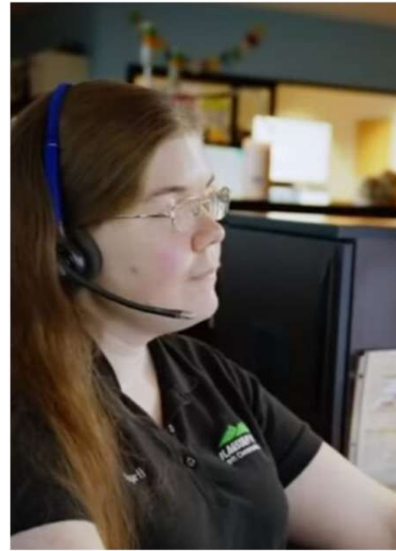




Financial Discussion

Public Safety Citizen Committee
February 2026





Why are we here?

Committee Charter

- Committee members appointed by City Manager's office
- Appointment shall be for a period of no more than one year
- Committee shall vote on a Chair and Vice Chair
- Tasked with advising City Council on potential ballot measures for November 2026 election
 - Fire,
 - Police,
 - Aircraft Rescue Firefighting, and
 - Emergency Management
- Quorum is seven members
- Final recommendation of the Committee shall require a simple majority of those in attendance
- Recommendation will be detailed and prioritized

Process



November: Begin
Committee meetings



January: Launch
community survey



February: Committee
deliberations begin



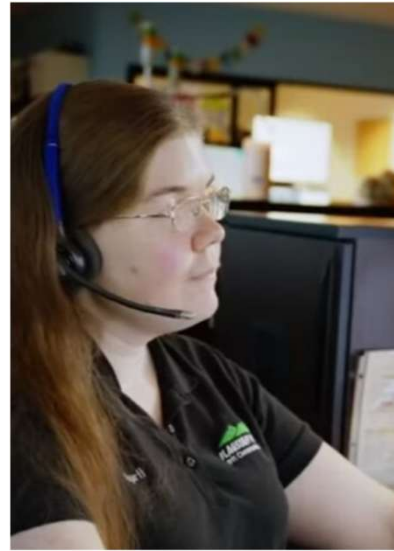
February/April: Updates
to City Council at Budget
Retreats



