Considerations



- Fire Resources including Wildland Fire



- Housing Support to Execute Programs



- Climate and Firewise



- Transform Downtown



Council Budget Considerations



- Childcare and Early Childhood Education



- Infrastructure Maintenance and Improvements



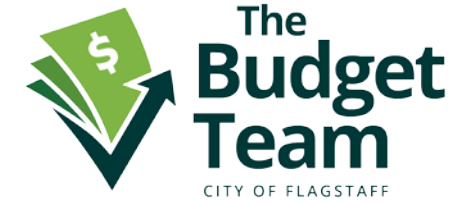
- Use City-owned Land for Housing



- Purchase Land for Housing



General Fund



- Positive Notes

- Diverse mix of revenue resources, 1/3 sales tax, 1/3 shared revenue, 1/3 property tax and other
- Revenue growth continues to meet expectations
- Significant investment in employee compensation
- Healthy fund balance, at or above 20% over next 10-years
- Significant one-time resources have been available last four budget years
- Primary property tax capacity available

- Areas of Concerns

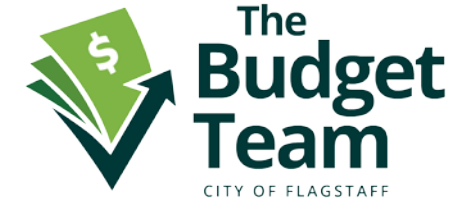
- Cost of wage growth, market pay (ALL FUNDS)
- Limited ability to fund ongoing and new program needs
- Portion of annual operation budgets are funded with one-time approval (\$2.4M+)
- Increased need for Fleet replacement funding, (electric vehicles and fire apparatus)
- Significant additional resources needed for facility maintenance and repairs

Special Revenue Funds



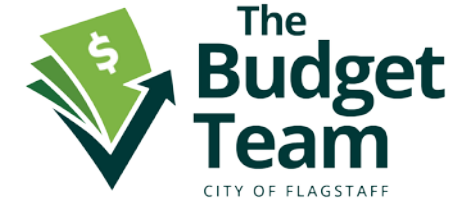
- Highway User Revenue Fund
 - Positives – Snow operations and efficiencies very good, streetlighting progress, concrete program making positive year-round progress, equipment is advancing, strong fund balance (greater than 20% policy)
 - Areas of concerns – Technician staffing, cost of added service areas and multimodal service expectations (winter and summer), growing community demands of right-of-way vegetation management, economic based revenue volatility and electric vehicle impacts
- Transportation Funds
 - Positives – Good revenue growth, grant funding opportunities, healthy fund balance
 - Areas of concerns – Significant escalating construction costs, property acquisitions
- Water Resource and Infrastructure Protection Funds
 - Positives – Proactive management of wildlands, grant matching resource,
 - Areas of concerns – The wildfire risk is increasing necessitating additional funding and evolution of the program, staffing and operating costs are outpacing revenues

Special Revenue Funds



- Library Fund
 - Positives – County tax increases are likely, addressing major infrastructure improvements
 - Areas of concerns – Market adjustment impacts, limited resources for operating and capital needs
- BBB Funds
 - Positives – BBB tax renewal, delivering a lot of projects and programming
 - Areas of concerns – revenue growth slowing down
- Parking District Fund
 - Positives – Parking lock box growing, increased parking enforcement (booting)
 - Areas of concerns – Cost of parking infrastructure, reduction in parking

Enterprise Funds









- Solid Waste Fund
 - Positives – Recycling continues, actively managing within resources
 - Areas of concerns – Stability and costs of recycling program, expensive equipment, operating costs outpacing revenues, service level reduction to balance the fund
- Sustainability and Environmental Management
 - Positives – Advancement in technologies, revenue growth is occurring
 - Areas of concerns – Increasing need to provide services to the community, funding for the Carbon Neutrality Plan, legislative restrictions, and recent policy impact on grant opportunities
- Airport Fund
 - Positives – Federal funding, new airport lease, evaluating other revenue opportunities
 - Areas of Concern – Increased need for General Fund support for increased need for operations and maintenance, need for a second airline to regain enterprise fund status

Enterprise Funds



- Water Funds
 - Positives – Rate study approved and implemented, big investments in stormwater infrastructure, downtown mile grant
 - Areas of concerns – Significant escalation in construction costs
- Flagstaff Housing Authority Funds
 - Positives – Advancing voter approved bond programs, additional vouchers
 - Areas of concern – Potential impacts to Federal budget, uncertainty of HUD staffing and support under current administration, aging public housing infrastructure, new vouchers (staffing)

Resource Toolbox

- User Fees and Rates – Approved by Council 
- Property Taxes
 - Primary – Approved by Council 
 - Secondary – Voter approved 
- Transaction Privilege Taxes/Sales Taxes – Approved by voters
 - General Sales Tax 1% 
 - Transportation Taxes 
 - BBB Taxes 



