

# Council Budget Retreat

April 23, 2026



# Overview





# Agenda



- Overview
- Fund Health
- Investing in Employees
- Employee Advisory Committee
- New Initiatives
- New Budget Appropriations
- Budget Request Focus and Limitations
- Capital Improvement Program
- Council Parking Lot (Adds/Deletes) and Discussion



# 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  
7<sup>th</sup>

Second Read  
Property Tax  
Adoption

# Fund Health





# Revenue Updates

## General Fund: Sales Tax

General Fund Sales Tax Revenues					
Category	FY 2025-26 Budget	Estimate Thru December Returns	Estimate Thru March Returns	FY 2025-26 Estimate vs Budget	% Change
<b>Sales Taxes</b>					
Utilities	\$ 1,342,300	\$ 1,337,000	\$ 1,337,000	\$ (5,300)	-0.4%
Telecommunications	165,600	138,000	139,000	(26,600)	-16.1%
Restaurant/Bars	4,228,200	4,270,000	4,342,000	113,800	2.7%
Amusements	134,900	144,000	142,000	7,100	5.3%
Commercial Rental	1,423,500	1,435,000	1,460,000	36,500	2.6%
Personal Property Rental	996,000	960,000	927,000	(69,000)	-6.9%
Construction Contracting	3,120,900	2,980,000	2,907,000	(213,900)	-6.9%
Local Retail	14,845,100	14,770,000	14,865,000	19,900	0.1%
Marketplace Retail	1,385,300	1,467,000	1,505,000	119,700	8.6%
Hotel/Motel/STR	2,155,300	2,015,000	2,042,000	(113,300)	-5.3%
Miscellaneous	83,100	64,700	69,675	(13,425)	-16.2%
Use Tax	1,872,500	1,780,000	1,809,000	(63,500)	-3.4%
<b>Sales Taxes Total</b>	<b>\$ 31,752,700</b>	<b>\$ 31,360,700</b>	<b>\$ 31,544,675</b>	<b>\$ (208,025)</b>	<b>-0.7%</b>
		<b>\$ (392,000)</b>	<b>\$ (208,025)</b>		

- Good tax revenue growth from January returns then flat revenues Feb/Mar
- Rest/ Bars, Lodging tax revenue \$99K projection increase
- Retail/Marketplace \$133K projection increase
- Contracting and Personal Property Rental \$106K projection decrease
- Overall, there is growth in sales tax, just not to budgeted levels



# Revenue Updates

## General Fund: Shared Revenue and Other

### General Fund State Shared Revenues

Category	FY 2025-26 Budget	Estimate Thru December Returns	Estimate Thru March Returns	FY 2025-26 Estimate vs Budget	% Change
State Shared Sales Tax	\$ 11,855,200	\$ 11,692,000	\$ 11,900,000	\$ 44,800	0.4%
State Shared Urban Revenue	15,062,100	15,113,661	15,113,600	51,500	0.3%
Auto Lieu Tax	4,722,600	4,730,000	4,790,000	67,400	1.4%
<b>Total</b>	<b>\$ 31,639,900</b>	<b>\$ 31,535,661</b>	<b>\$ 31,803,600</b>	<b>\$ 163,700</b>	<b>0.5%</b>
		\$ (104,239)	\$ 163,700		

### Select Other General Fund Other Revenues

Category	FY 2025-26 Budget	Estimate Thru December Returns	Estimate Thru March Returns	FY 2025-26 Estimate vs Budget	% Change
Primary Property Tax	\$ 7,216,000	\$ 7,216,000	\$ 7,291,000	\$ 75,000	1.0%
Building Permit	2,000,000	1,995,000	2,310,000	310,000	15.5%
Franchise Fees	2,661,500	2,689,000	2,660,000	(1,500)	-0.1%
<b>Total</b>	<b>\$ 11,877,500</b>	<b>\$ 11,900,000</b>	<b>\$ 12,261,000</b>	<b>\$ 383,500</b>	<b>3.2%</b>
		\$ 22,500	\$ 383,500		

- State Shared Sales Tax and Auto Lieu has shown better gains even after the San Tan Valley impact
- State Shared Urban Revenue will not see the tax conformity impacts until FY 2027-28
- Building Permits had good activity in Dec and Jan
- Overall, these General Fund revenues are anticipated to exceed budget



# Revenue Updates

## BBB/Transportation/HURF

BBB/Transportation Funds Sales Tax and HURF Revenues

Category	FY 2025-26 Budget	Estimate Thru December Returns	Estimate Thru March Returns	FY 2025-26 Estimate vs Budget	% Change
BBB Sales Taxes	\$ 12,767,000	\$ 12,570,000	\$ 12,768,000	\$ 1,000	0.0%
Transportation Taxes	38,276,500	37,892,900	38,091,400	(185,100)	-0.5%
Highway User Shared Tax	10,343,348	10,239,915	10,229,104	(114,244)	-1.1%
	<b>\$ 61,386,848</b>	<b>\$ 60,702,815</b>	<b>\$ 61,088,504</b>	<b>\$ (298,344)</b>	<b>-0.5%</b>
		<b>\$ (684,033)</b>	<b>\$ (298,344)</b>		

### BBB

- Restaurants/bars tax revenues continue to grow
- Lodging tax revenues saw a decline in Jan and increases in Feb/Mar
- Overall tax revenue growth in Rest/Bar is offset by reductions in lodging

Transportation mirrors General Sales Tax

HURF revenues are continuing to see volatility



# 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



# 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)



# Property Tax Rate Shift

## Consideration of a rate shift of 0.0400 from Secondary Property tax rate to a Primary Property tax rate

- Proposed primary property tax rate goes from 0.5807 to 0.6207
  - Increases Primary Property Tax Levy by \$537,089
  - Includes new construction \$34,355
  - Primary property allowable tax levy remaining is ~ 7%
  - Each additional 2% levy increase will provide \$150,000
- Proposed secondary property tax rate goes from 0.8000 to 0.7600
  - Decreases Secondary Property Tax levy by \$502,754
  - The lower rate still maintains \$95 Million capacity for future bond elections
- Overall total tax rate stays at 1.3807 (current total rate is 1.4045)
  - Decrease in rate is due to increase in assessed valuations, average 4.59%



# Property Tax Rate Shift

Consideration of a rate shift of 0.0400 from Secondary Property tax rate to a Primary Property tax rate

	Tax Rate	Baseline for Tax Year 2026		.0400 Tax Rate Shift	
		Tax Rate		Tax Rate	
		FY 2025-26	FY 2026-27	Change	FY 2026-27
<b>City Taxing Authority</b>					
Primary Property Tax	0.6045	0.5807	(0.0238)	0.6207	0.0162
Secondary Property Tax	0.8000	0.8000	-	0.7600	(0.0400)
<b>Total: City Taxing Authority</b>	<b>1.4045</b>	<b>1.3807</b>	<b>(0.0238)</b>	<b>1.3807</b>	<b>(0.0238)</b>

	Tax Levy	Baseline for Tax Year 2026		.0400 Tax Rate Shift	
		Tax Levy		Tax Levy	
		FY 2025-26	FY 2026-27	Change	FY 2026-27
<b>City Taxing Authority</b>					
Primary Property Tax	7,264,408	7,298,743	34,335	7,801,497	537,089
Secondary Property Tax	9,613,775	10,055,096	441,321	9,552,342	(61,433)
<b>Total: City Taxing Authority</b>	<b>16,878,183</b>	<b>17,353,839</b>	<b>475,656</b>	<b>17,353,839</b>	<b>475,656</b>



# Property Tax Rate Shift

Consideration of a rate shift of 0.0400 from Secondary Property tax rate to a Primary Property tax rate

