

# City of Flagstaff FY 2026-27 Budget

June 2, 2026





# Timeline



December  
19th

Council Budget  
Retreat

February  
5th

Council Budget  
Retreat

April  
23rd

City Manager  
Recommended  
Budget Retreat

June  
2<sup>nd</sup>

Tentative  
Budget  
Adoption

June  
16<sup>th</sup>

Property Tax  
Levy Hearing

First Read  
Property Tax  
Adoption

Final Budget  
Adoption

July  
7th

Second Read  
Property Tax  
Adoption



# Highlights



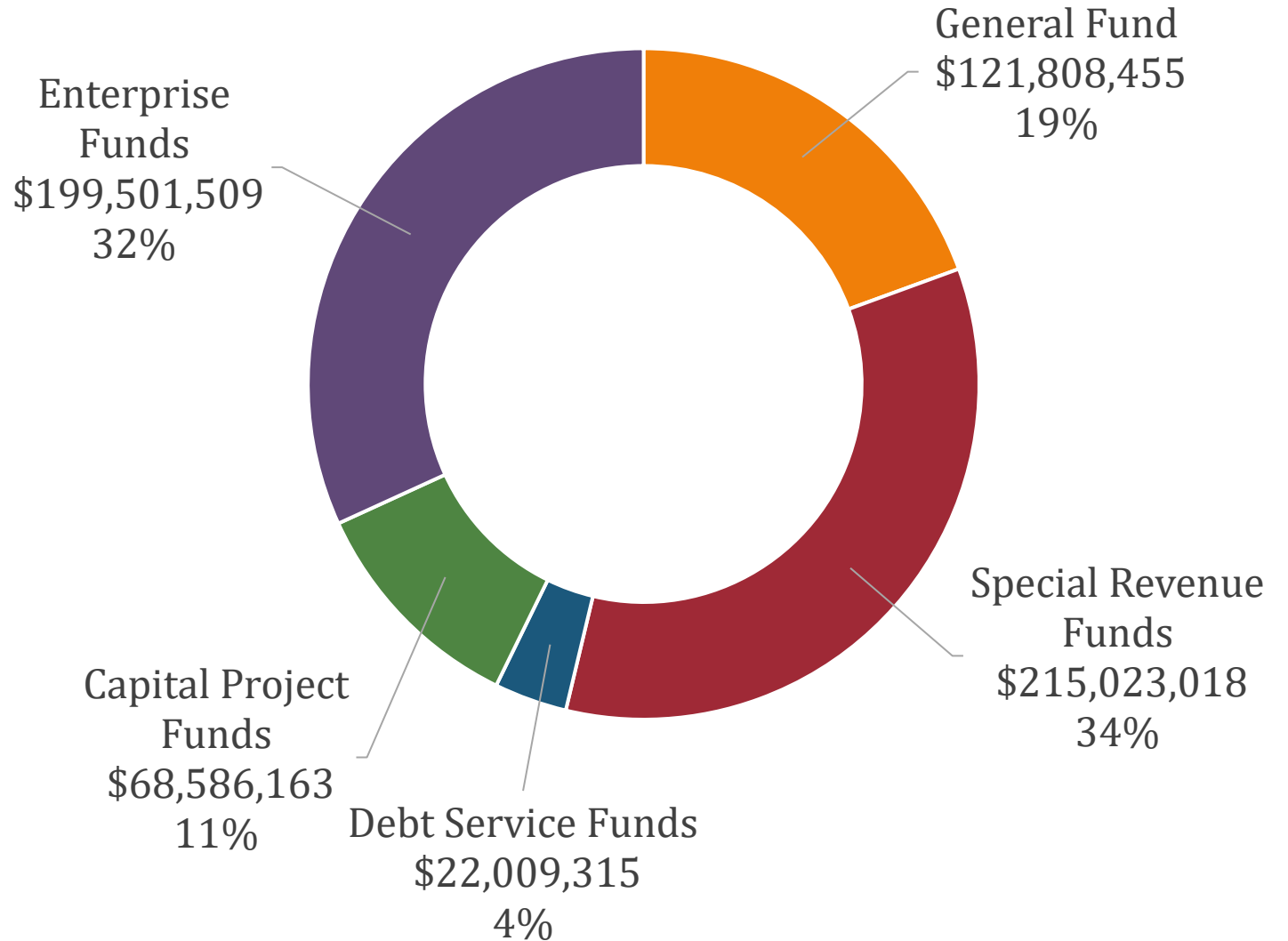
- Key Community Priorities and Objectives
- Council Priorities
- Property tax shift for Public Safety
- Compensation and benefits
- Basic services and operational needs
- Infrastructure needs
- Climate Neutrality Plan
- Housing 10 Year Plan



