

HOTEL MONTE VISIT

FLAGSTAFF ARIZONA EST. 1882



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ANCHERS,
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FLAGSTAFF ARIZONA

Council Budget Retreat

February 5, 2026

MOUNTAIN SPORTS
LOCAL LIFE STYLE



Agenda

- Budget Timeline
- Key Community Priorities and Objectives
- December Retreat Recap
- Revenue Updates
- Available Resources and Fixed Costs
- Emerging Needs
- Revenue Considerations
- Council Forum and Budget Expectations





HOTEL MONTE VISIT



Budget Timeline





Timeline



December
19th

Council Budget
Retreat

February
5th

Council Budget
Retreat

April
23rd & 24th

City Manager
Recommended
Budget Retreat

June
2nd

Tentative
Budget
Adoption

June
16th

Property Tax
Levy Hearing

First Read
Property Tax
Adoption

Final Budget
Adoption

July
7th

Second Read
Property Tax
Adoption

Key Community Priorities and Objectives



CITY OF FLAGSTAFF








Key Community Priorities



CITY OF FLAGSTAFF

Priority Based Budgeting Priorities and Objectives



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

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 –

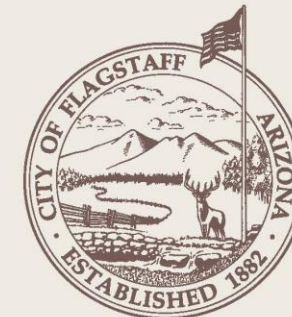
Fair and compassionate distribution of wealth, opportunities, and privileges

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





HOTEL MONTE VISIT

December Retreat Recap





December Retreat Recap - Themes

- Communicate...communicate...communicate
- Balancing priorities
 - Addressing core services and community expectations
- Set priorities through a strategic planning process
- Focus on core services
- Implement Regional Plan
- Ensure resources for capital projects
- Financial stability
- Honor non-core services brought to Council through the community



December Retreat Recap

Council's Aligned Priorities

- Core Services
 - Employee Compensation
 - Personnel
- Housing
- Economic Vitality
 - Tourism
 - Business Expansion
 - Small Business
- Capital Investment
 - Parks and Recreation
 - Forest Health
 - Sustainability
 - Infrastructure



HOTEL MONTE VISIT



Revenue Update





General Fund

- \$83M annual operating revenues*
 - 38% - General sales tax 1%
 - 39% - State shared revenues
 - 23% - Property taxes, licenses, permits, user fees, court fees, and interest
- Built in recession planning in year five (FY 2030-31)
- Revenues support 15 divisions and over 35 sections

*Excluding: Lease revenues, grants, contributions, miscellaneous, financing resources and transfers



General Fund



General Sales Tax Revenues Month over Month													
MONTH	Total	Utilities	Telecom	RestBar	Amusements	CommRental	PersRental	ConstrCont	Retail	Marketplace	Hotel/Motel /STR	Misc.	UseTax
\$ Change Year over Year													
JULY	(\$125,673)	\$ 34,684	(\$6,970)	(\$35,280)	(\$876)	(\$7,449)	(\$11,284)	(\$42,159)	\$36,864	(\$7,312)	(\$11,560)	(\$480)	(\$73,851)
AUGUST	(\$101,546)	(31,564)	(4,036)	15,311	1,942	364	(4,731)	34,664	(78,117)	16,577	(14,176)	(2,182)	(35,598)
SEPT	(\$4,428)	958	(7,127)	34,424	5,373	1,388	(14,630)	(18,922)	28,189	25,100	(12,318)	(1,672)	(45,191)
OCT	\$31,948	9,989	3,176	11,778	9,681	8,052	(5,570)	12,811	(19,574)	(12,264)	(13,433)	(3,378)	30,680
NOV	(\$1,382)	1,218	1,358	(18,753)	(13,236)	(2,176)	(6,480)	(93,830)	122,551	1,076	(50,066)	(2,962)	59,918
DEC	\$128,278	(9,724)	1,449	47,036	969	34,866	(5,928)	(9,770)	(27,092)	21,825	25,084	(163)	49,726
YEAR TO DATE	(\$72,803)	\$5,561	(\$12,150)	\$54,516	\$3,853	\$35,045	(\$48,623)	(\$117,206)	\$62,821	\$45,002	(\$76,469)	(\$10,837)	(\$14,316)

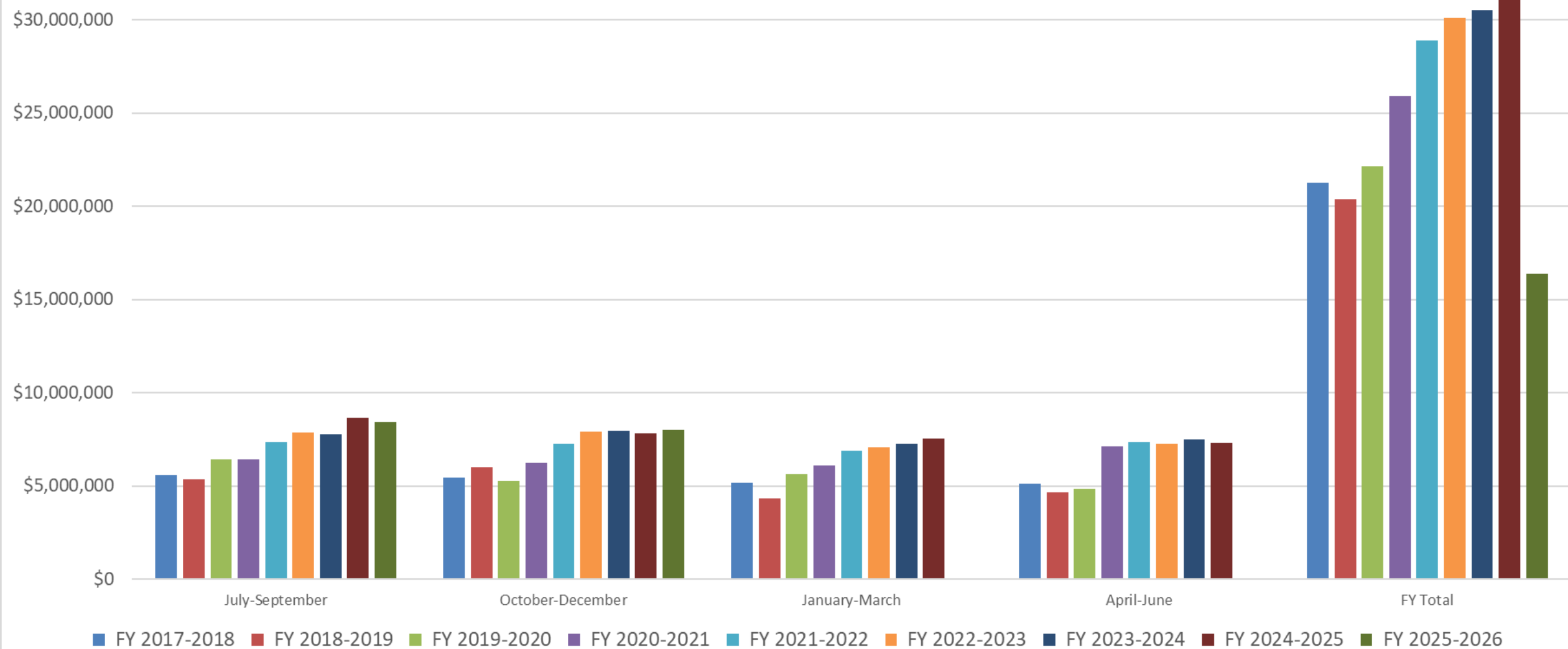
General Sales Tax Revenues Month over Month													
MONTH	Total	Utilities	Telecom	RestBar	Amusements	CommRental	PersRental	ConstrCont	Retail	Marketplace	Hotel/Motel /STR	Misc.	UseTax
% Change Year over Year													
JULY	-4%	40%	-40%	-9%	-6%	-5%	-11%	-14%	3%	-6%	-6%	-7%	-33%
AUGUST	-4%	-26%	-25%	4%	17%	0%	-7%	13%	-6%	18%	-7%	-31%	-20%
SEPT	0%	1%	-39%	9%	40%	1%	-11%	-7%	2%	18%	-6%	-28%	-25%
OCT	1%	10%	33%	3%	139%	6%	-7%	5%	-2%	-10%	-7%	-40%	20%
NOV	0%	1%	14%	-5%	-61%	-2%	-8%	-28%	10%	1%	-25%	-36%	50%
DEC	5%	-9%	15%	15%	9%	33%	-7%	-4%	-2%	17%	18%	-2%	52%
YEAR TO DATE	-1%	1%	-20%	4%	8%	7%	-13%	-10%	1%	9%	-10%	-38%	-2%