## Residential Property Example

	Tax Year 2026		Tax Year 2026		Tax Year 2026	
	Baseline for Tax Year 2026		.0400 Tax Rate Shift			
	Tax Year 2026		Tax Year 2026		Tax Year 2026	
	\$333,057		\$349,611		\$349,611	
<b>Average Class 3.01 Residential AV</b>						
<b>City Taxing Authority</b>	Rate	Taxes	Rate	Taxes	Rate	Taxes
Primary Property Tax	0.6045	\$ 201.33	0.5807	\$ 203.02	0.6207	\$ 217.00
Secondary Property Tax	0.8000	\$ 266.45	0.8000	\$ 279.69	0.7600	\$ 265.71
Total: City Taxing Authority	1.4045	\$ 467.78	1.3807	\$ 482.71	1.3807	\$ 482.71
			Change	\$ 14.93	Change	\$ 14.93

Note: Based on the average Class 3.01 Residential Assessed Valuations

Residential Assessment Ratio is 10.0 for Tax Year 2025 and Tax Year 2026



# Property Tax Rate Shift

Consideration of a rate shift of 0.0400 from  
Secondary Property tax rate to a Primary Property tax rate

## Commercial Property Example

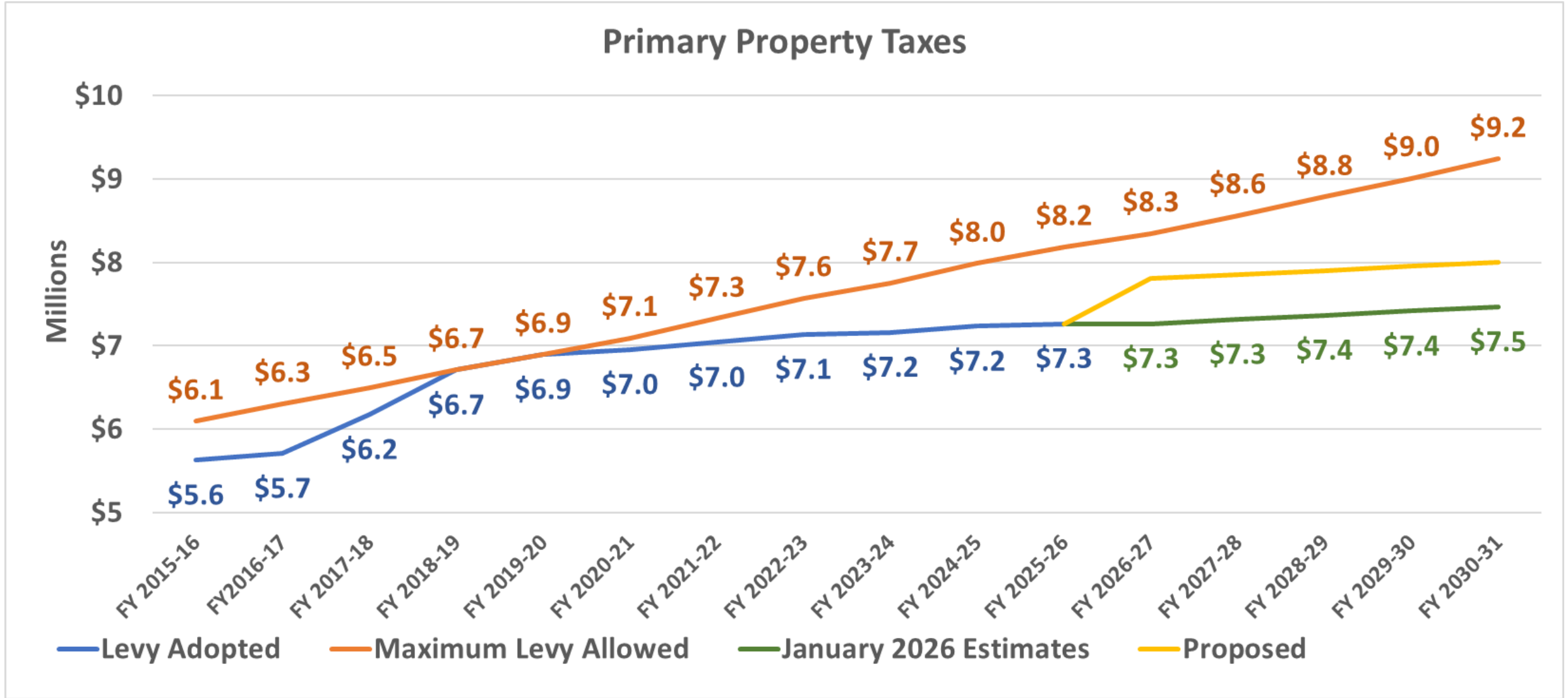
	\$1,000,000 Property in 2025		Baseline for Tax Year 2026		.0400 Tax Rate Shift	
			\$1,050,000 Property in 2026		\$1,050,000 Property in 2026	
City Taxing Authority	Rate	Taxes	Rate	Taxes	Rate	Taxes
Primary Property Tax	0.6045	\$ 967.20	0.5807	\$ 945.09	0.6207	\$ 1,010.19
Secondary Property Tax	0.8000	\$ 1,280.00	0.8000	\$ 1,302.00	0.7600	\$ 1,236.90
Total: City Taxing Authority	1.4045	\$ 2,247.20	1.3807	\$ 2,247.09	1.3807	\$ 2,247.09
			Change	\$ (0.11)	Change	\$ (0.11)

Note: Based on maximum 5% allowable assessed value increase

Commercial Assessment Ratio is reducing from 16.0 for Tax Year 2025 to 15.5 for Tax Year 2026



# Primary Property Tax





# Future Fund Health



- General Fund
  - Communication and Civic Engagement Fees
  - Parks, Recreation, Open Space and Events Rates and Fees
  - Short Term Rental License Fees
  - BBB Administration/Cost Allocation
- Airport
- Sustainability
- Solid Waste
- Development Fees in Review

# Investing in Employees



# Compensation Recommendations

## Pay for Performance and Step Increases

- Fully funded in 5 Year Plans

## Starting Wage – Regular Pay Plan

- New starting wage \$19.48
- Effective 7/1/26

## Minimum Wage – Temp Pay Plan

- Adjust to legal minimum wage
- Effective 1/1/27

## Mid-year Critical Adjustments

- Set-aside to address critical positions





# Benefit Recommendations

Medical and Dental Insurance	<ul style="list-style-type: none"><li>• Maintain cost share for all employees</li><li>• Medical base plan continues to be free for employee with wellness participation</li></ul>
Parental Leave	<ul style="list-style-type: none"><li>• Additional two weeks for total of six weeks paid</li></ul>
Retiree Health Savings Account	<ul style="list-style-type: none"><li>• Option for retirees to invest in a Health Savings Account</li></ul>
Other	<ul style="list-style-type: none"><li>• Citywide tuition assistance</li><li>• EcoPass Program</li><li>• Employer Assisted Housing Program</li></ul>



# Market Pay Update



## What We've Completed:

- A full review of all classifications over the past five years (2022-2026)
- Brought all classifications within 7.5% of market average mid-point
  - \$12M total investment
  - \$4.4M in market adjustments completed in FY 2025-26

## What We've Learned:

- Some classifications wait years for review when below market, but not far enough behind (-7.5%) to adjust
- Positions reviewed at different times in the cycle resulted in compression
- Too much data collection takes a lot of time, and can make results less clear
- Current process is not budget sustainable long-term



# Market Pay Update

## What's Next:

- Improve how we review jobs, and collect and validate market data
  - Focus on the roles that are the most behind market
  - Review job families and groups of positions together to mitigate compression
  - Find a way to study positions more frequently
- Build a more consistent and sustainable approach

## Looking Ahead:

- Goal remains to maintain a total compensation package *that is internally equitable and externally competitive and within the financial capability of the City*
- Develop a market review plan to meet as many goals above as possible
- During FY 2026-27 refine the process with internal teams (Class & Comp Advisory Team, Employee Advisory Committee) and a consultant
- Recommend timely compensation changes that are beneficial to all employees and are within the City's financial capability

# Break



# Employee Advisory Committee





# Employee Advisory Committee

1. Compensation
  - a) Start the first of the 4-year cycle of market adjustments by addressing those positions farthest out of the market
  - b) Fully fund those market increases in all pay plans
2. Be competitive with medical cost-sharing ratios
3. Expansion of sick leave payout increase and retiree HSA
4. Expansion of parental leave