General Fund








Special Revenue Funds



Enterprise Funds

Resource Toolbox

- Debt Options – Authorization by Council 
 - Revenue debt
 - Certificates of participation
 - Loans and leases
 - Municipal improvement district
- Development Fees – Approved by Council 
- Capacity Fees – Approved by Council 
- Grants 
- State and Federal Appropriations 



General Fund



Special Revenue Funds

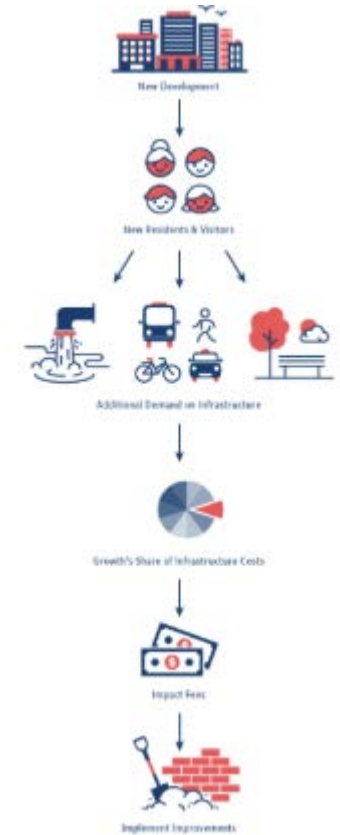


Enterprise Funds

Development Impact Fees



- Fee for a new or proposed development project
- Proportional share of the cost of necessary public services
- Calculated based on adopted infrastructure improvement plan, to be renewed in FY 2025-26
- Flagstaff has impact fees for public safety facilities, apparatus/vehicles, communication equipment, and development impact fee reports
- Impact fees cover growth related capital expansion not maintenance of effort



Development Impact Fees



What can't impact fees pay for?

- Administrative, maintenance or operating costs of the municipality
- Construction, acquisition or expansion of public facilities or assets other than necessary public services or facility expansions identified in the infrastructure improvement plan
- Repair, operation or maintenance of existing or new necessary public services or facility expansions
- Upgrading, updating, expanding, correcting, or replacing existing necessary public services to serve existing development in order to meet stricture safety, efficiency, environmental or regulatory standards
- Upgrading, updating, expanding, correcting or replacing existing necessary public services to provide a higher level of service to existing development

Transaction Privilege Tax

- Also known as sales tax
- Voter approval required
- Dedicated or unrestricted
- Sunset or no sunset date
- Half of Arizona cities have a rate of 3.00% or higher
- 1% tax produces \$30M
 - 0.1% is \$3M
 - 0.25% is \$7.5M

Effective July 1, 2025

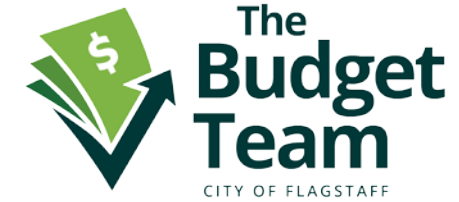
Tax Purpose	Base Rate	w/BBB	Expiration Date
Transaction Privilege Tax	1.000%	1.000%	06/30/2035
Bed, Board and Beverage (BBB)	n/a	2.000%	06/30/2043
Transportation Tax	0.426%	0.426%	06/30/2041
Road Repair and Street Safety	0.330%	0.330%	12/31/2034
RT66/Butler Overpass	0.230%	0.230%	06/30/2039
Transit Tax	0.500%	0.500%	06/30/2040
Total City Sales Tax	2.486%	4.486%	
Coconino County	1.300%	1.300%	
State	5.600%	5.600%	
	6.900%	6.900%	
Total Tax Rate	9.386%	11.386%	

Secondary Property Tax and General Obligation (GO) Bonds



- Voter approval required
- Levy secondary property tax for payment
- Secondary property tax can only be used to pay back GO bonds
- Legal limits – assessed valuations (state statute)
 - 20% Limitation is \$303M: Water, sewer, artificial lighting, parks, open space, recreational facilities, public safety, law enforcement, fire and emergency services and street and transportation facilities
 - 6% Limitation is \$100M: Everything else (i.e., Housing)