General Fund



Sales Tax Revenues by Quarter - Thru September 30, 2025





General Fund



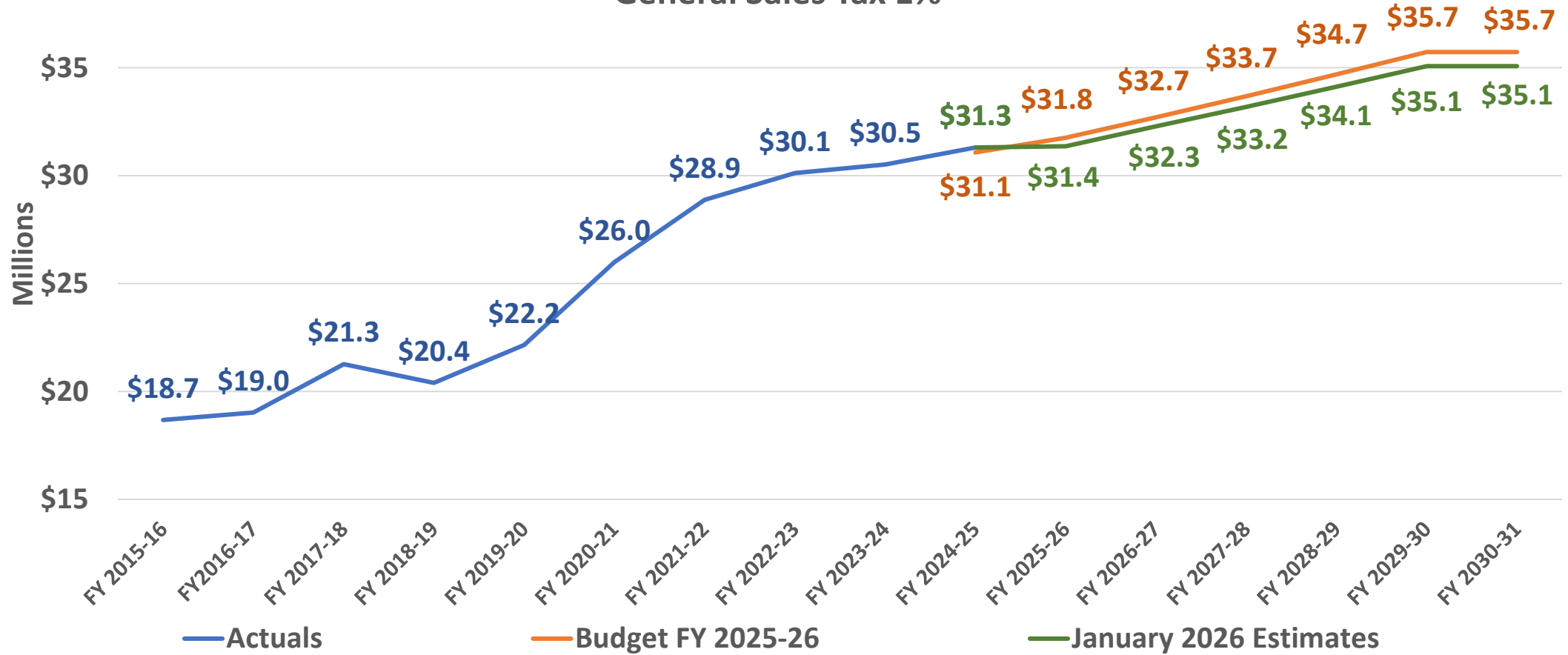
General Fund Sales Tax Revenues

Category	FY 2025-26 Budget	Estimate Thru September Returns	Estimate Thru October Returns	Estimate Thru November Returns	Estimate Thru December Returns	FY 2025-26 Estimate vs Budget	October % Change
Sales Taxes							
Utilities	\$ 1,342,300	\$ 1,330,000	\$ 1,347,000	\$ 1,347,000	\$ 1,337,000	\$ (5,300)	-0.4%
Telecommunications	165,600	128,000	134,000	136,000	138,000	(27,600)	-16.7%
Restaurant/Bars	4,228,200	4,244,000	4,254,000	4,233,000	4,270,000	41,800	1.0%
Amusements	134,900	157,000	162,000	150,000	144,000	9,100	6.7%
Commercial Rental	1,423,500	1,390,000	1,404,000	1,404,000	1,435,000	11,500	0.8%
Personal Property Rental	996,000	970,000	964,000	960,000	960,000	(36,000)	-3.6%
Contracting	3,120,900	3,115,000	3,118,000	3,015,000	2,980,000	(140,900)	-4.5%
Retail	14,845,100	14,670,000	14,628,000	14,738,000	14,770,000	(75,100)	-0.5%
Marketplace Retail	1,385,300	1,486,000	1,443,000	1,441,000	1,467,000	81,700	5.9%
Hotel/Motel/STR	2,155,300	2,053,000	2,043,000	1,999,000	2,015,000	(140,300)	-6.5%
Miscellaneous	83,100	69,700	66,400	64,800	64,700	(18,400)	-22.1%
Use Tax	1,872,500	1,648,000	1,700,000	1,741,000	1,780,000	(92,500)	-4.9%
Sales Taxes Total	\$ 31,752,700	\$ 31,260,700	\$ 31,263,400	\$ 31,228,800	\$ 31,360,700	\$ (392,000)	-1.2%
		\$ (492,000)	\$ (489,300)	\$ (523,900)	\$ (392,000)		