Future considerations: continue the above priorities

# New Initiatives





# Custodial Team



- Annual contractual increases due to minimum wage
- Desire a higher quality outcome
- Custodial contract will remain for some facilities
- Repurpose some contractual budget allocation towards internal team and resources
- New program added to Public Works Facilities
- Eight Custodial Staff with one Supervisor
- Public Works meeting with each facility to discuss set up



# Right-of-Way Team



- Growing infrastructure led to unassigned areas
- Maintain right of way
- Right of way includes medians, easements, alleys, and roadways owned by the City
- Align work into one division instead of a shared responsibility between PROSE and Public Works
- Three Maintenance Workers, one Maintenance Technician and one Supervisor
- Next Steps
  - Map locations and define expectations
  - Hire and onboard of staff



# Communications



- Build capacity for community outreach by investing in Public Affairs staffing
  - Create a new position – Digital Media Specialist – dedicated to website management, ensuring compliance and improving the user experience and better utilizing technological advancements
  - This allows other staff in Public Affairs to focus on strategic outreach, engagement, high-level communication initiatives, as well as social media presence, photography and video initiatives and digital accessibility
  - Establishing this position strengthens the City's communications program by centralizing web expertise, improving quality, and ensuring the City delivers the accessible, user-friendly digital services our community deserves



# Technology



## Committed to application modernization

- Current work program
  - Computer Aided Dispatch (CAD) and Records Management Software (RMS) for public safety
  - Fleet software
  - Procurement and contracts software
  - PROSE software
- Next projects
  - Enterprise Resource Planning (ERP) software
    - Financial, Human Resources, Payroll, Work Orders, Billing, Budgeting, Cash Receipts
  - Planning & Development Services permitting software



# Ballot Measure



- Public Safety Ballot Measure
- Funding for Emergency Management, Fire, Wildland Fire Management, Aircraft Rescue and Firefighting, and Police
- Citizen Committee meeting regularly
- Community survey completed
- Community members invited to join Committee meetings to share public comment beginning April 22<sup>nd</sup>
- Committee recommendation scheduled for June 2<sup>nd</sup> Council meeting
- Potential ballot measure for November 2026 election



# Downtown Enhancements



- Greater support to a leading economic driver in the community
- City contract with Flagstaff Downtown Business Alliance
- Partner with an agency that works to preserve, promote, and enhance the vitality of Historic Downtown
- Enhance sanitation, maintenance, beautification, and events and marketing
- Three-year term with renewal up to two additional one-year terms
- Presentations to Council twice per year



# Budget Process Improvements

- Priority Based Budgeting (PBB) in use at the City of Flagstaff for seven years
- Utilized PBB this budget process, but focusing budget priorities on Council Priorities
  - This year, aligning budget allocations with Council Priorities
  - Next year, will align budget allocations with future Strategic Plan that will be complete by the Fall 2026
- Revising policies and procedures including processes for mid-year requests, budget adjustments, historical capacity of divisions
- Budget section is researching budget software for future use (could be included in new ERP)

# New Budget Appropriations





# Total Budget Requests



Total General Fund Budget Requests	Ongoing	One-Time
Personnel*	\$ 5,720,870	\$ 348,588
Other Budget Requests	7,272,508	20,208,709
Total Requests	\$ 12,993,378	\$ 20,557,297

Total All Other Budget Requests	Ongoing	One-Time
Personnel*	\$ 1,986,447	\$ 583,029
Other Budget Requests	7,186,332	29,533,052
Total Requests	\$ 9,172,779	\$ 30,116,081

<b>Total All Funds</b>	<b>\$ 22,166,157</b>	<b>\$ 50,673,378</b>
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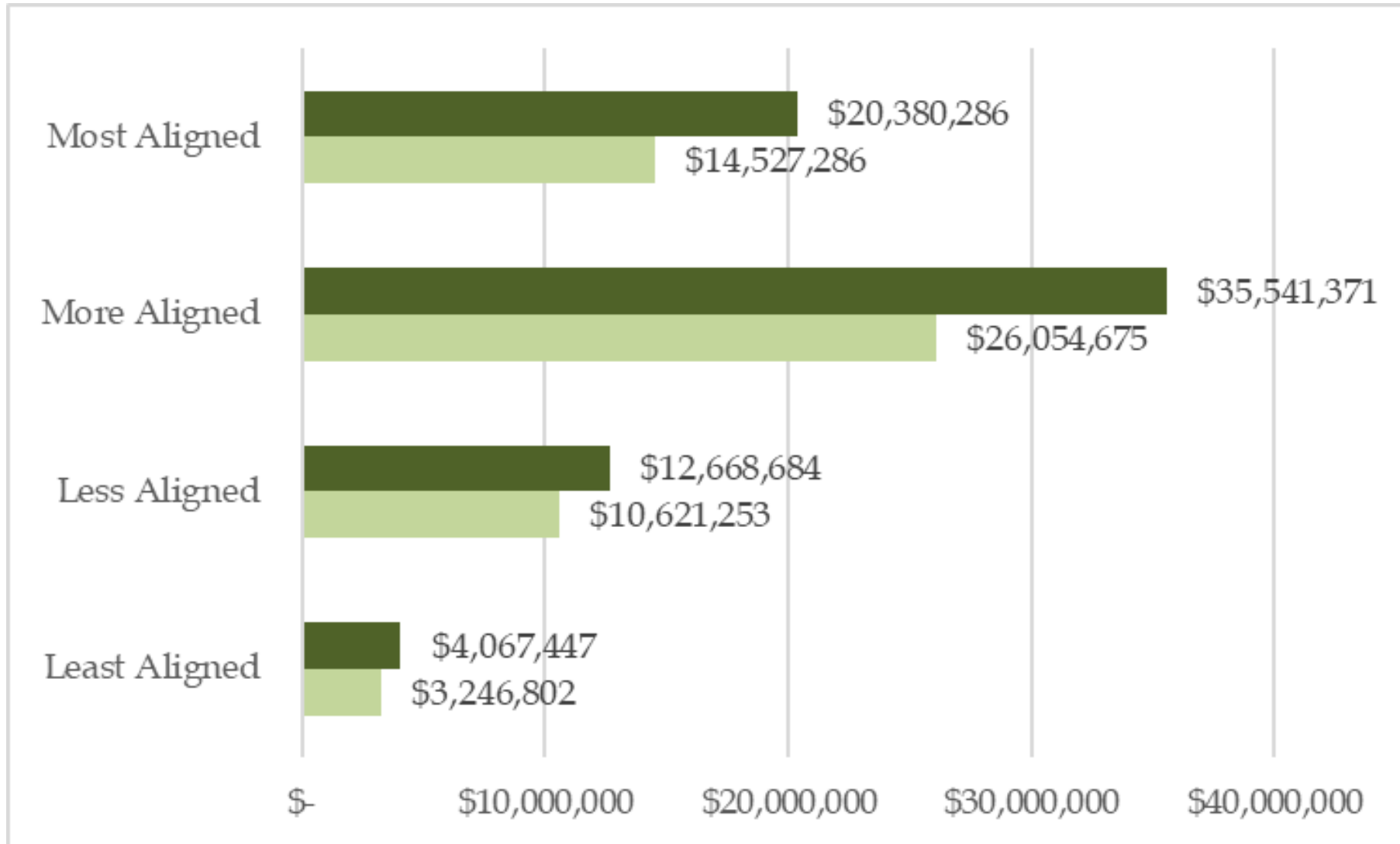
\*Personnel excludes pay for performance, step increases, market adjustments and benefits

# Key Community Priorities





# Budget Requests by PBB Alignment



Total Requested:  
\$72,657,788

Total Recommended:  
\$54,450,016

\*Excludes Capital  
Improvement Program (CIP)  
and reclassifications



# Recommended Positions

## General Fund – 18.0 FTE (Net 15.16 FTE)

- Human Resources Senior Analyst (1.0 FTE)
- Digital Media Specialist (1.0 FTE)
- Fire Inspector (1.0 FTE)
- Animal Control Supervisor (1.0 FTE)
- Code Compliance Officer I (1.0 FTE)
- Facilities Maintenance Technician III (1.0 FTE)
- Facilities Custodial Maintenance Technician (8.0 FTE)
- Facilities Custodial Public Works Supervisor (1.0 FTE)
- Administrative Specialist – Facilities/Fleet (1.0 FTE)
- Surveyor (1.0 FTE)
- Parks Technician (1.0 FTE)