Secondary Property Tax and General Obligation (GO) Bonds

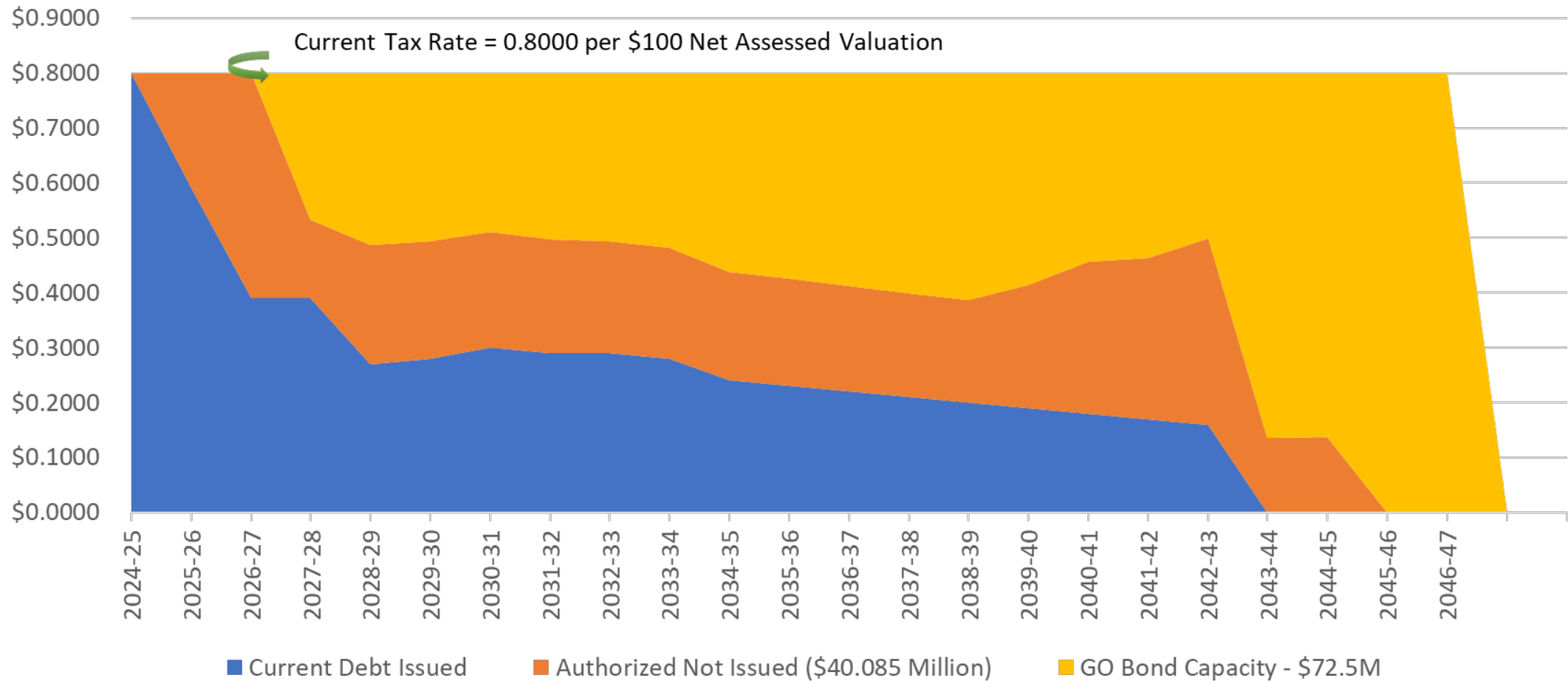


- Current rate is 0.8000 per \$100 of assessed valuation
 - Current policy to remain at or below 0.8000 rate based on promises made during past elections
 - The City is allowed to go above this rate for the purpose of paying debt
- Based on current projection of assessed valuations
 - Estimated capacity \$72.5M under current rate policy
 - Uses capacity through FY 2046-47
- Authorized but unissued GO debt is \$40.085M
- Additional capacity added annually as debt paid off

Secondary Property Tax and General Obligation (GO) Bonds



Secondary Property Tax Rate Capacity



Primary Property Tax

- Unrestricted use
- Current primary property tax levy supports General Fund operations
- Rate adopted by City Council to impose a levy
- State restrictions on annual increase in levy of 2%
- FY 2025-26 capacity up to 12%, approximately \$912K
- If Council direction is to increase the tax, City will follow Truth in Taxation requirements for tax adoption