General Fund

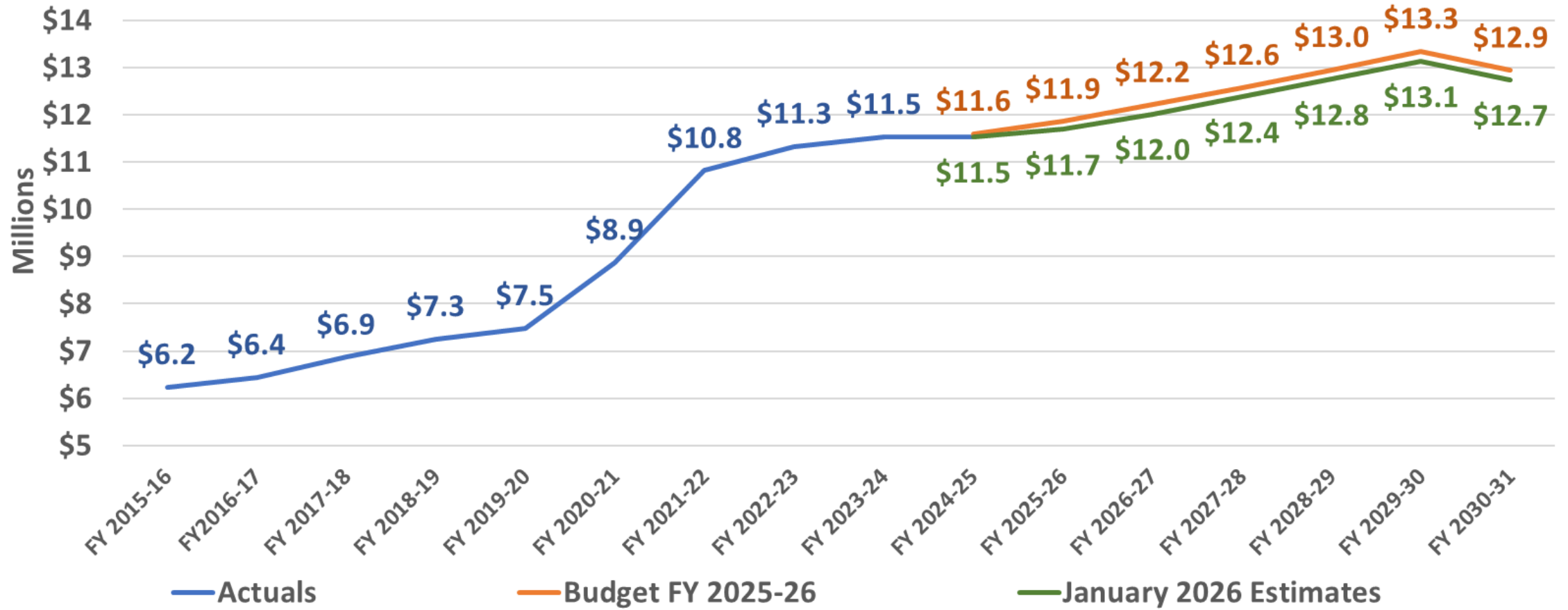
General Sales Tax 1%





General Fund

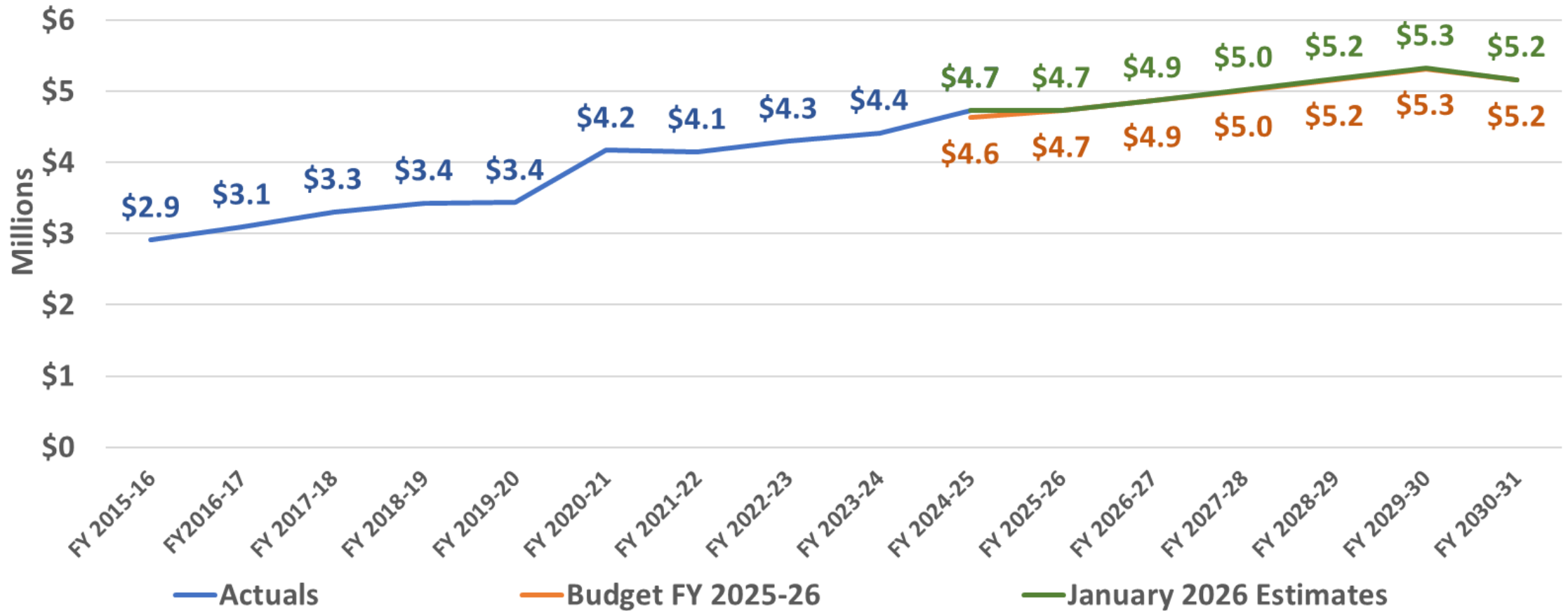
State Shared Sales Tax





General Fund

State Shared Auto Lieu

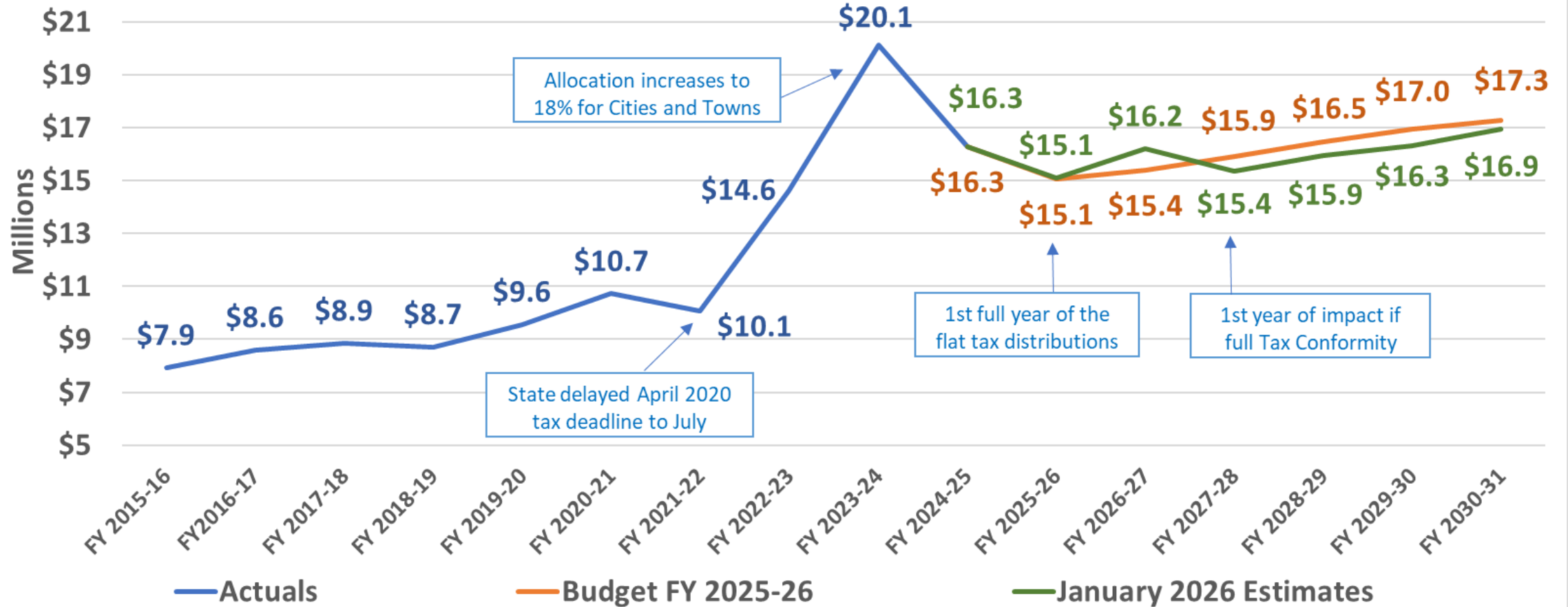




General Fund



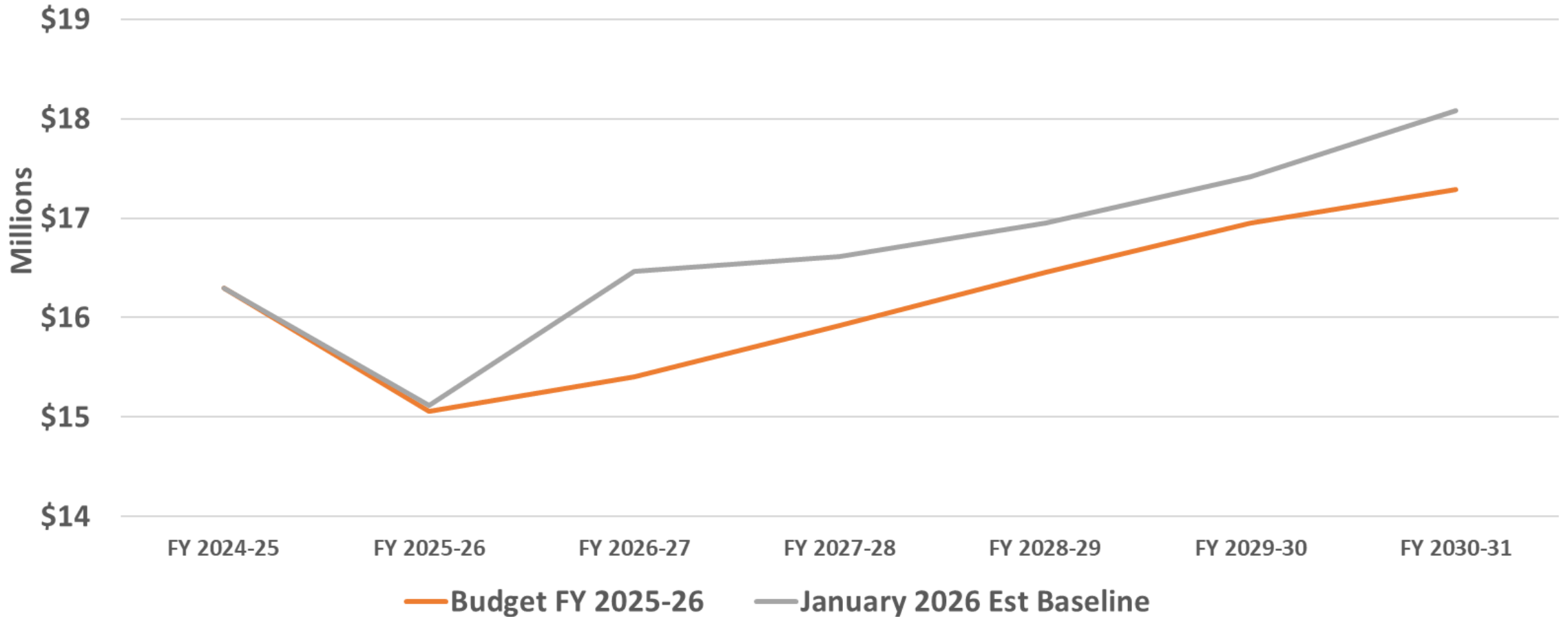
State Shared Urban Revenue (Income Tax)





General Fund

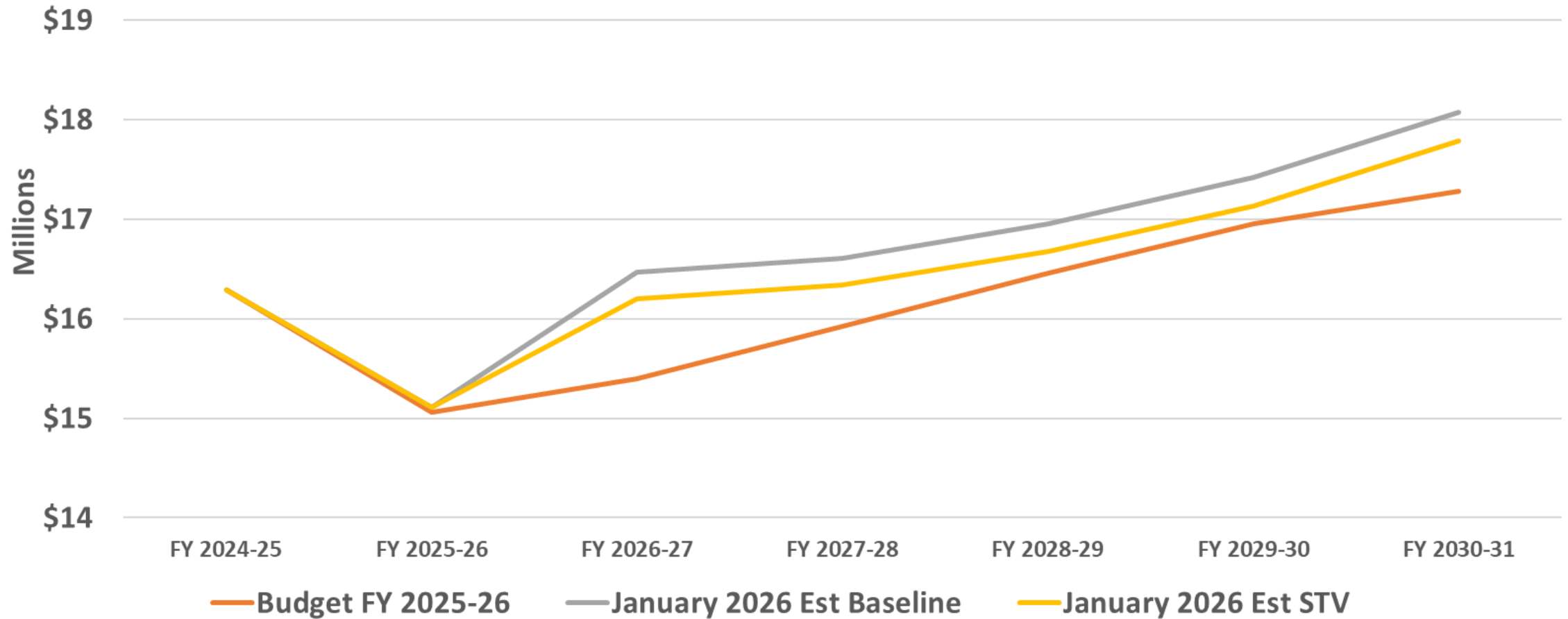
State Shared Urban Revenue (Income Tax)





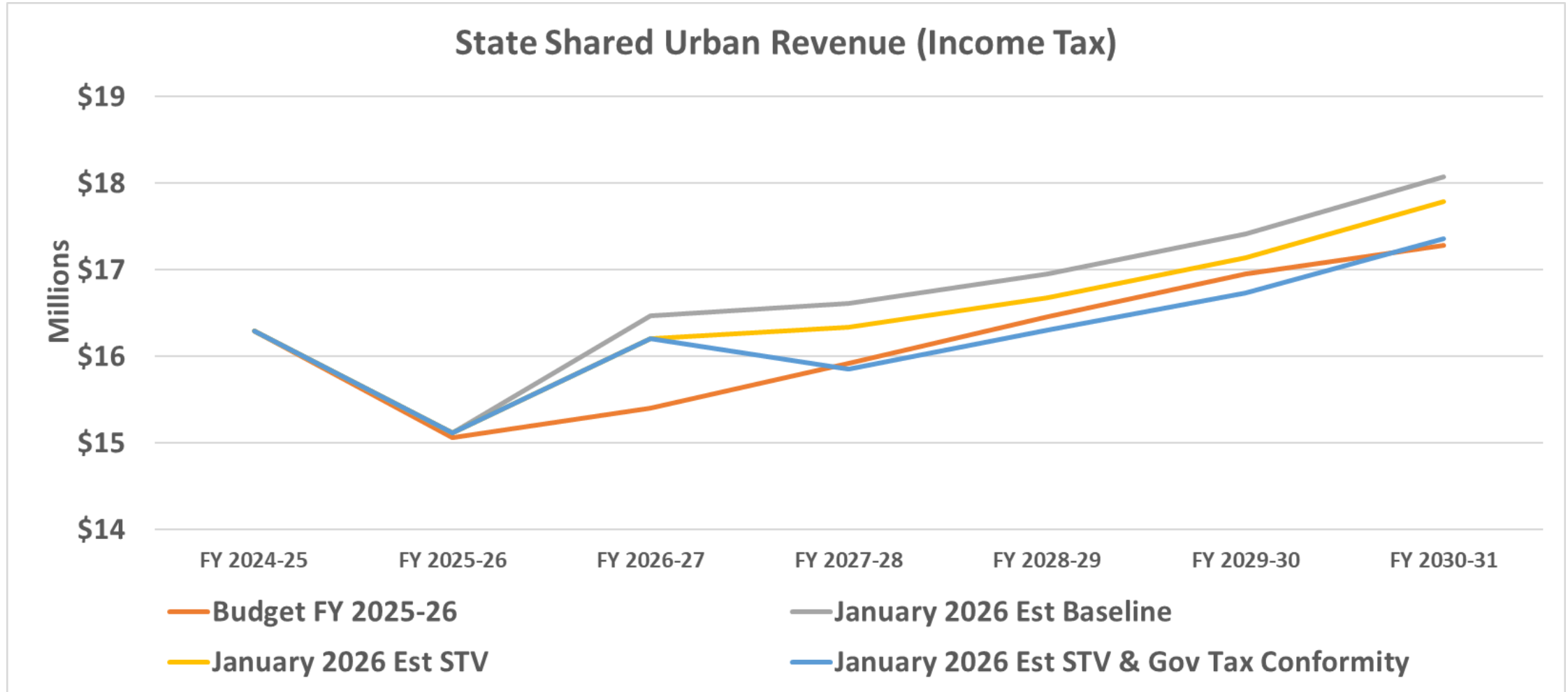
General Fund

State Shared Urban Revenue (Income Tax)