### Offsets of \$1.2M:

- Positions (2.84 FTE)
- Contractuals/Commodities
- Revenues

\*Three positions funded without an offset  
– all others 100% offset



# Recommended Positions

## Library Fund – .68 FTE

- Library Clerk – Temp - Bookmobile (.48 FTE – 1X)
- Library Clerk – Temp – Forest Lakes (.20 FTE – 1X)

## Highway User Revenue Fund – 8.0 FTE

- Right-of-Way Maintenance Worker (3.0 FTE)
- Right-of-Way Maintenance Technician (1.0 FTE)
- Right-of-Way Public Works Supervisor (1.0 FTE)
- Street Operations Technician II (2.0 FTE)
- Street Operations Technician III (1.0 FTE)

## Road Repair and Street Safety Fund - .48 FTE

- Project Management Technician – Temp (.48 FTE)



# Recommended Positions



## Beautification and Arts & Science Fund – 1.0 FTE

- Beautification and Arts & Science Project Administrator (1.0 FTE)

## Water Services Funds – 3.0 FTE

- Plan Reviewer (1.0 FTE)
- Industrial Pretreatment Inspector (1.0 FTE)
- Electrical and Instrumentation Program Manager (1.0 FTE)

## Solid Waste Fund – 1.0 FTE

- Bin Maintenance Technician (1.0 FTE)

## Flagstaff Housing Authority Funds – 3.0 FTE

- Maintenance Worker I – Temp (3.0 FTE)



# Reclassifications/Retitles



## General Fund

- Public Records Specialist
- Collections Supervisor
- Collections Specialist
- Planner
- Heritage Preservation Officer
- Administrative Specialist Senior – City Engineering
- Open Space Manager

## Library Fund

- Library Administration Manager

## Parking Fund

- Parking Aide II (3)
- Parking Aide Lead

# Lunch





# Summary – General Fund

Summary – General Fund	Ongoing	One-Time
Available FY 2026-27 – February Retreat	\$ 500,000	\$ 1,500,000
Revenue Projection Updates	435,000	705,000
Funding Set Aside	2,115,000	11,031,000
Bed, Board, and Beverage Fund Cost Allocation	126,000	0
Short Term Rental Fee	115,000	0
Property Tax Shift	503,000	0
Other Sources/Projected Savings	67,000	444,000
<b>Total Available FY 2026-27</b>	<b>3,861,000</b>	<b>13,680,000</b>
Approved Budget Requests and Fixed Costs		
Investing in Employees	2,860,000	0
Infrastructure Investments	0	6,796,000
All Other Approved Budget Requests (Net)	968,000	5,649,000
Support for Other Funds	33,000	1,185,000
<b>Total Available</b>	<b>\$ 0</b>	<b>\$ 50,000</b>



# Employee Investments - General Fund



Summary of Employee Investments - General Fund	Ongoing
Pay for Performance and Merit	\$ 2,115,000
Starting Wage Adjustment	32,000
Minimum Wage Adjustment	19,000
Mid-year Critical Adjustments	167,000
Medical/Dental Insurance	370,000
Parental Leave	157,000
<b>Total Employee Investments</b>	<b>\$ 2,860,000</b>



# Infrastructure – General Fund



Summary of Infrastructure – General Fund	One-Time
Fleet Vehicles and Upfitting	\$ 2,638,000
Facility Improvements	2,658,000
Information Technology – Software Modernization	1,500,000
<b>Total Infrastructure</b>	<b>\$ 6,796,000</b>



# Council's Aligned Priorities



## Core Services

Employee Compensation

Personnel

Public Safety



## Housing



## Economic Vitality

Tourism

Business Expansion

Small Business



## Capital Investment

Parks and Recreation

Forest Health

Sustainability

Infrastructure



# Core Services Priority - Personnel

Core Services Investments	Ongoing	One-Time
Personnel	\$ 7,700,000	\$ 932,000
Investing in Employees	4,151,000	0
Employee Training	37,000	214,000
Tool and Resources	48,000	291,000
EcoPass	0	21,000
<b>Total</b>	<b>\$ 11,936,000</b>	<b>\$ 1,458,000</b>



# Core Services Priority – Public Safety

Public Safety Investments	Ongoing	One-Time
Personnel and Related Expenses	\$ 167,000	\$ 960,000
Training	0	231,000
Supplies and Equipment	422,000	1,200,000
Facilities	50,000	133,000
<b>Total</b>	<b>\$ 639,000</b>	<b>\$ 2,524,000</b>



# Core Services Priority – Technology, Facilities & Communications

Other Core Services Investments	Ongoing	One-Time
Enhanced Technology	\$ 123,000	\$ 1,650,000
Maintain Technology	228,000	2,000,000
Facilities	19,000	3,500,000
Communications	92,000	80,000
<b>Total</b>	<b>\$ 462,000</b>	<b>\$ 7,230,000</b>



# Housing Priority

Housing Investments	Ongoing	One-Time
Support Personnel	\$ 42,000	\$ 0
Incentive Policy for Affordable Housing	0	1,000,000
Housing	4,000	17,000
Fire Inspection Services	105,000	0
Employee Assisted Housing Program	0	134,000
LASS + CAP	0	30,000
Water Services Impact Studies	144,000	0
Flagstaff Housing Authority	261,000	0
<b>Total</b>	<b>\$ 556,000</b>	<b>\$ 1,181,000</b>



# Economic Vitality Priority

Economic Vitality Investments	Ongoing	One-Time
Code Compliance	\$ 85,000	\$ 8,000
Beautification	204,000	0
Business Development and Support	106,000	40,000
Tourism	105,000	630,000
Airport Operations	36,000	695,000
Aircraft Rescue and Firefighting	0	118,000
ParkFlag	906,000	104,000
<b>Total</b>	<b>\$ 1,442,000</b>	<b>\$ 1,595,000</b>



# Capital Investment Priority

Capital Investments	Ongoing	One-Time
General Infrastructure	\$ 152,000	\$ 519,000
Parks and Recreation Infrastructure	0	858,000
Water Services Infrastructure	2,711,000	2,038,000
Sustainability Programs	64,000	50,000
Wildfire Resilient Home Initiative	0	100,000
<b>Total</b>	<b>\$ 2,927,000</b>	<b>\$ 3,565,000</b>

# Budget Request Focus and Limitations





# Budget Request Focus and Limitations



## Priorities

- Fund one-time ongoing budget items from last few years first
- Fund increases to contractual and commodities for existing programs
- No new items that have ongoing expenses
- Focus on Council Priorities
- Maintain infrastructure
- Provide tools and resources to get the work done



# Budget Request Focus and Limitations



## Limited Resources

- Focused on realigning staff and contractual resources
- Used new revenue to pay for additional staffing
  - Short-term rental fees
  - Fire Inspection fees
- Reduced set asides that do not replenish
  - \$2,115,000 ongoing
  - \$11,031,000 one-time
- Property Tax shift to address public safety ongoing needs
- Limited grant approval to those with little to no City match



# Budget Request Focus and Limitations



## Funding Limitations

- Staffing
- Training
- Facilities maintenance and improvements
- Technology
- Supplies and equipment
- Planning documents
- Vehicle maintenance
- Programming



# Budget Request Focus and Limitations



## Service Partner Contracts and Requests

- High Country Humane contract increase
- No CPI increases for service partner contracts
- Black Lived Experience renewed contract
- New funding for Family Food Center
- One new request not funded

# Capital Improvement Program





# Summary



Program	FY 2025-26 Estimate	FY 2026-27 Budget	FY 2028-31 Projection
General Government	\$ 46,077,822	\$ 57,130,635	\$ 61,993,025
Streets/Transportation	51,515,926	119,379,281	251,578,593
BBB	5,929,025	8,394,754	10,873,000
Water Services	42,308,328	75,953,677	179,420,000
Solid Waste	107,393	0	8,974,250
Airport	5,553,485	25,232,689	26,650,000
Total	\$ 151,491,979	\$ 286,091,036	\$ 539,488,868