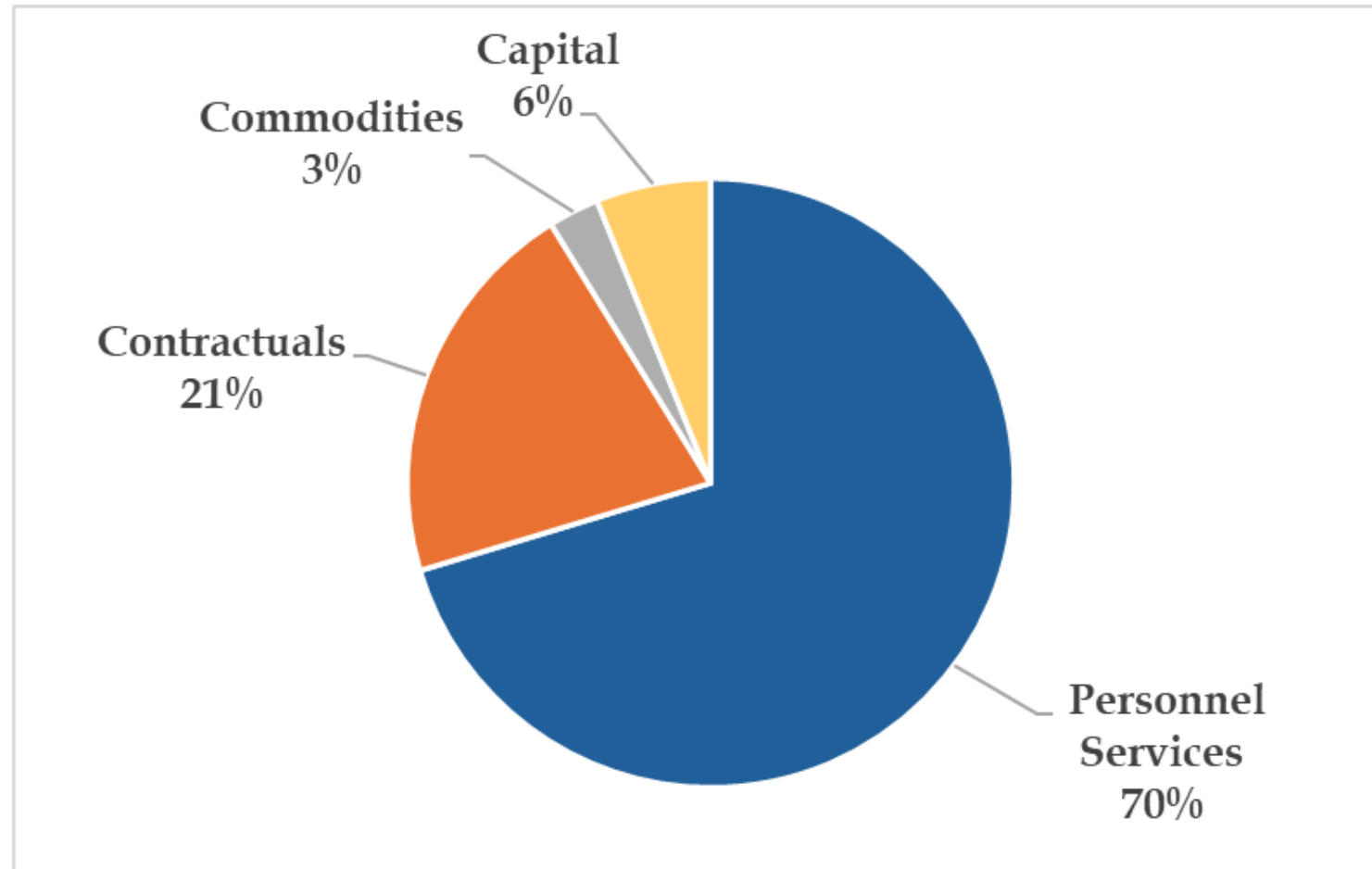
General Fund 10-Year History



Budget Year	One-Time Capacity	Ongoing Capacity
Estimated FY 2025-26	\$26,484,000	\$6,100,000
FY 2024-25	\$12,261,000	\$6,177,000
FY 2023-24	\$24,019,000	\$6,390,000
FY 2022-23	\$14,353,900	\$5,490,000
FY 2021-22	\$10,978,000	\$2,940,000
FY 2020-21	\$4,521,294	\$2,935,250
FY 2019-20	\$3,748,000	\$2,129,000
FY 2018-19	\$4,062,000	\$3,280,000
FY 2017-18	\$2,138,000	\$2,312,000
FY 2016-17	\$2,451,000	\$2,617,000

General Fund Expenditures

FY 2025-26



Potential Future Considerations

- Downtown Enhancements
- Public Safety
- Wastewater Treatment Plant



Downtown Enhancements

Request:

- Downtown Business Alliance (DBA) has requested resources to enhance the upkeep of the downtown area
- Potential to hire a third party for:
 - Enhanced restroom maintenance
 - Graffiti removal
 - Snow removal in sidewalks and alleys
 - Painting of infrastructure
 - Enhanced trash service
 - Power washing and weed removal
 - Other – to be negotiated



Downtown Enhancements

Request:

- Approximate annual cost: \$500,000 proposed
- Five-year consideration proposed
- There have been ongoing discussions with City leadership, Economic Vitality, PROSE, Public Works, Management Services and others throughout the year on how best to support downtown