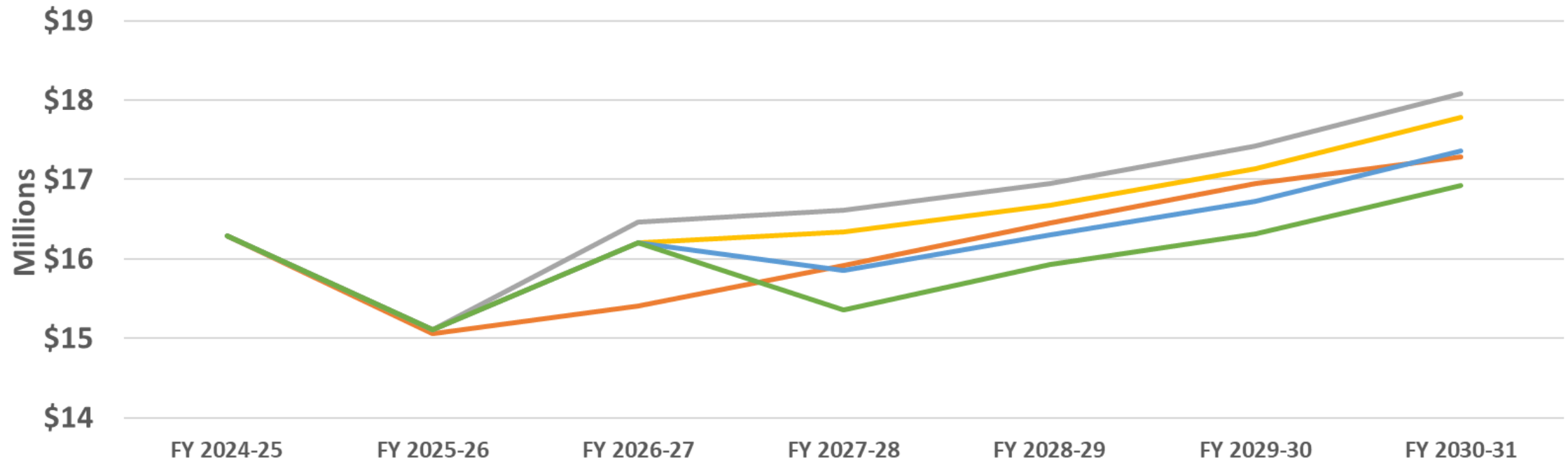
General Fund





General Fund

State Shared Urban Revenue (Income Tax)



- Budget FY 2025-26
- January 2026 Est STV
- January 2026 Est STV & Tax Conformity

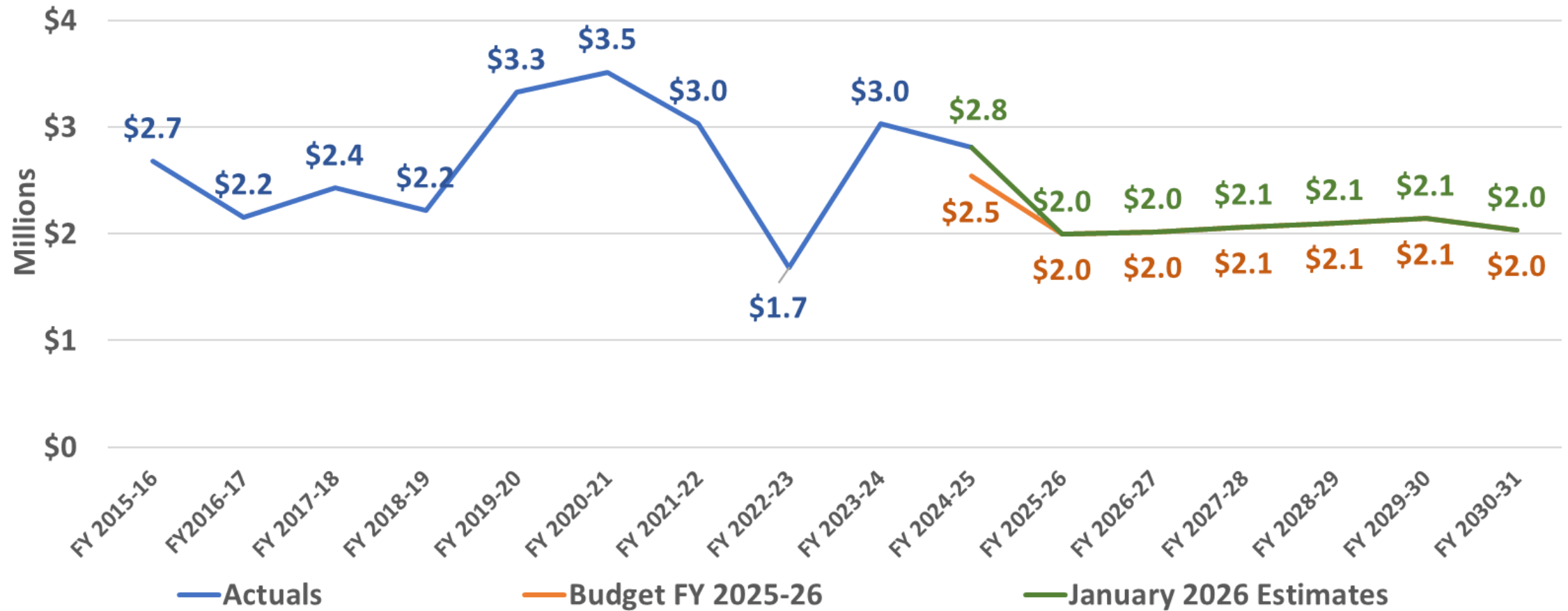
- January 2026 Est Baseline
- January 2026 Est STV & Gov Tax Conformity

Average of \$850K annual impact FY 28 to FY 30.



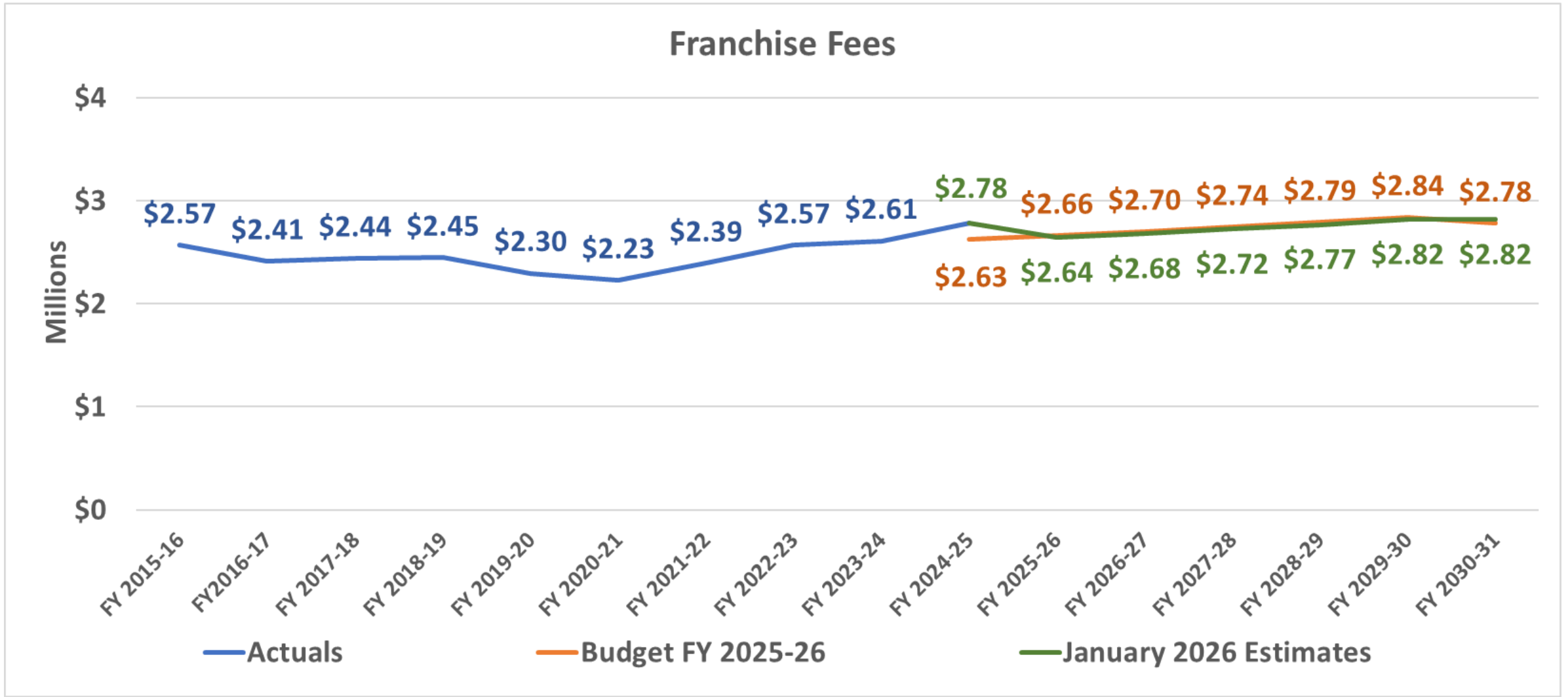
General Fund

Building Permits





General Fund





State Legislation Impacts

The following are some of the bills that could have a fiscal impact on City revenues