# Capital Projects Update

## Lone Tree Overpass and Corridor Project



- Lone Tree Corridor construction underway
- Butler Avenue reopening May 2026
- Lone Tree Road completion Fall 2026



- Proposition 420 funding
- Overpass Construction: 2026 through 2029



# Capital Engineering

## Downtown Mile Safety and Connectivity Project



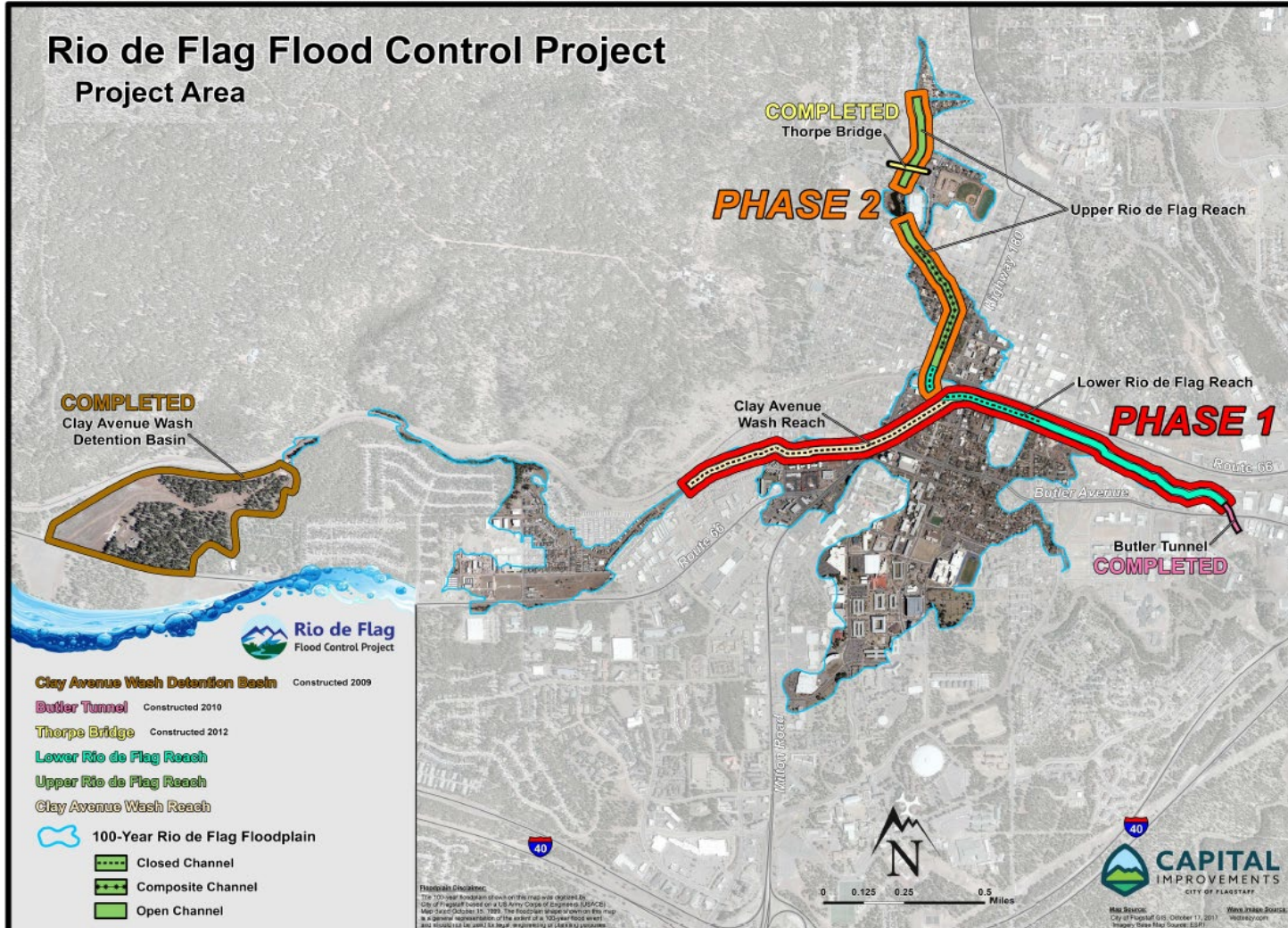
Multiple Improvements (see map)

- Estimate: \$63.3M
  - Design: \$4.5M
  - Construction: \$58.8M
- Construction Funding
  - INFRA Grant: \$32.5M
  - City (Prop 419): \$12.3M
  - BNSF Railway: \$11M
  - ADOT: \$3M
- Design at 95%
- Construction: 2027 - 2029
- **Amtrak Platforms (CRISI Grant)**
  - Estimate \$6.7M
  - Federal - \$5M
  - City of Flagstaff - \$994K
  - BNSF Railway - \$740K



# Capital Projects Update

## Rio de Flag Drainage Improvements Project



- U.S. Army Corps (USACE) and City project
- USACE is lead agency
- Channelizes and reduces 100-year floodplain
- Open channels and box culverts
- 95% design complete
- Finalizing agreements with BNSF
- \$243 million cost estimate



# Capital Projects Update

## Rio de Flag Drainage Improvements



South phase with channel and maintenance road



North phase with channel and box culvert



# Capital Projects Update

## Butler and Fourth Street Improvements Project

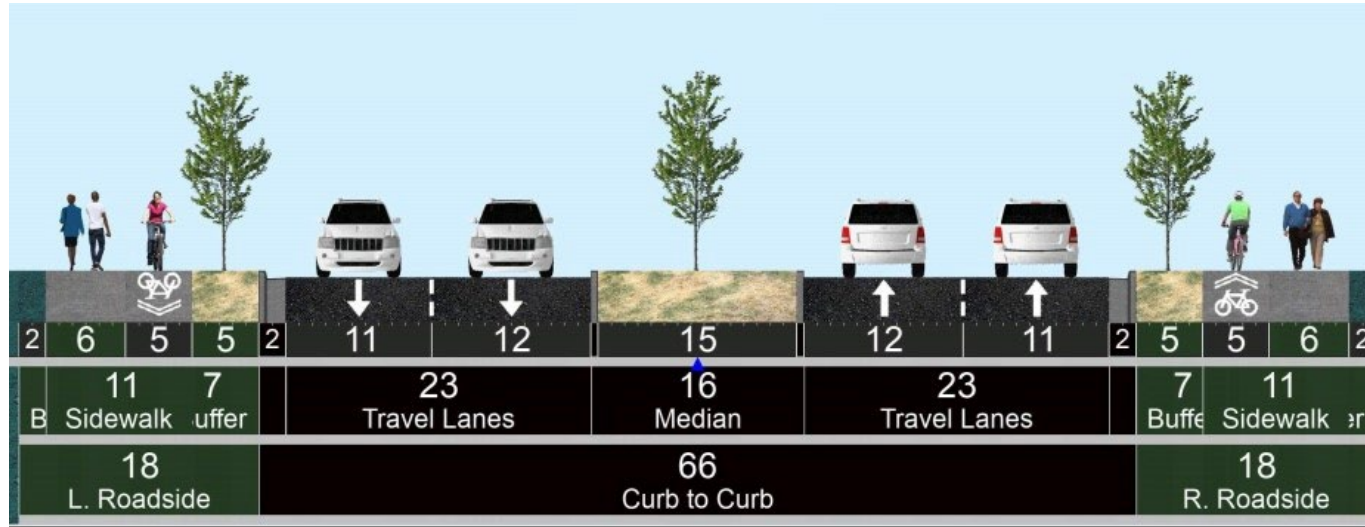


- Proposition 419 funding
- \$19 million BUILD grant for construction
- Four lanes with off-street bike and pedestrian facilities
- Signalized mid-block crossings
- New Mountain Line bus stops
- Modified roundabout at Butler and Fourth Street with bike and pedestrian underpass
- 60% design completion in Summer 2026