May: Committee finalizes
recommendation for
Council



June: Committee present
recommendation to
Council



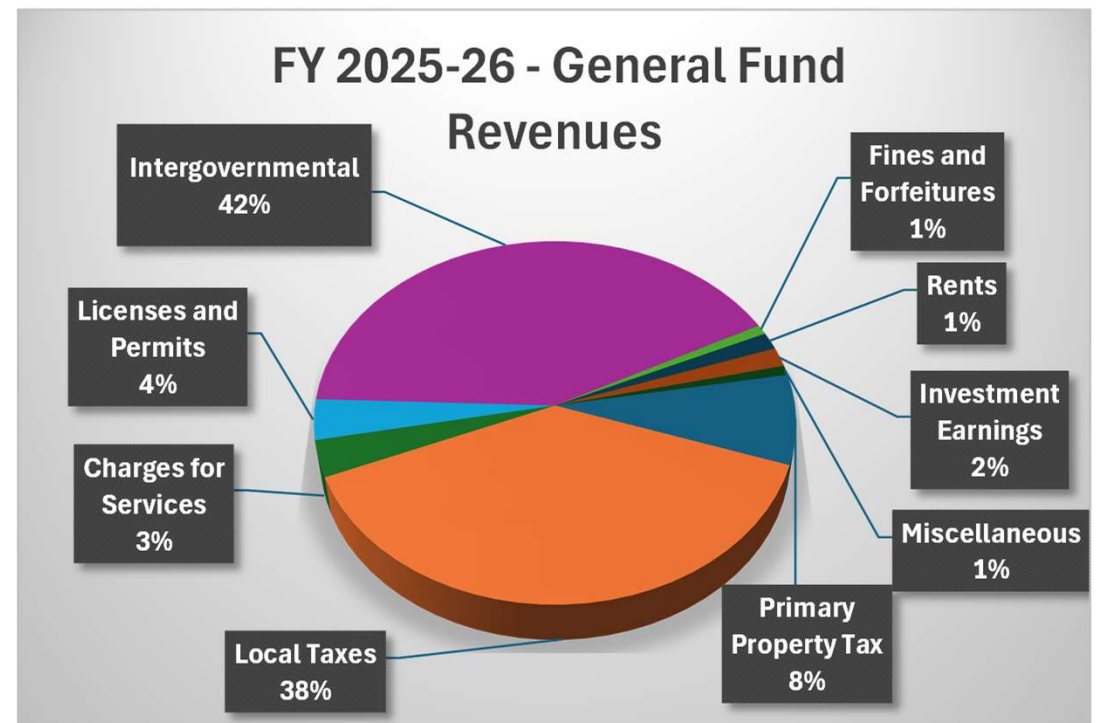
General Fund Review

General Fund Revenues

FY 2025-26	
Revenues - General Fund	Budgeted
Primary Property Tax	\$ 7,264,408
Local Taxes	35,052,200
Charges for Services	2,958,426
Licenses and Permits	3,267,880
Intergovernmental	38,007,672
Fines and Forfeitures	775,562
Rents	1,378,988
Investment Earnings	1,530,995
Miscellaneous	767,450
Total All Funds	\$ 91,003,581

<u>Local Taxes Includes:</u>	
Sales Tax	\$ 31,772,700
Franchise Fees	2,661,500
Excise Tax	618,000
	\$ 35,052,200

<u>Intergovernmental Includes:</u>	
State Shared Taxes	\$ 31,639,900
Grants	4,845,840
Intergovernmental Agreements	1,521,932
	\$ 38,007,672



General Fund Additional Sources

- Cost Allocation
 - Charges to other funds \$8,551,886
- Transfers In - Ongoing
 - **Highway User Revenue Fund** for Right-of-way maintenance \$13,000
 - **Beautification Fund** for streetscape, median, and right-of-way maintenance \$422,399
 - **Tourism Fund** for 4th of July celebration \$25,000
 - **Recreation Fund** for FUTS maintenance, Parks operations, and Recreation programming \$2,574,189

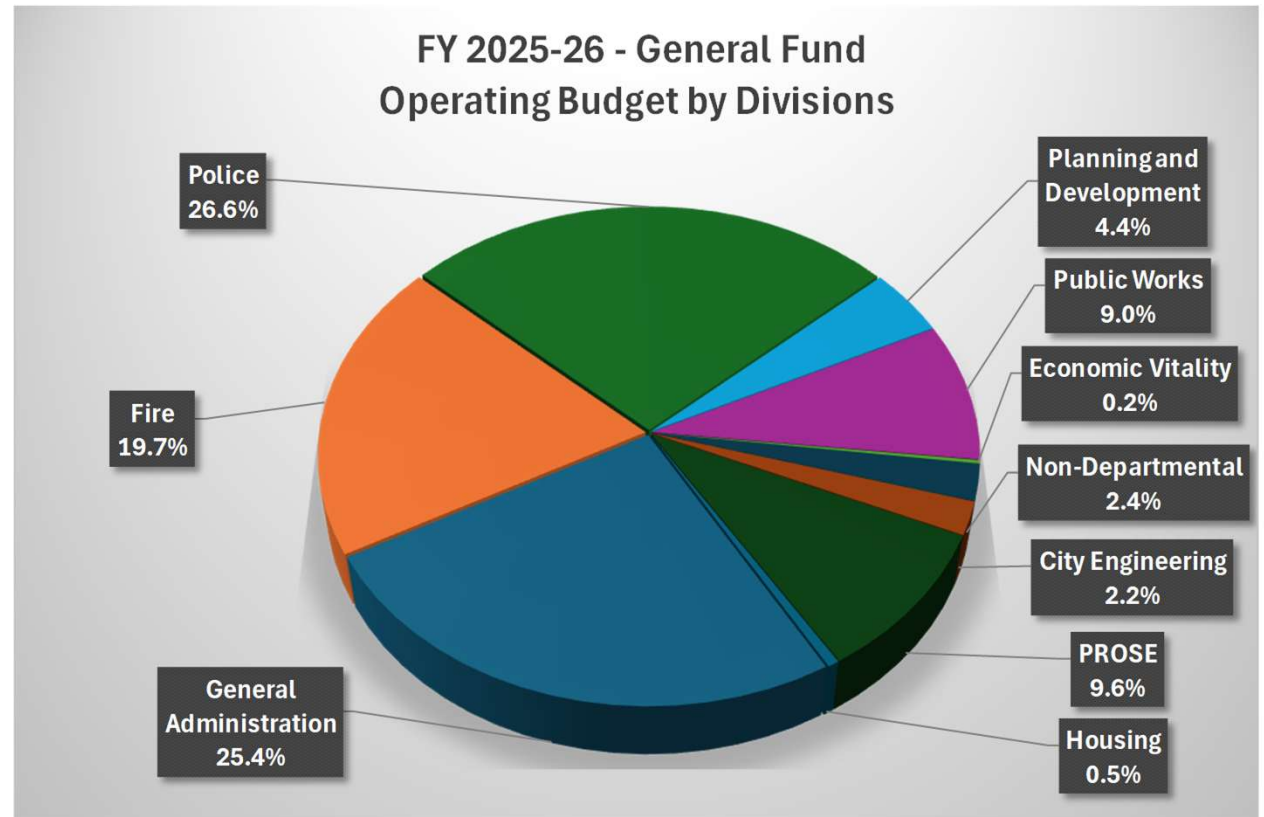
Transfers In	Ongoing	One-time	Total
Library Fund	\$ -	24,192	24,192
Highway User Revenue Fund	13,000	-	13,000
Beautification Fund	422,399	-	422,399
Economic Development Fund	-	82,275	82,275
Tourism Fund	25,000	259,000	284,000
Recreation Fund	2,574,189	-	2,574,189
SEMS Fund	-	24,000	24,000
	\$ 3,034,588	389,467	3,424,055