Downtown Enhancements

Possible Solution:

- Amend existing intergovernmental agreement (IGA) with FDBIRD
- Support the enhancements through DBA contracted with a third-party vendor
- Consider increasing parking rates as well as fund allocations from City divisions

Potential Fund Allocations:

- Park Flag – increase Parking kiosk Fee
- Economic Vitality- Tourism and Beautification funding
- PROSE – General Fund restroom cleaning



Downtown Enhancements

ParkFlag Increase Timeline:

4/25 - Council budget discussion (current)

6/27 - Rate analysis report

7/4 - 60-day public notice posts

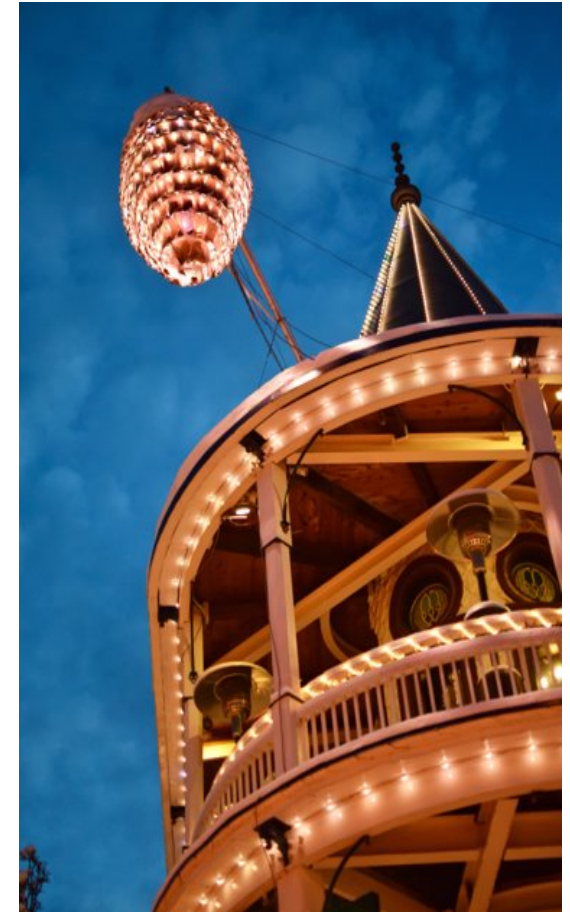
Summer - Commission meetings and community outreach