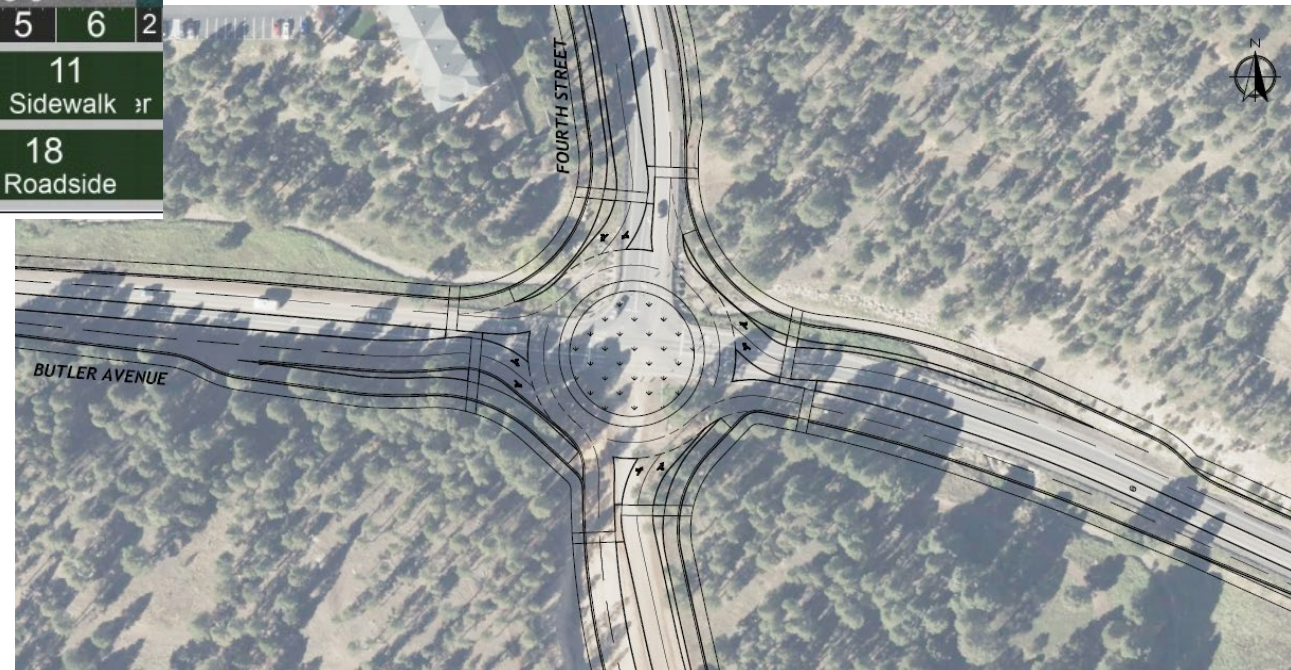


# Capital Projects Update

## Butler and Fourth Street Improvements Project



Proposed Butler Avenue cross-section

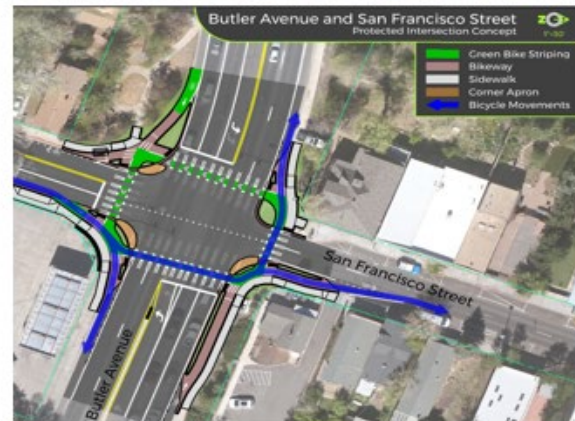


Butler and Fourth Street roundabout



# Capital Engineering

## Butler Avenue Complete Streets Improvements



### • Project Scope

- Separated bike lanes
- Protected intersections at Beaver, San Francisco and Sawmill
- Enhanced crossings (Humphreys and O'Leary)
- Coordination with Lone Tree Corridor and Overpass improvement project

### • Budget \$12M

- SS4A Grant: \$9.6M
- AZ Smart Fund Grant: \$2.4M

### • Schedule

- Design: 2025 - 2026
- Construction: 2027 - 2028



# Capital Engineering

## Spruce Wash Drainage Improvements



### Scope

- Prop 441 approved by voters in November of 2022
- Spruce Wash corridor flood mitigation (10 projects)
- Beautification component

### Budget

- \$40M
- Prop 441: \$26M
- Various Sources: \$14M (RR&SS, Stormwater, Drinking Water, Prop 419 and grants)
- Seven (7) GMP packages
- Five designers and one CMAR

### Schedule

- Construction started 2023
- Completion anticipated June 2026



# Capital Engineering



## Spruce Wash Drainage Improvements



**"The Wedge" Detention Basin**

**Linda Vista Crossing**



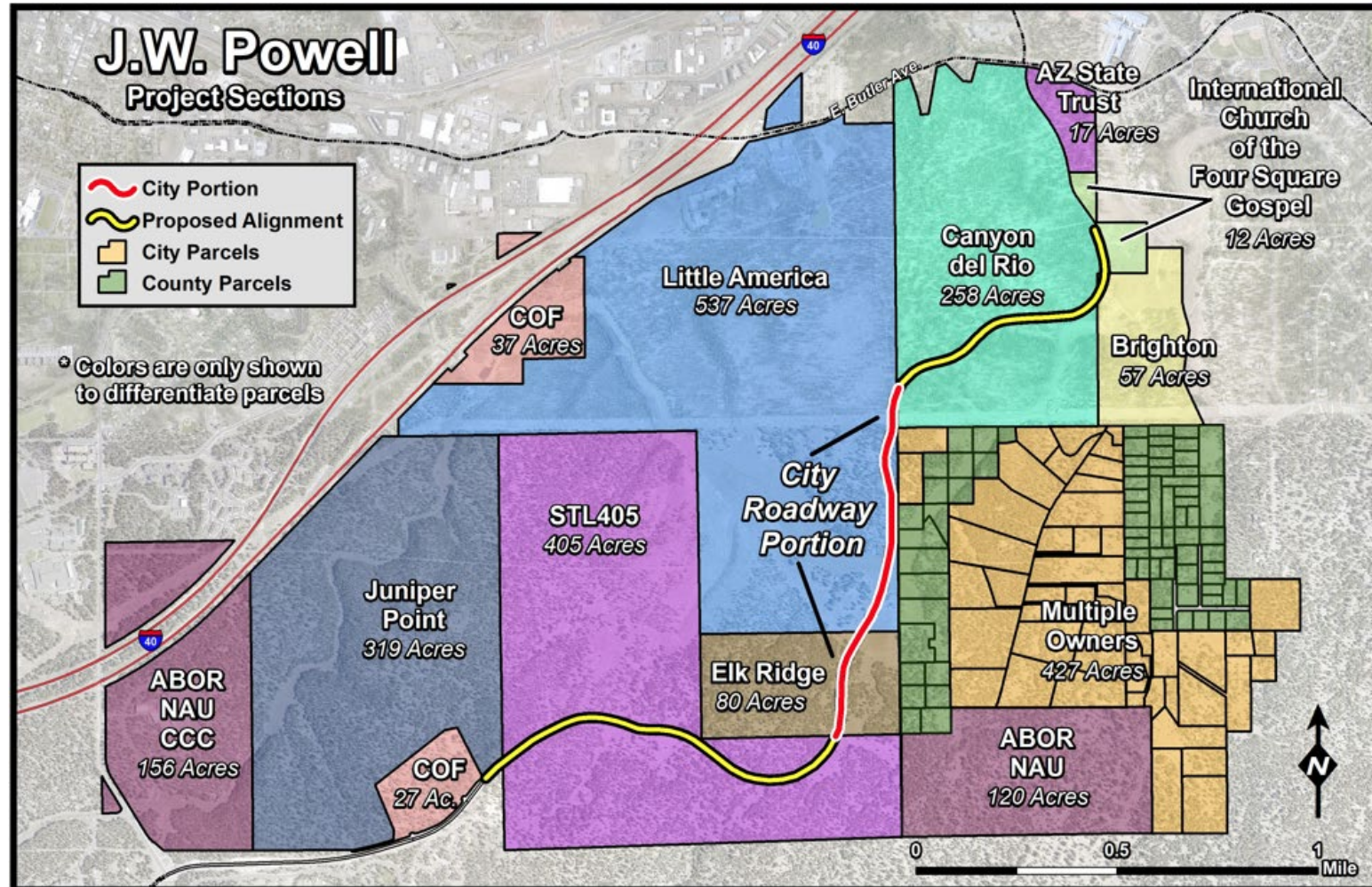
**Dortha Arroyo Channel**



# Capital Projects Update

## John Wesley Powell Boulevard Extension Project

- J.W. Powell extension to Fourth Street
- Developer and City project
- Proposition 419 funded
- Similar look and feel as existing J.W. Powell Boulevard
- Bike and pedestrian facilities
- Rio de Flag crossing
- 60% design complete
- Construction 2026 through 2028