FY 2025-26 General Fund Budget Overview

FY 2025-26	
Divisions	Budgeted Expenditures
General Administration	\$ 29,736,123
Fire	22,972,796
Police	31,126,623
Planning and Development	5,137,216
Public Works	10,509,306
Economic Vitality	255,305
Non-Departmental	2,793,535
City Engineering	2,526,781
PROSE	11,238,447
Housing	606,166
Total All Funds	\$ 116,902,298

General Administration Includes:

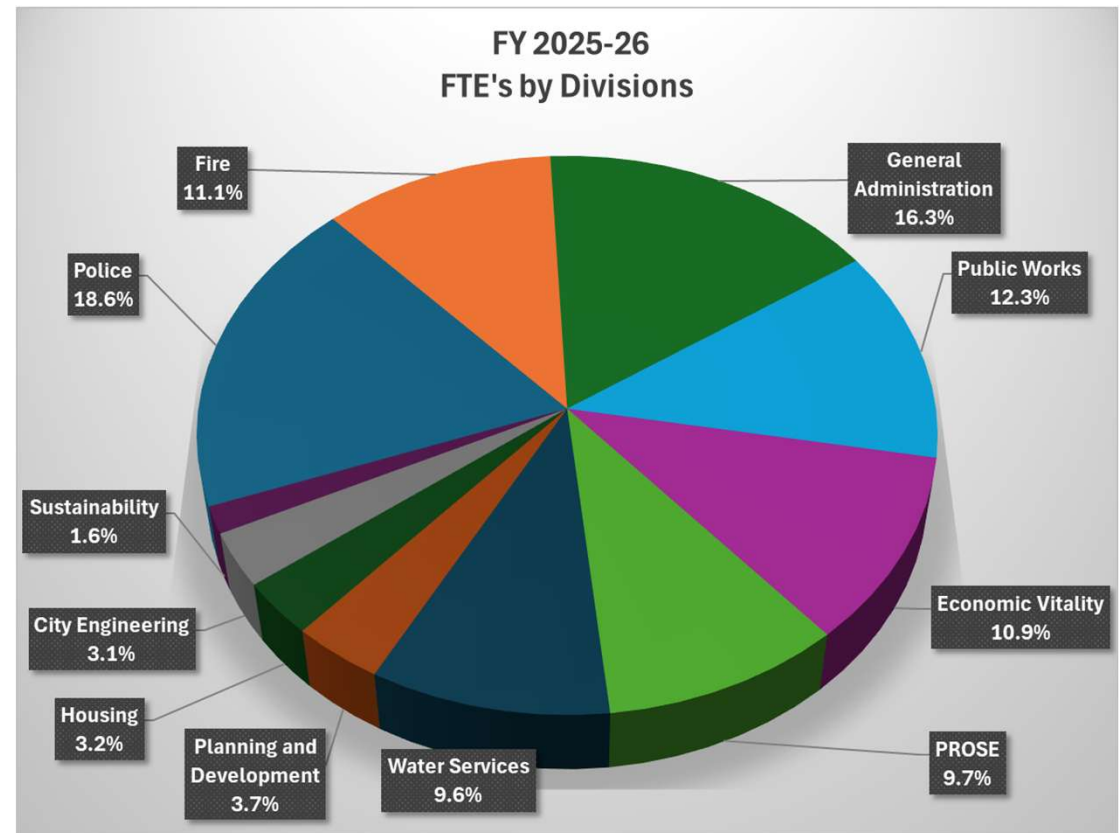
- City Manager
- Human Resources and Risk Management
- Information Technology
- City Attorney
- Municipal Court
- Communication and Civic Engagement
- Management Services