- Tax Conformity: Biggest impact to General Fund \$425-850K
- HCR1028, HB2839/Food Tax: No impact to City, but hurts many other cities and would create conflicting ballot measures
- HB2290 TPT Sourcing/Remote Sales Tax: Changes formula for where sales tax is charged
 - Shift to warehouse locations in Arizona
 - Every 10% shift has \$150K impact to General Fund plus Transportation Tax



State Legislation Impacts - Continued

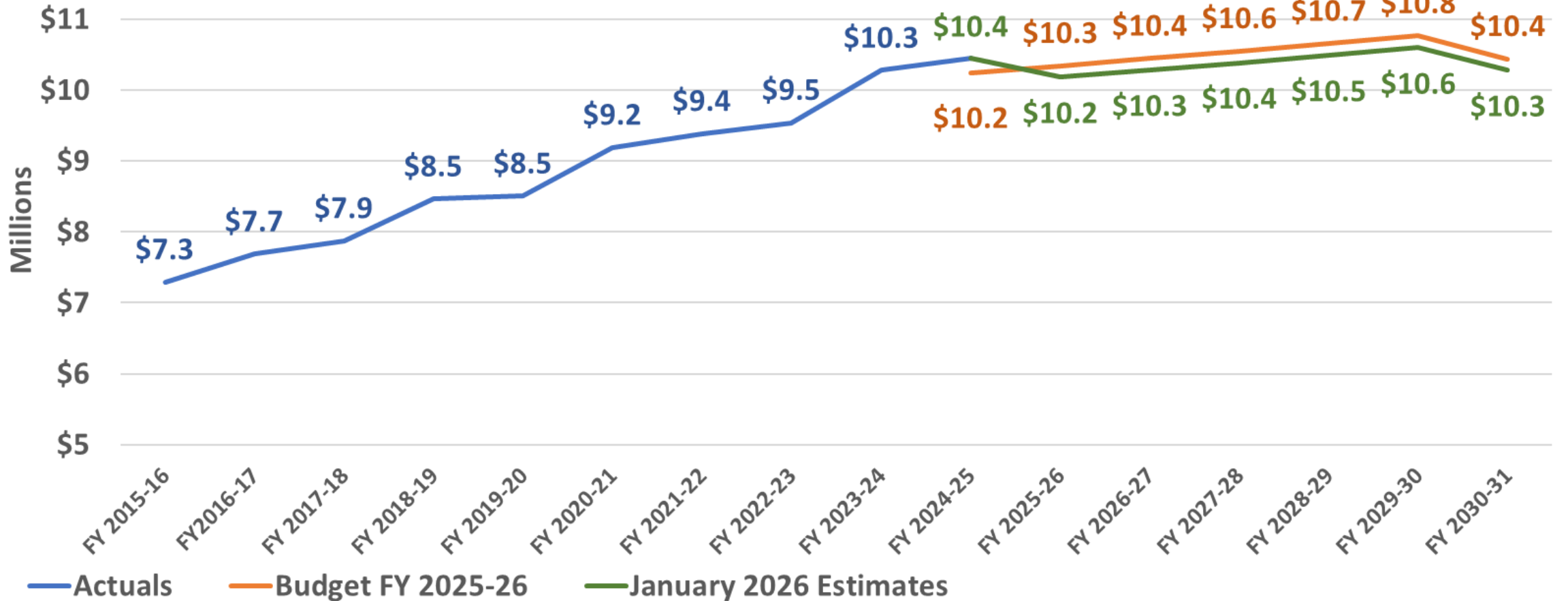


- HB2259: TPT; distribution; HURF : State TPT sales tax on electric vehicle charger diverts to HURF - this has pros and cons
- HB2400: motor fuel tax holiday: Maricopa and Pima Counties
 - May to September eliminate or reduce \$0.18 gas tax
 - Reduces HURF funds but try to keep cities whole
- HB2269, Utilities TPT exemption: Potential \$115M impact to all Cities over three year - \$1.5M impact to Flagstaff
- HB2119 Data Center TPT exemption: Change expiration of tax exemption from 12/31/2033 to 12/31/2026
 - Potential growth in State Share Sales Tax



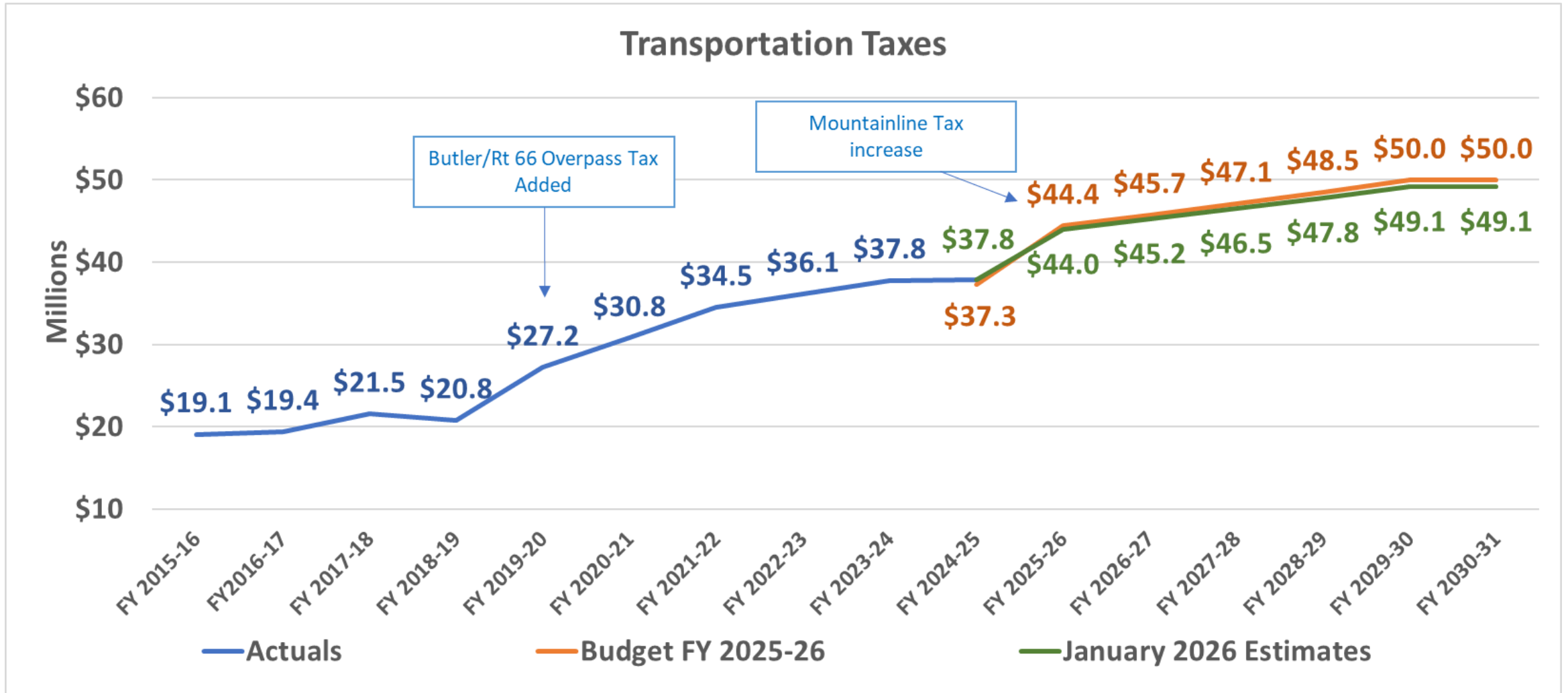
Highway User Revenue Fund

Highway User Revenue (Gas Tax)