# Capital Projects Update

## Wildland Fire Training Center and Wildfire Management Station



- Wildland Station Building
  - ✓ Open floor design
  - ✓ Peripheral cubicles
  - ✓ Central conference area
  - ✓ Office space for 12 staff
  - ✓ Drive-through bays
  - ✓ Equipment storage
- Wildland Training Center
  - ✓ Large conference/classroom
  - ✓ Offices, kitchen, and restrooms
- RSOQ advertised: February 26, 2026
- RSOQ closed: April 7, 2026
- Submittals: 7
- Council Date: June 2026



# Capital Projects Update

## JWP Boulevard Housing Masterplan and Public Safety Complex



PARCEL - 10510176  
CONCEPT PLANS

- Architectural services for 27-acre site
  - ✓ Housing masterplan
  - ✓ Public Safety campus design
    - Fire Station
    - Fire Administration
    - Police Substation
- RSOQ advertised: March 4, 2026
- RSOQ closed: April 13, 2026
- Submittals: 6
- Anticipated Council Date: June 2026



# Capital Projects Update

## Downtown Safety Improvements – Phase 1



- Installation of removable or retractable bollards on Aspen Avenue at Leroux Street and San Francisco Street
- Bollard spacing at approximately 4' on center to stop vehicles but allow for pedestrian traffic
- \$400,000 project budget split 50/50 between Prop 419 and BBB tax
- Project programmed in FY 2026-27 Capital Improvement Program



# Capital Projects Update

## Downtown Safety Improvements – Phase 2



- Installation of removable or retractable bollards on Aspen Avenue at Sitgreaves Street and Humphreys Street
- Bollard spacing at approximately 4' on center to stop vehicles but allow for pedestrian traffic
- \$300,000 project budget with Prop 419 funds
- Project programmed in FY 2027-28 Capital Improvement Program



# Capital Projects Update

## Woody Mountain Route 66 Traffic Signal



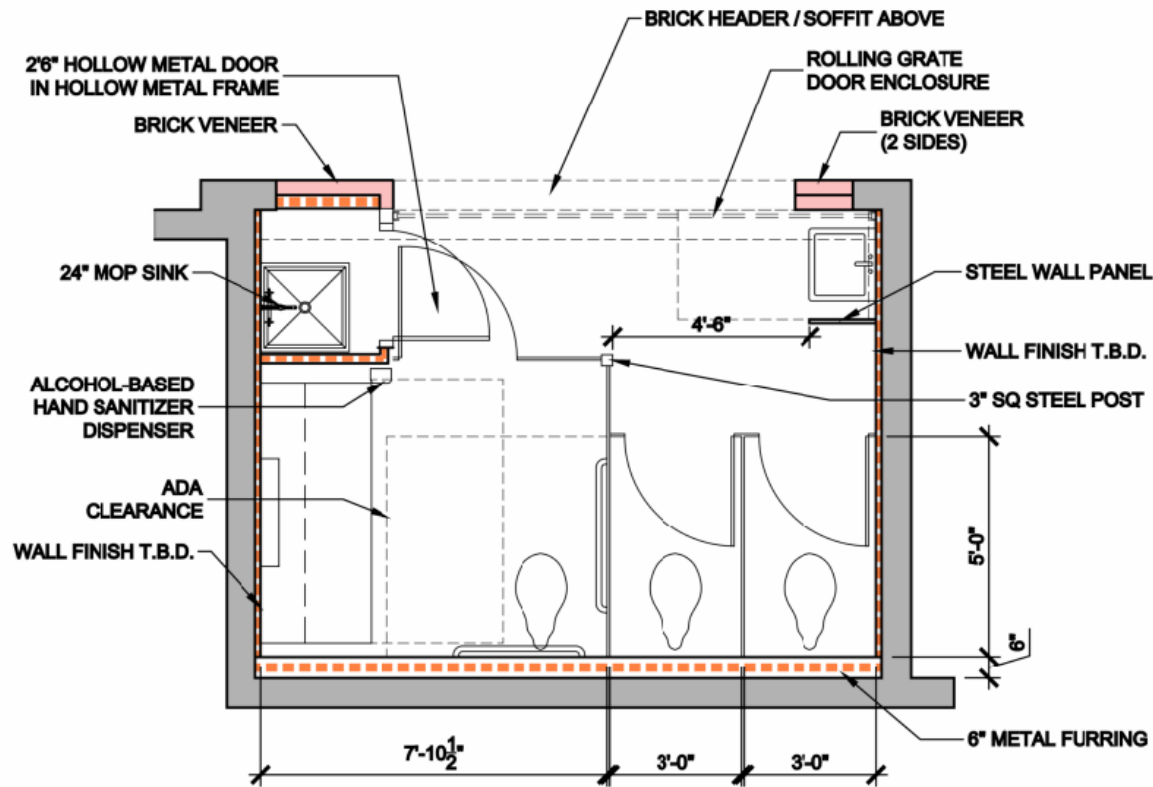
- Installation of a temporary span wire traffic signal at the existing intersection of Woody Mountain Road and West Route 66
- Long lead items (poles) have been ordered
- Completion in late June of 2026
- Funding through Senate Bill 1737