Citywide Staffing

Divisions	FY 2025-26 FTE's
Police	183.00
Fire	109.00
General Administration	159.75
Public Works	120.77
Economic Vitality	106.57
PROSE	94.83
Water Services	94.48
Planning and Development	36.00
Housing	31.00
City Engineering	30.48
Sustainability	15.38
Total All Funds	981.26

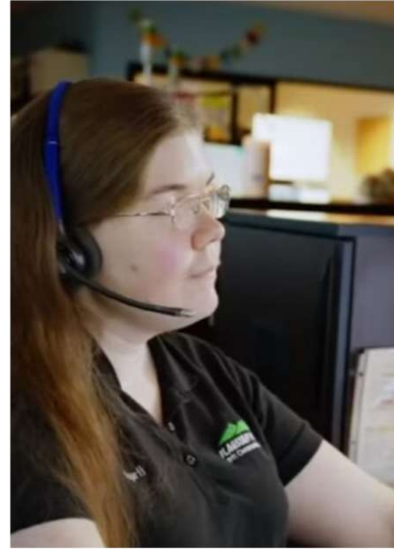
<u>General Administration Includes:</u>	
City Council	7.00
City Manager	3.00
City Attorney	18.00
Human Resources and Risk Management	15.00
Information Technology	22.00
Municipal Court	29.75
Communication and Civic Engagement	11.00
Management Services	54.00
	159.75



Transfers Out

- Housing and Community Services Fund
 - Personnel cost support
 - Programming: One-time investments
- Library Fund
 - Operation of Flagstaff libraries
 - Downtown library window replacements
- Economic Development Fund
 - Incubator debt service
- Pension Bond Fund
 - Public Safety Pension debt service
- SEMS (Sustainability) Fund
 - Personnel cost support
 - Programming: One-time investments
- Airport Fund
 - Operational support
 - Programming: One-time investments

Transfers Out	Ongoing	One-time	Total
Housing and Community Services Fund	\$ 14,000	500,000	514,000
Library Fund	1,596,313	1,000,000	2,596,313
Economic Development Fund	247,000	-	247,000
WRIP Fund	-	648,000	648,000
Pension Bond Fund	8,271,782	-	8,271,782
Capital Project Fund	-	3,884,487	3,884,487
Stormwater Fund	-	4,780,830	4,780,830
SEMS	218,796	992,667	1,211,463
Airport Fund	291,782	1,210,393	1,502,175
	\$ 10,639,673	13,016,377	23,656,050



One-Time Resources

Development Impact Fees

Currently reviewing Police and Fire fees

- Anticipate adoption after November

Layer in Development Impact Fees as allowed

- Only allowed for growth related investments
- Not for operating expense or personnel
- Allowed for Buildings, Vehicles, and Communication Equipment

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 \$98M under current rate policy
- Uses capacity through FY 2046-47
- GO Bond are great for buildings, equipment and other one-time needs