9/2 - 1st read of ordinance

9/16 - 2nd read of ordinance

9/16 - Execution of IGA - using one-time funds

March 2026 - Adopted rate effective date



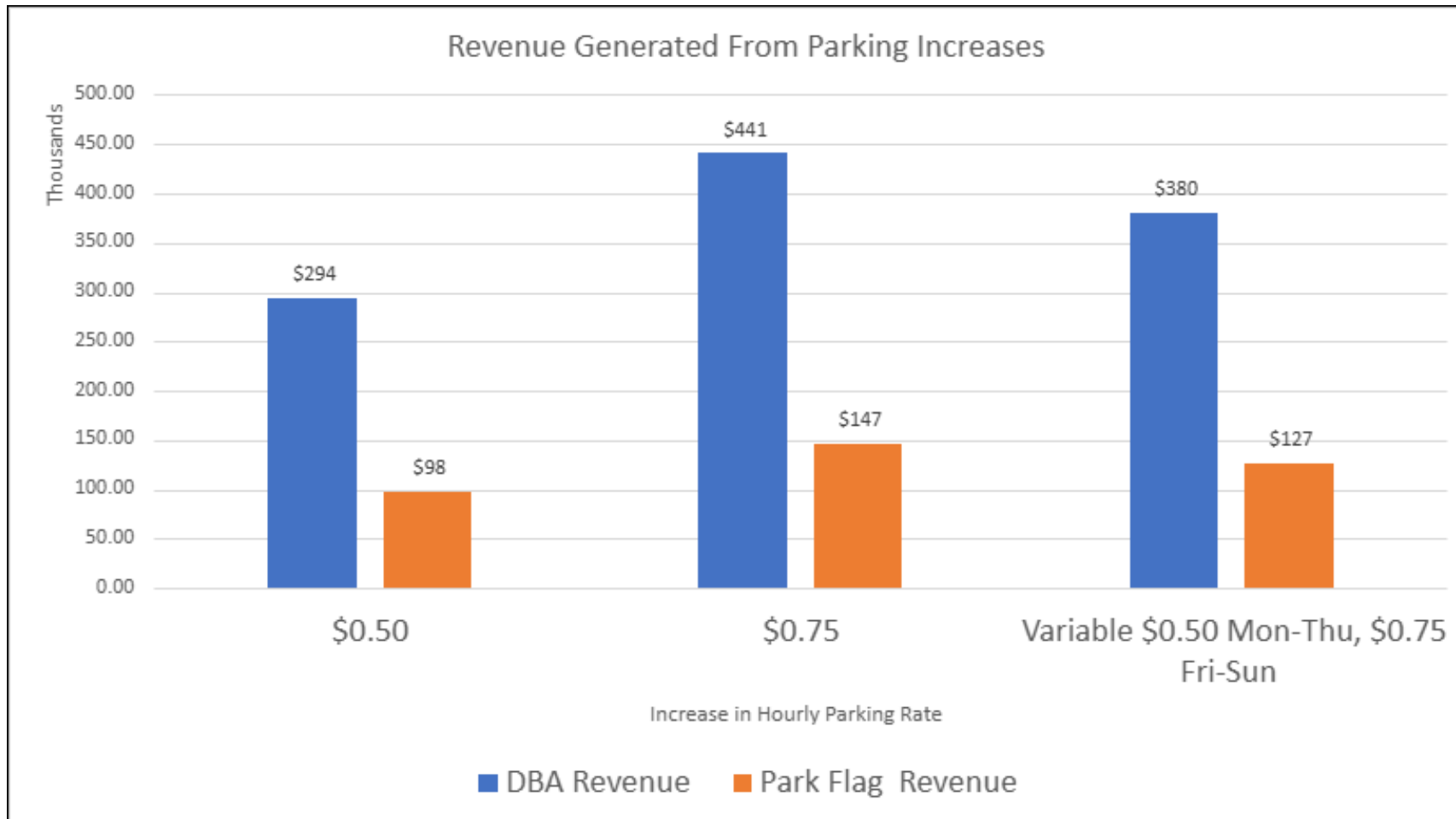
Downtown Enhancements

Parking Fee Considerations:

- 20% of parking fee goes to Lockbox
- 11% of parking fee pays credit card charges
- 75% of parking fee increase could be dedicated towards downtown enhancements
- 25% of parking fee to covers Park Flag expenses
- Estimates based off 100% of 2024 use
- Potential Parking Fee Options
 - \$0.50 per hour increase
 - \$0.75 per hour increase
 - \$0.50 per hour Mon-Thu and \$0.75 per hour Fri-Sun



Downtown Enhancements



Downtown Enhancements

Bed, Board, and Beverage (BBB) funding:

Beautification:

- Pressure washing - \$35,000
- Downtown Green Program - \$50,000
- Fee for service - \$10,000

Tourism:

- Holiday lighting/ decorations - \$47,500
- Sponsorships - \$5,000
- Clean Team - \$49,500
- Pressure washing - \$35,000
- Downtown alley snow removal - \$50,000

General Fund funding:

PROSE:

- Restroom cleaning - \$8,625



Approximate Total - \$290,625

Note: Downtown Green is every five years @ \$250,000

Downtown Enhancements

Other Considerations:

- Parking fee increases are estimated based on calendar year 2024 actuals
- Parking ordinance may need to be amended
- Possible gaps could occur if there is a downturn in parking use, a recession, or global pandemics
- Equipment and operational changes will be required if the increment of increase is \$.50 or \$.75 since our cash kiosks do not currently accept coins
- BBB funds would need to be looked at to ensure activities are consistent with ordinance purpose
- Payment and reporting requirements will need to be further discussed



Public Safety



Staffing

- Police and Fire response staffing
- Support staff for Fire
- Professional staff for Police
- Occupational medical services

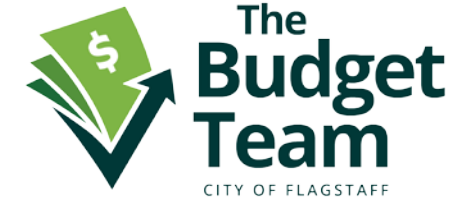
Equipment/Technology

- Heart smart fire station alerting
- Body worn technology integration
- Replacement apparatus
- Emergency medical service supplies and equipment
- Data aggregation and dissemination
- Technology/systems efficiencies

Facilities

- Wildfire management station
- Police substation
- Completion of fire training center
- Fire Station 7
- Fire Administration
- Public Safety apparatus storage