Geotechnical Investigations for Pole Foundation Design



# PROSE Project Update

## Heritage Square Restrooms Renovation

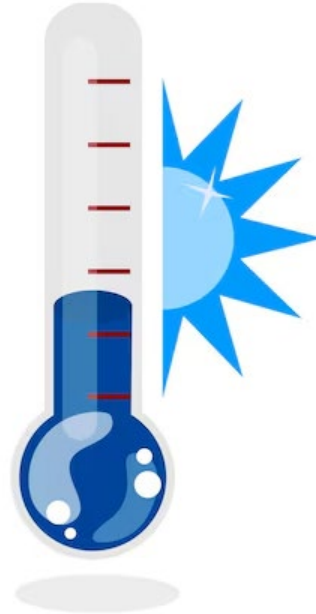
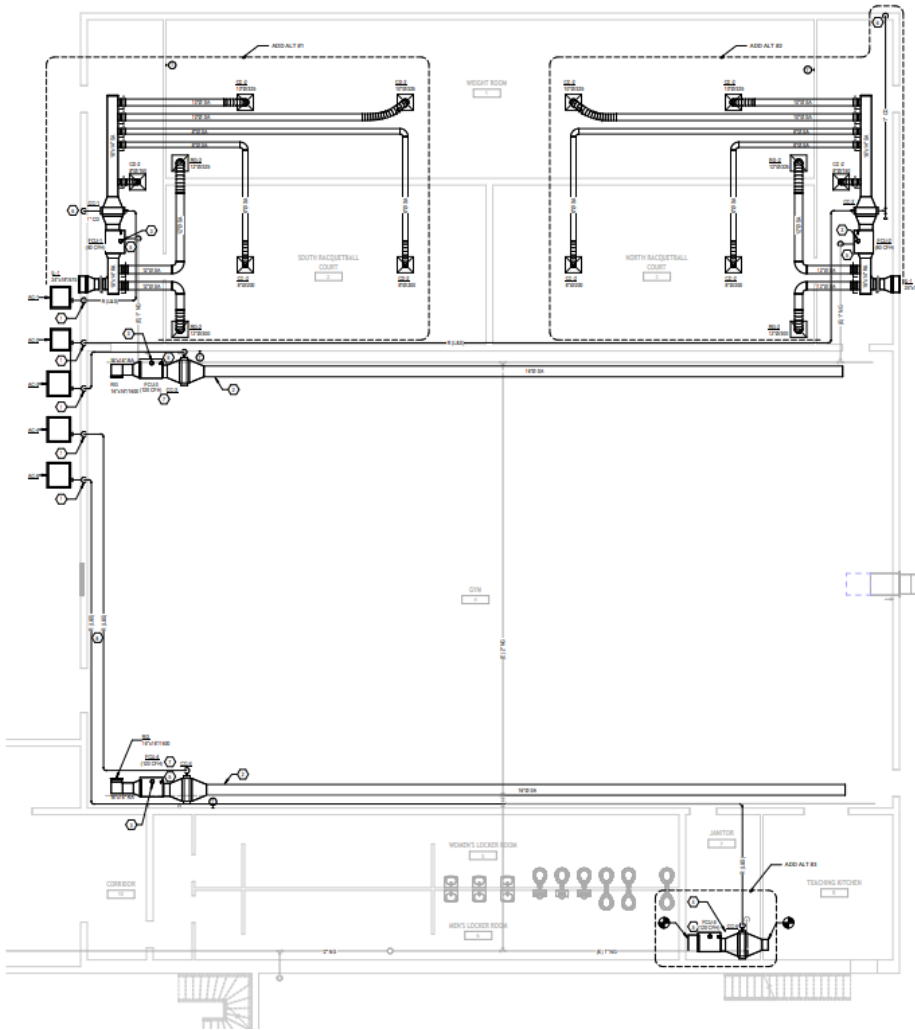


- Demolition of two (2) separate units and creation of three (3) toilets
- Creation of a janitorial closet and adult changing station
- \$250,000 BBB Recreation special revenue
- Project is under design contract and then will host a competitive bid for construction in the summer of 2026
- Construction expected in fall of 2026



# PROSE Project Update

## Hal Jensen Recreation Center HVAC in Gymnasium



- Design for each area inside the recreation center to receive air-conditioned space through phases
- The gymnasium is phase one for installation
- \$179,361 BBB Recreation special revenue which includes the full designed set of drawings and installation of phase one
- Project is underway with installation beginning the week of May 4<sup>th</sup>



# PROSE Project Update



## Indigenous Community Cultural Center (ICCC)



- An agreement is in negotiation with identified partner, Indigenous Circle of Flagstaff (ICF)
- \$200,000 in BBB Recreation special revenue has been set aside as “seed” funding for COF and ICF to utilize toward occupancy of the western “bay”
- JOC’s met with City staff on 4/3/26 to discuss high level estimates to the western “bay”



# PROSE Project Update

## Highland Mesa Park formerly known as “Westside Park”



- Neighborhood outreach and concept design creation completed on the 5.6 acres parkland
- Partnership with City Engineering division on offsite improvements of missing sidewalk and FUTS realignment opportunity plus proper access to the future park
- \$1.47M for park development out of BBB Recreation special revenue
- Park design needle will move further after offsite improvement design complete



# PROSE Project Update

## Cheshire Park Track and Field



- Expansion parkland totally 9.38 acres for future 400-meter running track with multipurpose field, parking lot and restroom
- \$1.5M for park development out of BBB Recreation special revenue; seeking award of \$1.5M Land Water Conservation Fund (LWCF) grant to leverage the improvement to a total \$3M
- Concurrent with LWCF grant application would be COF design review



# PROSE Project Update



## Ponderosa Park Reconstruction

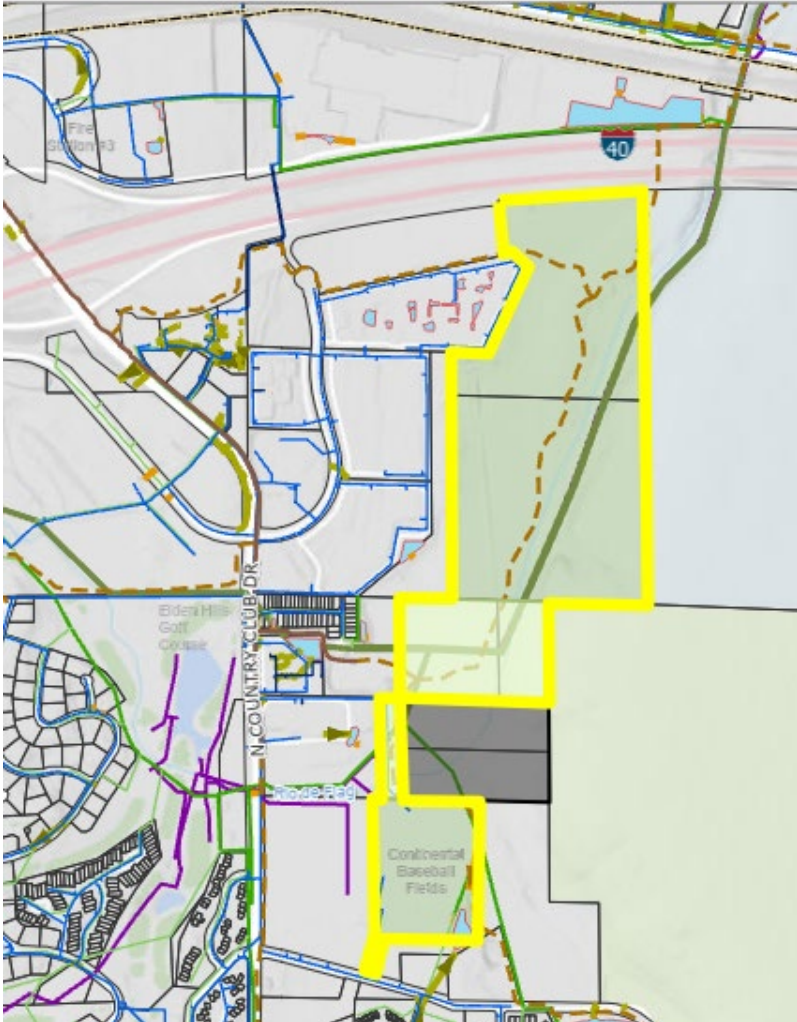


- Park reconstruction post flooding improvements which complete in June 2026
- Additional acreage acquired to the north
- Neighborhood outreach to begin in May 2026 and through the summer months to create a concept plan
- \$500,000 BBB Recreation special revenue plus playground manufacturer grant opportunity and CDBG funds to leverage upwards of \$1M project total



# PROSE Project Update

## Continental Regional Park Design – 86+/- Acres



- Regional park design needed for approximately 86 acres including multiple access points, a girls softball complex, multipurpose fields, FUTS connections, event space, Big Lake improvement incorporation and a Picture Canyon Natural and Cultural Preserve connection
- \$1.5M BBB Recreation special revenue for full design and outreach in FY 2026-27
- \$1M in FY 2027-28 for further design, outreach and/or needs to leverage funding for development estimated at \$50M plus



# PROSE Project Update

## McMillan Mesa Natural Area Trail Rehabilitation



- Complete trail repairs, new signage installation, restore vegetation, identify and develop ADA-accessible trail opportunities
- Will improve safety, accessibility, and long-term sustainability of the natural area
- \$150,000 BBB Recreation special revenue in FY 2026-27 with possible matching grant of \$145,000 bringing project total to \$295,000



# PROSE Project Update



## Picture Canyon FUTS Connection and Trail Project



- Complete FUTS connection, realign trails, add parking improvements, and develop ADA-accessible trail opportunities
- Will improve community access, accessibility, recreation and natural experiences
- \$200,000 BBB Recreation special revenue in FY 2027-28 plus a possible grant opportunity

# Break



# Council Parking Lot (Adds/Deletes) and Discussion



# Public Comment