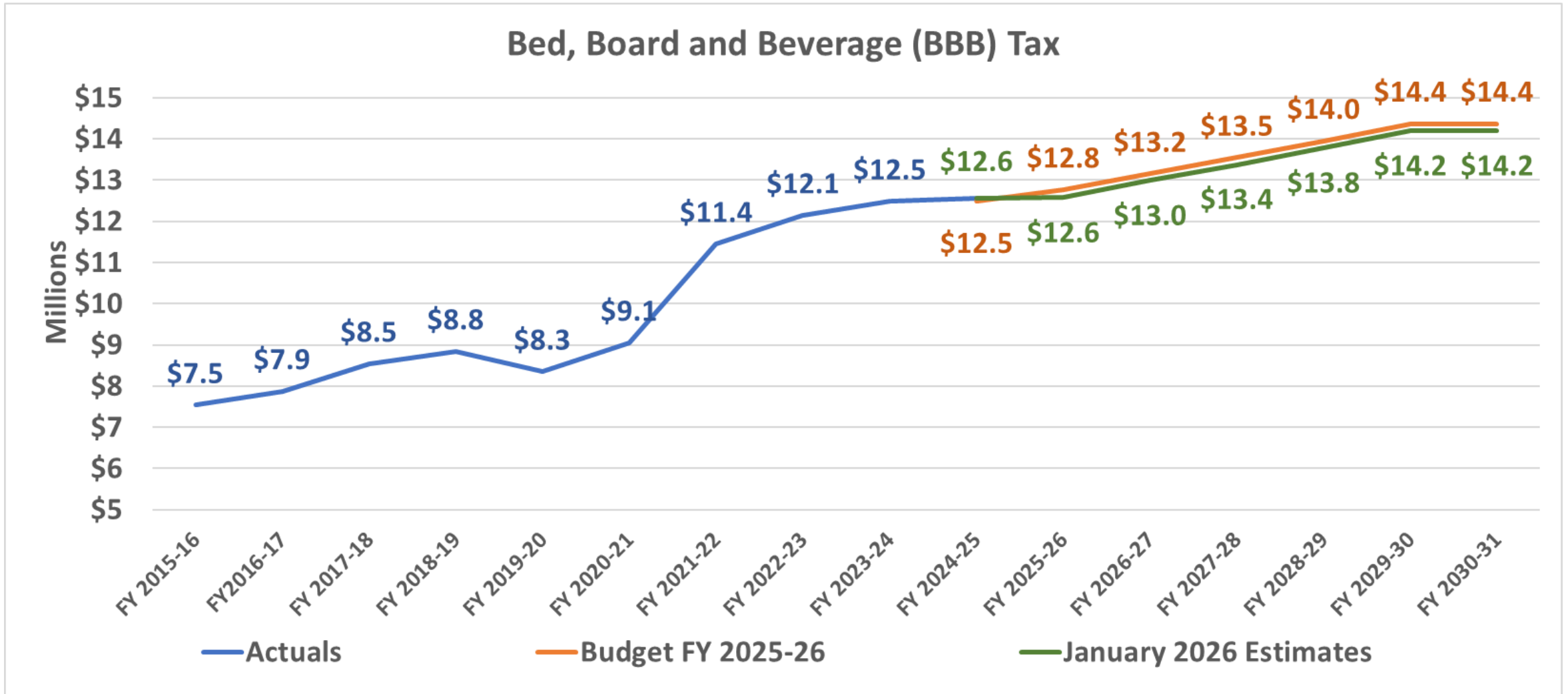


Transportation Taxes





Bed, Board and Beverage Funds



Available Resources and Fixed Costs

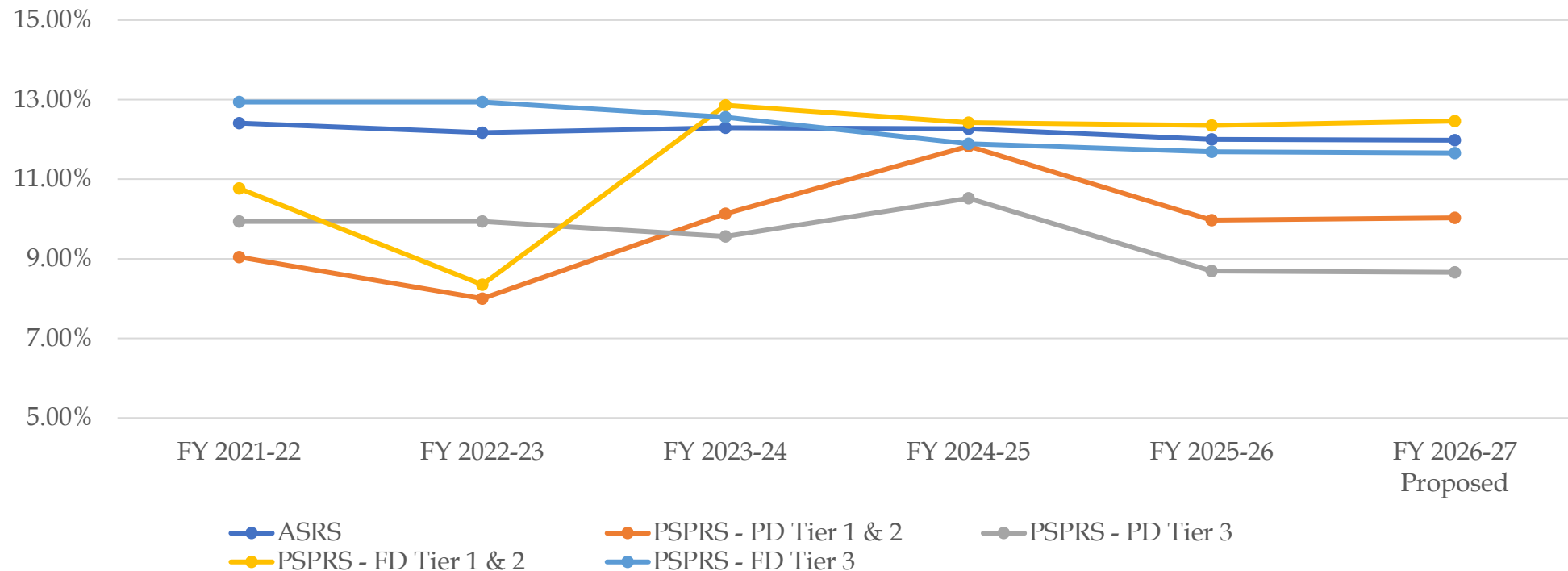




Pension Contribution Rates

Retirement Plan*	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27 Proposed
ASRS	12.41%	12.17%	12.29%	12.27%	12.00%	11.98%
PSPRS - PD Tier 1 & 2	9.04%	8.00%	10.13%	11.83%	9.97%	10.03%
PSPRS - PD Tier 3	9.94%	9.94%	9.56%	10.52%	8.69%	8.66%
PSPRS - FD Tier 1 & 2	10.77%	8.35%	12.86%	12.42%	12.35%	12.46%
PSPRS - FD Tier 3	12.94%	12.94%	12.56%	11.89%	11.69%	11.66%

*Excludes EORP

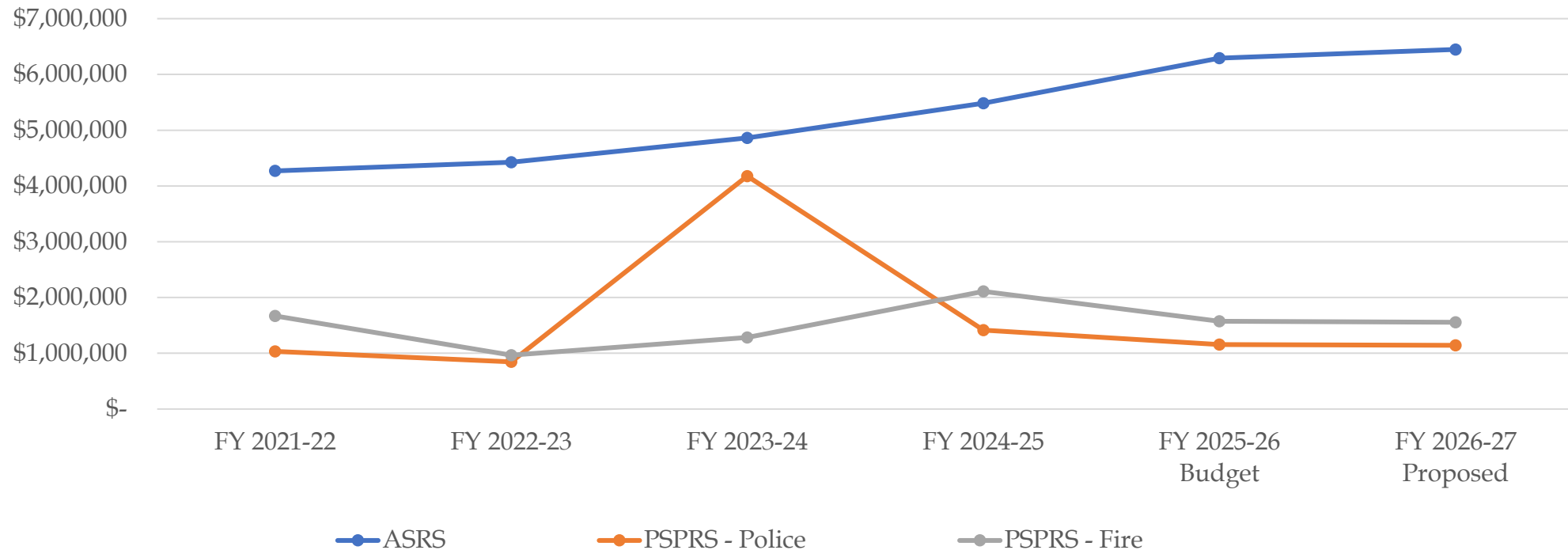




Pension Expenditures

Retirement Plan*	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Budget	FY 2026-27 Proposed
ASRS	\$ 4,270,225	\$ 4,424,530	\$ 4,863,673	\$ 5,481,561	\$ 6,292,210	\$ 6,447,986
PSPRS - Police	1,034,798	845,958	4,177,427	1,413,917	1,157,296	1,142,863
PSPRS - Fire	1,669,895	966,279	1,282,256	2,109,330	1,575,923	1,555,553
Total	\$ 6,974,918	\$ 6,236,767	\$10,323,356	\$ 9,004,808	\$ 9,025,429	\$ 9,146,402

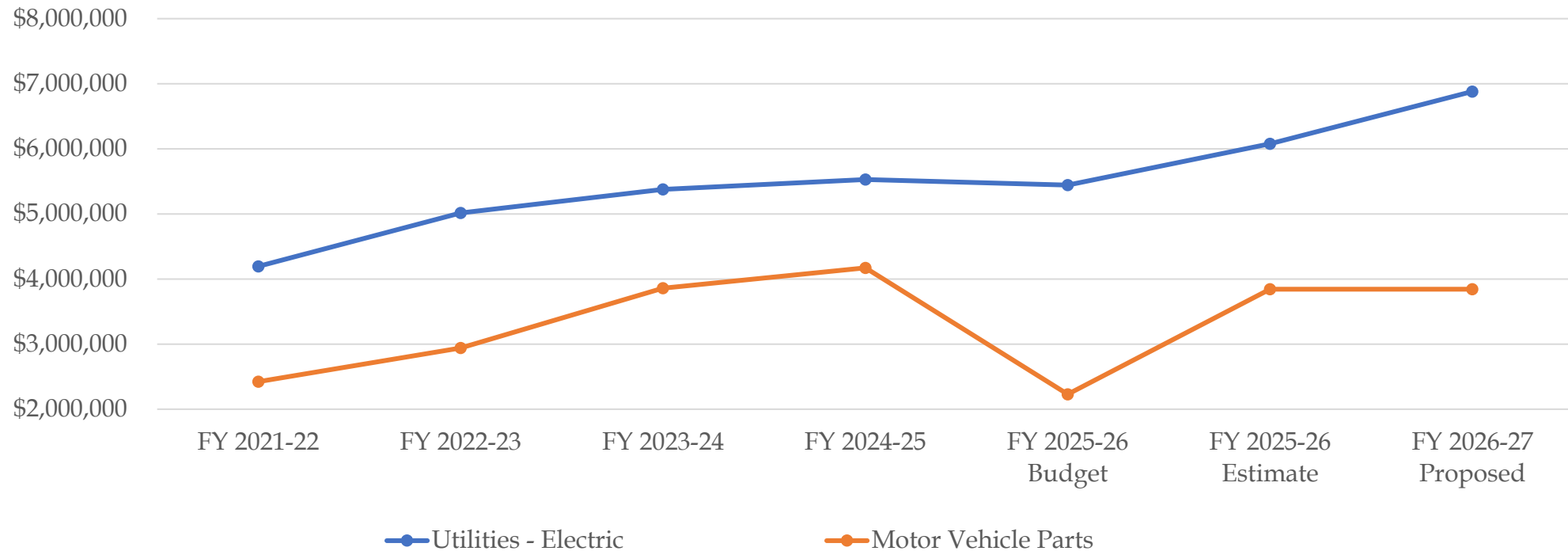
*Excludes EORP





Other Fixed Costs

Description	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Budget	FY 2025-26 Estimate	FY 2026-27 Proposed
Utilities - Electric	\$ 4,194,595	\$ 5,014,361	\$ 5,378,602	\$ 5,527,213	\$ 5,442,694	\$ 6,078,187	\$ 6,881,000
Motor Vehicle Parts	2,422,236	2,940,765	3,860,601	4,171,652	2,229,237	3,843,067	3,843,000