Public Safety



Alternative Funding for Public Safety City Overview

City/Town	Alt Funding	Details
Cave Creek	✗	Sales tax funds contracted services.
Glendale	Yes	Dedicated Public Safety Tax (PST): a 3.3% sales tax - Al ("intded, 0%, Public; "4%"). Amended in 2009: \$0.44% split in Police. 49%, Fire (40%), and Special Services.
Goodyear	✗	Staff-level discussions about future possible sales tax funds
Mesa	Yes	Staff-level discussions about future possible sales tax funds res,sihle.
Phoenix	Yes	0.23% public safety sales tax passed 4 years ago
Proscott	Yes	Two public safety initiatives Since 1988 used to seoml dept.
Scottsdale	Yes	Sales tax supports policedept. only After Fire dept, newer reducing initiatives.
Yuma	Yes	Safety tax in place for 20+ years, generates ~2.8 M/year Funds used for police/fire salary enhancements, body cams, and new officer-hires.
Jefferson City, MO	Yes	0.25% sales tax approved in 2021-generates ~2.8.M/l year. Funds-used for pide/fire salary enhancements, body cams, and new officer hires
Benton County, WA	Yes	0.3% sales tax since 2014: generates \$8.M+/year, Supports police staffing, drug/gang prevention, specialized courts (e.g.. mental health)
Frederick, CO	Yes	Sales tax increase approved in 2019. Supports hiring officers/supervisors, tech upgrades, new equipment, and community outreach programs

Public Safety

Funding

- Design for facilities in FY 2026-27 budget
- Ongoing capacity needs
- Potential funding strategies
 - Sales Tax, GO Bond, Water Resource and Infrastructure Protection Fee



Wastewater Treatment Plant

History

- Wildcat Hill Water Reclamation Plant (WRP)
 - Built 1979, liquid capacity 6 million gallons per day (MGD)
 - Average daily flow 4.5 MGD
- Rio de Flag WRP
 - Built 1996, liquid capacity 4 MGD
 - Average daily flow 2.3 MGD
- Combined liquid capacity 10 MGD



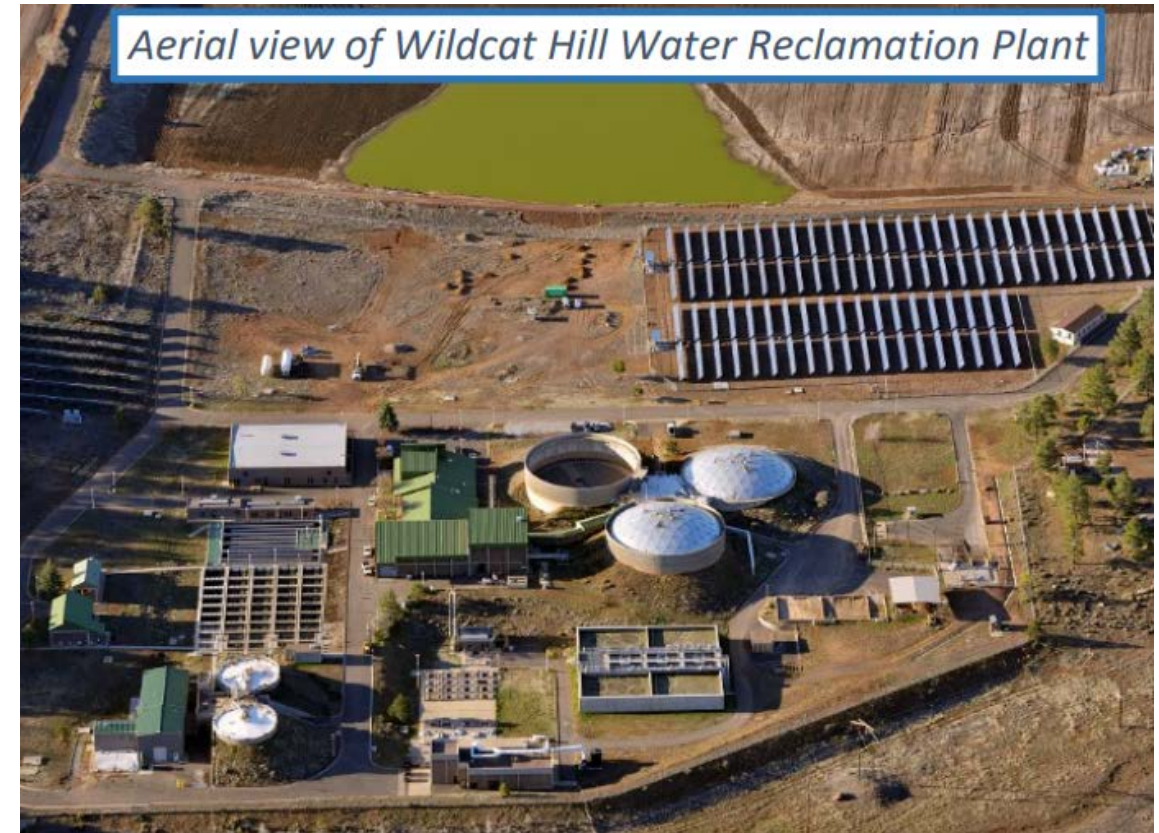
Wastewater Treatment Plant

- Why?
- Water conservation
 - Incredible work
 - National and State awards
- Low flow fixtures save water but...
- Likely deferred the need already