# Legal Schedule A

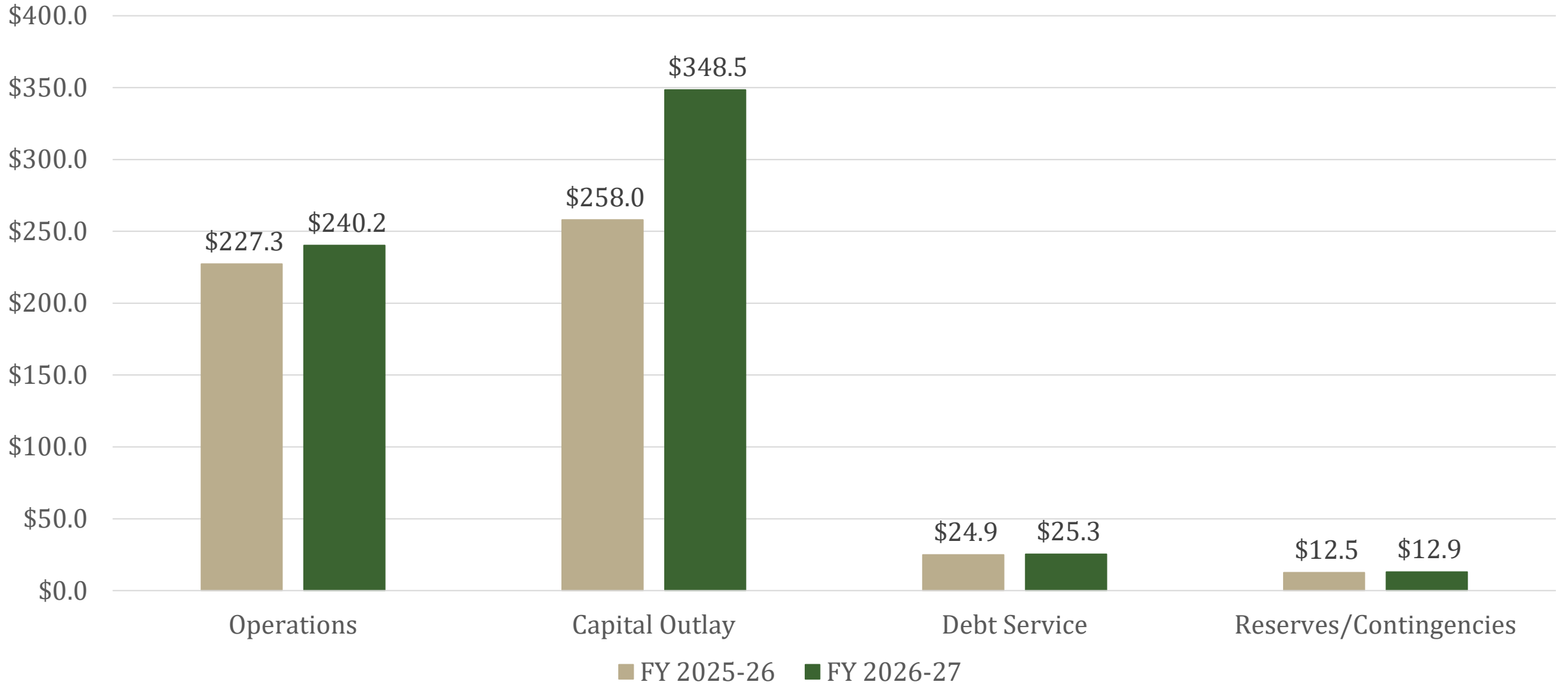
**Total  
FY 2026-27  
Budget:  
\$626,928,460**

**\$104.2M (20%) increase  
over FY 2025-26**





# Total Appropriations Comparison





# Total Employee Investment

- Pay for performance and step increases
- Starting wage adjustments for regular pay plan
- Minimum wage adjustments for temp pay plan
- Mid-year critical adjustments set-aside
- Maintained benefit cost share for all employees
- Increased parental leave benefit with additional two weeks
- Added an option for retirees to invest in a retiree health savings account



# Changes Since April Retreat

- Council Adds – \$29K
  - Literacy Center Programming and Dark Sky Compliance Funding
- Capital Improvement Program (CIP) Carryovers - \$37.6M
- Operating Capital Carryovers - \$11.6M
  - Fleet purchases, facilities maintenance projects
- Operational Carryovers - \$24.0M
  - Various studies, software and contracts
- Operating Grant Carryovers - \$3.3M



# Bed, Board, and Booze (BBB) Tax

- Part of Special Revenue Funds
- Renewed in November 2024
- 2% local transaction privilege tax imposed on lodging, restaurant, and lounge businesses
- City Code defines each segment that receives a BBB distribution
  - Arts and Science 7.5%
  - Economic Development 9.5%
  - Beautification 20%
  - Tourism 30%
  - Parks and Recreation 33%
- Per City Code, Tourism means the guidance, management, marketing, accommodation, promotion, and encouragement of tourists
- Commissions have been given authority to recommend expenditures of the BBB tax
- Fulfill commitment to the community during BBB tax renewal



# Additional Information

- The Tentative Budget Book will be available 6/3/2026 at the following locations:
  - City Website
  - City Clerk's Office
  - City Libraries
  - Available Upon Request
    - Heidi Derryberry ([hderryberry@flagstaffaz.gov](mailto:hderryberry@flagstaffaz.gov))
- Published in Arizona Daily Sun 6/4 and 6/11
- Questions Regarding Budget

Heidi Derryberry, Budget Director, [hderryberry@flagstaffaz.gov](mailto:hderryberry@flagstaffaz.gov), (928)-213-2215

# Questions