Available Resources – General Fund

General Fund	One-Time	Ongoing
FY 2024-25 Revenue Growth	\$ 4,411,000	\$ 0
FY 2024-25 Expenditure Savings	2,000,000	0
FY 2025-26 Revenue Estimate	911,000	0
FY 2025-26 Personnel Savings	0	375,000
FY 2026-27 Revenue Projection	1,045,000	(375,000)
Investment Earnings	2,245,000	500,000
10 Year Tax Conformity Revenue Loss Adjustments	(8,391,000)	0
Total Capacity	\$ 2,221,000	\$ 500,000



Fixed Costs – General Fund



General Fund	Ongoing
Pay for Performance/Step Increases (Funded)	\$ 2,115,000
Ongoing Operating Expenditures Funded One-time	3,832,000
Pension Cost Increase (Funded)	88,000
Medical/Dental Insurance – Maintaining Cost Share Ratio	358,000
Utility Rate Increases	330,000
Liability and Property Insurance	231,000
Workers' Compensation	TBD



Highway User Revenue Fund



Fiscal Health Concern

- Shift to more fuel-efficient vehicles impacts revenue
- Ongoing revenue distribution impacts due to San Tan Valley
- Operating costs are outpacing revenue growth
 - Increased personnel costs
 - Maintenance of existing streets
 - Maintenance of new infrastructure



Water Resource Infrastructure Protection Fund



Fiscal Health Concern

- Operational costs are out pacing revenue growth
- No capacity to implement new programs or increase staffing
- Currently included in the Public Safety ballot measure discussions
- Scheduled for fee review in calendar year 2028



Solid Waste Fund



Fiscal Health Concern

- Operational costs are out pacing revenue growth
- Material Recovery Facility (MRF)/recycling contract impacts
- Implemented service delivery changes to offset operational cost increases
- Continuing to look at operations for efficiencies
- Rate study this calendar year



Airport Fund



Fiscal Health Concern

- Operational costs are outpacing revenue growth
 - Paid parking not generating as much revenue as anticipated
 - Index B requiring ARFF 24/7 operations since FY 2020-21
 - TSA law enforcement officer reimbursement discontinued
 - Maintenance costs of runway continue to increase significantly
- No longer self-sufficient - \$300,000 annual support from General Fund
- Parking fee increases and badging fees adopted
- Staff actively working on:
 - 2nd airline
 - Airport rate study
 - Included in the Public Safety ballot measure discussions
 - Restart of commercial advertising
 - Future hangar leases



HOTEL MONTE VISIT



Emerging Needs





Ongoing Infrastructure Costs



- New infrastructure requires maintenance
- Ensure ongoing maintenance needs are identified and funded appropriately
- Examples
 - Beulah and University landscaping
 - Vegetation in city owned right of way
 - New roadway construction with developments
 - New buildings such as the Courthouse





Ongoing Infrastructure Costs



- Keeping sidewalks and trail systems maintained for multi-modal connection
- Maintaining accessibility
- Examples
 - Downtown infrastructure
 - Flagstaff Urban Trail System (FUTS)





Code Compliance



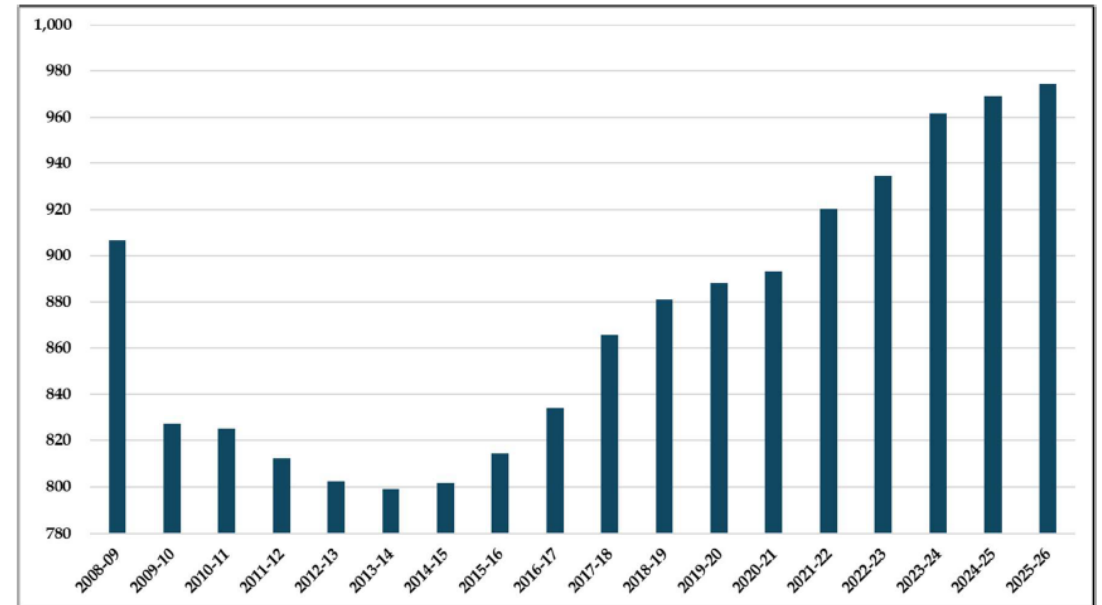
- Maintain community character and quality of life
- Keeping neighborhoods safe, clean and thriving
- Examples
 - Short-term rental accountability
 - Encourage voluntary compliance
 - Property care
 - Safe sidewalks





Personnel Needs

- Community growth and added programs
- Increased service level demands
- Limitations of ongoing revenue
- Pent up demand
- Examples
 - Public Safety
 - Public Works
 - City Engineering
 - Planning and Development Services





Future Projects

- Indigenous Community Cultural Center (ICCC)
- East Flagstaff Library
- Downtown Connection Center Civic Space





HOTEL MONTE VISIT



Revenue Considerations





Property Tax

Anatomy of Property Taxes

Tax Rate X Net Assessed Valuation (NAV) = Tax Levy (Revenue)

- Net Assessed Valuations are set by the County Assessor
 - Use the limited cash value versus the full cash value
 - Limited cash value can only increase up to 5% annually
 - Full cash value is 60% higher than limited cash value (20% in 2020)
 - Limited cash value is multiplied by the tax classification to get the NAV
 - Class 3 and 4 related to residential (primary, rental and second homes): 10%
 - Makes up about 67% of the NAV
 - Class 1 related to commercial (commercial, shopping centers, golf course, etc.): 16.5%
 - Makes up about 24% of the NAV



Property Tax

Anatomy of Property Taxes

Tax Rate X Net Assessed Valuation (NAV) = Tax Levy (Revenue)

- Tax Rate is adopted by City Council
 - Primary property tax rate creates a levy (revenue) to support the general operations of city government, unrestricted use
 - Secondary property tax rate creates a levy (revenue) to support the repayment of general obligation debt, restricted use
- Tax Levy is the result of the NAV and tax rate decisions
 - In FY 2023-24 the city tax levy made up approximately 21% of the total property tax bill



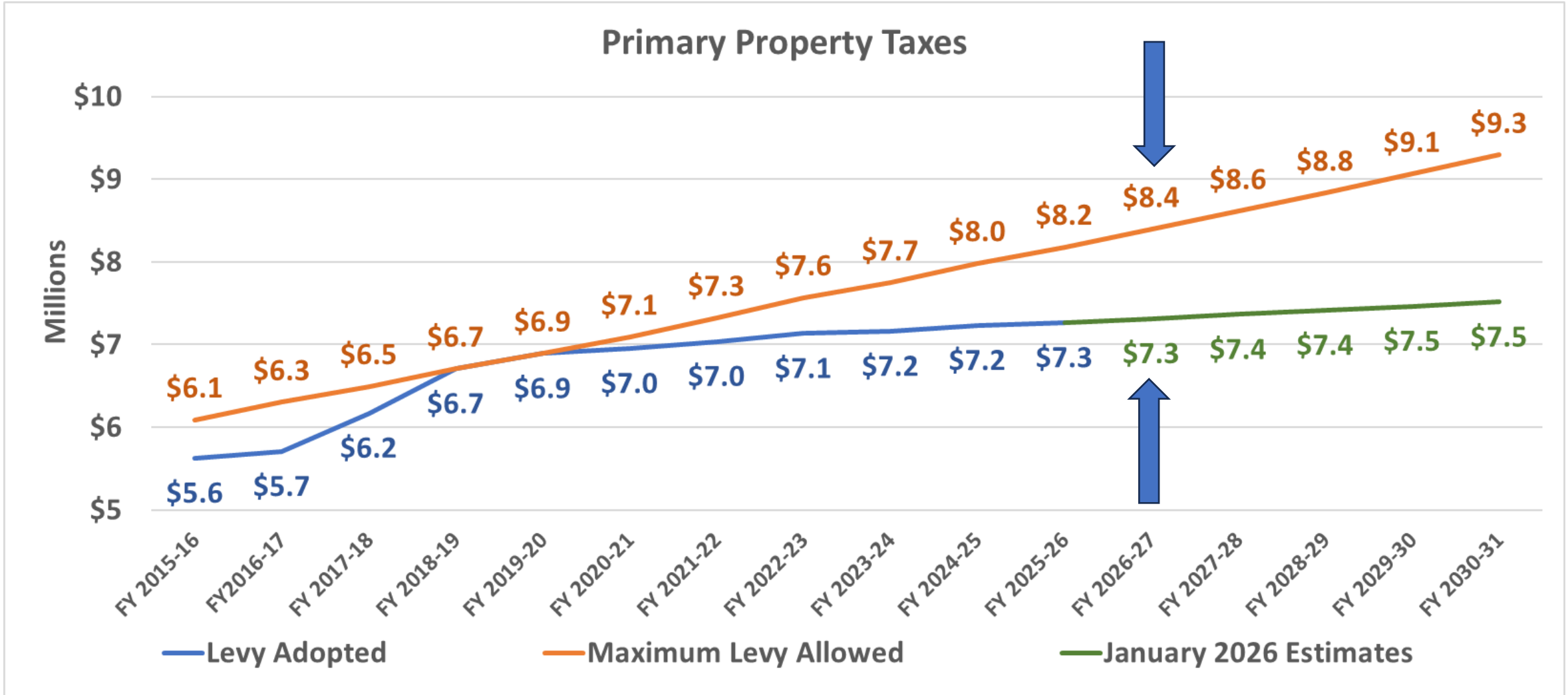
Primary Property Tax

- Rate adopted by City Council annually to impose a levy
- FY 2025-26 levy = \$7,264,480 (4.7% of General Fund revenue)
- State restrictions on annual increase in levy is 2%, plus new construction
- FY 2026-27 capacity up to 14%, approximately \$1,080,000 (not recommended)
- Requires 60-day public notice prior to adoption of an increase in the tax levy (excludes new construction)
- If increase direction given at April retreat, City will also follow Truth In Taxation requirements for tax adoption