Wastewater Treatment Plant

- Construction cost estimates are \$25-\$30 per gallon in today's dollars
- Need for 10 MGD plant to match current capacity with an estimated cost of \$250-\$300M
- Estimated need to match future demand is 14 MGD with an estimated cost of \$350-\$420M



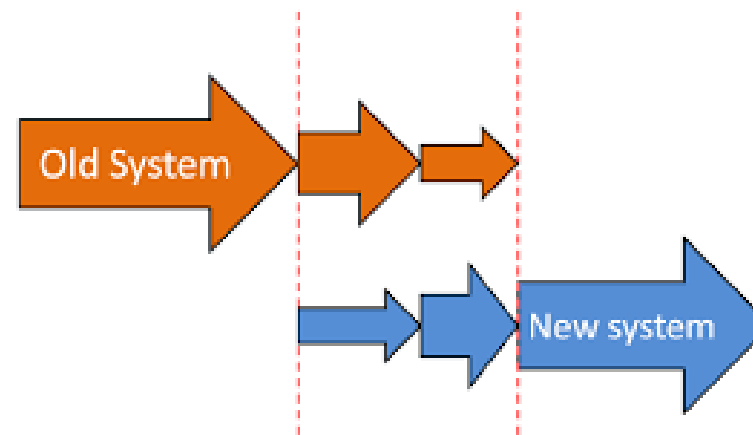
Wastewater Treatment Plant

All at once

- Ease of operations
- Potentially less expensive in the long run
 - \$300M currently
 - \$420M at buildout

Phased approach

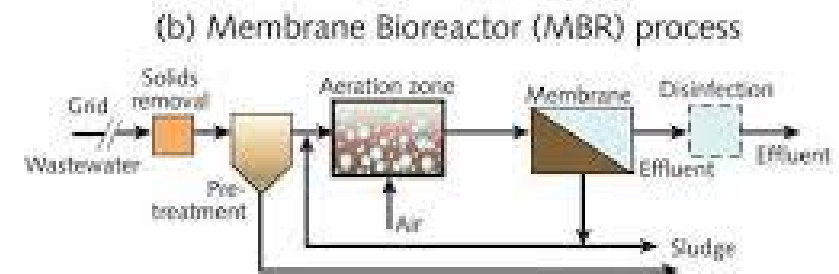
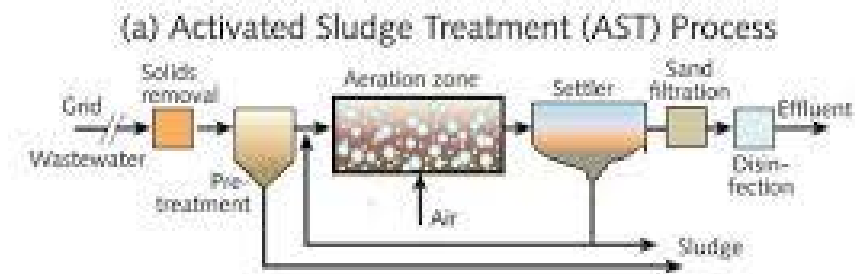
- Running two plants
- Could add cost
 - \$75M per cell



Wastewater Treatment Plant

Treatment Options

- Conventional
- Conventional + Integrated Fixed Film Activate Sludge at Wildcat
- Conventional - Bardenpho at Rio
- Membrane Biological Reactor (MBR)



Wastewater Treatment Plant

Membrane Biological Reactor (MBR)

- Recommended technology as precursor to advanced water treatment
- Operators would learn new process
- Can be phased
 - 2.5 MGD increments
- Apache Junction and Kyrene plants



Wastewater Treatment Plant



Funding

- Design in 10-Year Capital Improvement Program (CIP)
- Current rate structure does not support construction
- Potential funding strategies
 - GO Bond, Revenue Debt, Sales Tax, Rates
- Potential grant opportunities (aging infrastructure)
 - Water Resources Development Act (WRDA)
 - New plant design on an approved list of projects but not funded (\$5M)

Future Considerations Discussion



- Potential funding sources available in the Resource Toolbox
- Identified currently available or ability to build future capacity
- Shared some future considerations
- Council Discussion
 - Other considerations
 - Interest in continued exploration



The
Budget Team
CITY OF FLAGSTAFF



Break



The
Budget Team
CITY OF FLAGSTAFF



Council Parking Lot Adds/Deletes Discussion



The
Budget Team
CITY OF FLAGSTAFF



Public Participation



The
Budget Team
CITY OF FLAGSTAFF



Review and Confirm Council Direction



The
Budget Team
CITY OF FLAGSTAFF



Lunch



The Budget Team

CITY OF FLAGSTAFF