Primary Property Tax

Primary Property Taxes





Secondary Property Tax

- Secondary property tax can only be used to pay back general obligation (GO) bonds
- To issue GO bonds, the City must receive voter approval at a November election
- City levies a secondary property tax for payment of debt
- Rate is calculated each year to confirm/adjust to projected debt obligations (property tax oversight)



Secondary Property Tax

- Legal Limits – assessed valuations (State statute)
 - 20% Limitation: Water, sewer, artificial lighting, parks, open space, recreational facilities, public safety, law enforcement, fire and emergency services and street and transportation facilities
 - Bond capacity in this limitation July 2025 = \$327M
 - 6% Limitation (e.g., Housing)
 - Everything else
 - Currently no issuance under this limitation
 - Bond capacity in this limitation July 2025 = \$110M



Secondary Property Tax

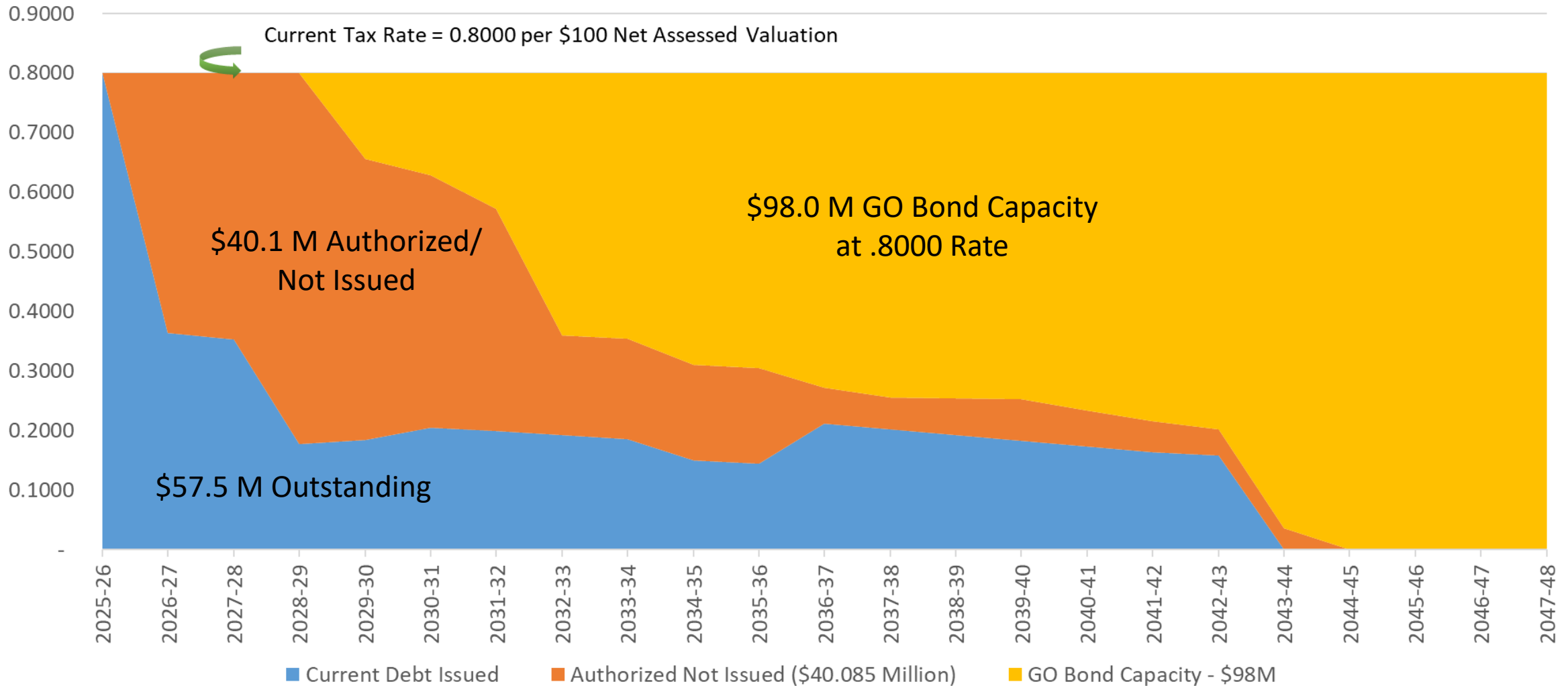
- Current rate is 0.8000 per \$100 of assessed valuation
 - Current policy to remain at or below 0.8000 rate based on promises made during past elections
 - The City is allowed to go above this rate for the purpose of paying debt
- Based on current projection of assessed valuations
 - Estimated capacity \$98M under current rate policy
 - Uses capacity through FY 2047-48
 - Increasing the rate adds bonding capacity
 - Decreasing the rate reduces bonding capacity



Secondary Property Tax



Secondary Property Tax Rate Capacity





Property Tax History



Property Tax Rates	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Primary	0.8233	0.8334	0.7933	0.7510	0.7186	0.6954	0.6634	0.6363	0.6045
Secondary	0.8366	0.8366	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
Total	1.6599	1.6700	1.5933	1.5510	1.5186	1.4954	1.4634	1.4363	1.4045

- FY 2017-18 and FY 2018-19 adopted maximum primary property tax levy
- FY 2019-20 reduced secondary property tax flat levy policy
 - November 2022 election presented with 0.8000 flat rate



Primary Property Tax Levy

Consideration of 2% Primary Property Tax levy increased
Approximately \$150K revenue
Residential Impact – Illustrative Only

Flat Levy/Flat Rate Policy	\$100,000 Property in TY 2025		\$105,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax (Flat Levy)	0.6045	\$ 60.45	0.5757	\$ 60.45
Secondary Property Tax (Flat Rate)	0.8000	\$ 80.00	0.8000	\$ 84.00
Total: City Taxing Authority	1.4045	\$ 140.45	1.3757	\$ 144.45
			Change	\$ 4.00

2% Levy Increase	\$100,000 Property in TY 2025		\$105,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax (2% Increase)	0.6045	\$ 60.45	0.5872	\$ 61.66
Secondary Property Tax (Flat Rate)	0.8000	\$ 80.00	0.8000	\$ 84.00
Total: City Taxing Authority	1.4045	\$ 140.45	1.3872	\$ 145.66
			Change	\$ 5.21

(*) Based on 5% maximum allowed



Primary Property Tax Levy

Consideration of 2% Primary Property Tax levy increased
Approximately \$150K revenue

Commercial Impact – Illustrative Only

Flat Levy/Flat Rate Policy	\$1,000,000 Property in TY 2025		\$1,050,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax (Flat Levy)	0.6045	\$ 997.43	0.5757	\$ 997.42
Secondary Property Tax (Flat Rate)	0.8000	\$ 1,320.00	0.8000	\$ 1,386.00
Total: City Taxing Authority	1.4045	\$ 2,317.43	1.3757	\$ 2,383.42
			Change	\$ 65.99

2% Levy Increase	\$1,000,000 Property in TY 2025		\$1,050,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax (2% Increase)	0.6045	\$ 997.43	0.5872	\$ 1,017.37
Secondary Property Tax (Flat Rate)	0.8000	\$ 1,320.00	0.8000	\$ 1,386.00
Total: City Taxing Authority	1.4045	\$ 2,317.43	1.3872	\$ 2,403.37
			Change	\$ 85.94

(*) Based on 5% maximum allowed



Property Tax Levy Shift



- Reduce Secondary Tax Levy
 - Manage future debt issuance within a lower rate
 - With Flat Rate, 0.8000, planned \$480K increase revenue for debt payments
- Increase Primary Tax Levy
 - Consider shifting 1/2 the secondary tax levy to primary
 - Provides \$240K unrestricted funds for the General Fund
- Still falls in current flat rate and flat levy plan



Property Tax Levy Shift

Consideration shift of 1/2 the planned Secondary Property Levy increase
 Approximately \$240K revenue to General Fund
 Residential Impact – **Illustrative Only**

Flat Levy/Flat Rate Policy	\$100,000 Property in TY 2025		\$105,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax (Flat Levy)	0.6045	\$ 60.45	0.5757	\$ 60.45
Secondary Property Tax (Flat Rate)	0.8000	\$ 80.00	0.8000	\$ 84.00
Total: City Taxing Authority	1.4045	\$ 140.45	1.3757	\$ 144.45
			Change	\$ 4.00

Tax Levy Shift	\$100,000 Property in TY 2025		\$105,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax	0.6045	\$ 60.45	0.5947	\$ 62.45
Secondary Property Tax	0.8000	\$ 80.00	0.7810	\$ 82.00
Total: City Taxing Authority	1.4045	\$ 140.45	1.3757	\$ 144.45
			Change	\$ 4.00

(*) Based on 5% maximum allowed



Property Tax Levy Shift

Consideration shift of 1/2 the planned Secondary Property Levy increase
 Approximately \$240K revenue to General Fund
Commercial Impact– Illustrative Only

Flat Levy/Flat Rate Policy	\$1,000,000 Property in TY 2025		\$1,050,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax (Flat Levy)	0.6045	\$ 997.43	0.5757	\$ 997.42
Secondary Property Tax (Flat Rate)	0.8000	\$ 1,320.00	0.8000	\$ 1,386.00
Total: City Taxing Authority	1.4045	\$ 2,317.43	1.3757	\$ 2,383.42
			Change	\$ 65.99

Tax Levy Shift	\$1,000,000 Property in TY 2026		\$1,050,000 Property in TY 2026 (*)	
City Taxing Authority	Rate	Taxes	Rate	Taxes
Primary Property Tax	0.6045	\$ 997.43	0.5947	\$ 1,030.37
Secondary Property Tax	0.8000	\$ 1,320.00	0.7810	\$ 1,353.05
Total: City Taxing Authority	1.4045	\$ 2,317.43	1.3757	\$ 2,383.42
			Change	\$ 65.99

(*) Based on 5% maximum allowed



Property Tax Direction

Staff is looking for direction on the following:

1. Increase primary property tax levy for budgetary needs
 - Each 2% levy increase is approximately \$150,000
2. Use the secondary property tax levy shift to increase the primary property tax levy
 - Staff will analyze how much the tax shift could be and maintain our ability to pay GO bond debt
 - If not chosen, we will continue to pay off debt sooner



User Fees and Rates

What user fees and rates we are reviewing...

- General Fund
 - Communication and Civic Engagement
 - Parks, Recreation, Open Space and Events
 - Short Term Rental License
- Airport
- Sustainability
- Solid Waste

Council Forum/ Budget Expectations