Authorized but unissued GO debt is \$40.085M

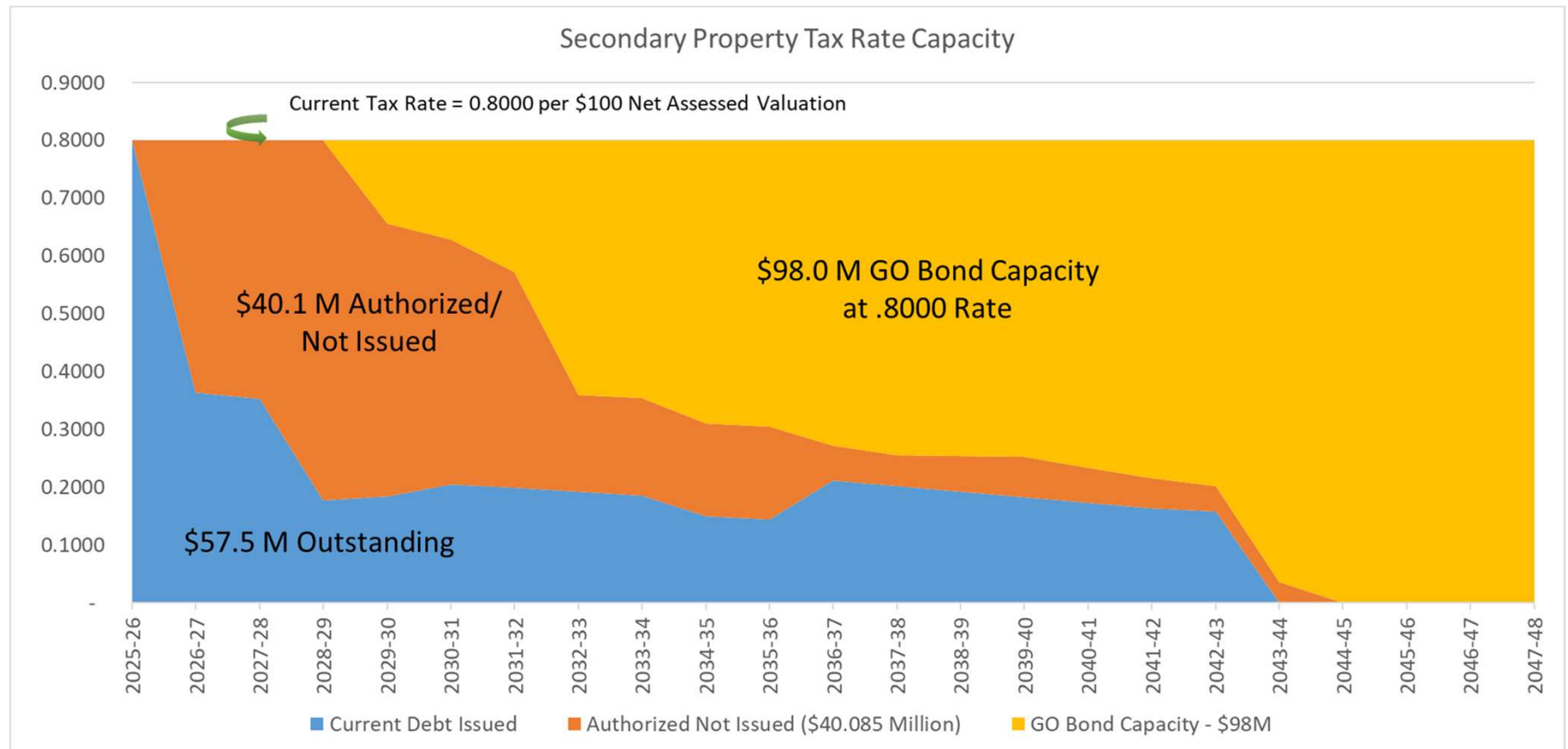
Additional capacity added annually as debt paid off

- Approximately \$10M capacity added each year

Council may consider reducing rate, capacity

- Possible net with Primary Property Tax levy increase

Secondary Property Tax and General Obligation (GO) Bonds



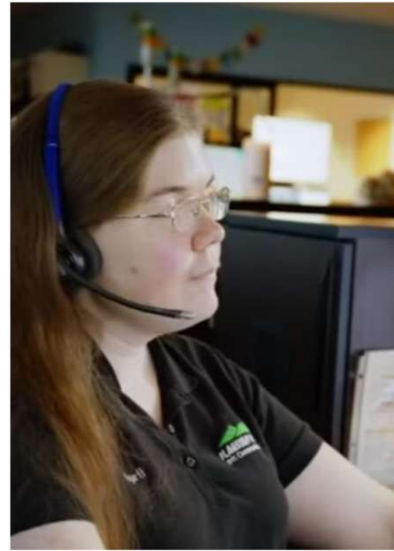
Grants and Other Funding

COPS Hiring Grant - Covers 75% of the cost of each newly hired officer for three years, up to \$125,000 per officer

SAFER Grant – Covers 75% of the cost of newly hired firefighters for the first two years and 35% in year 3.

Other grant opportunities examples:

- State appropriations – capital needs
- Emergency Management grants for EM plans and large-scale exercises



Ongoing Resources

Primary Property Tax Levy

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 2026-27 capacity up to 14%, approximately \$1.05M

If Council direction is to increase the tax, City will follow Truth in Taxation requirements for tax adoption

Who Pays: Property Owners within the City Limits

General Fund User Fees

- Citywide Cost Recovery Policy
 - Council Adopted January 2026
- Review all fees and rates every 5 years
- Percent cost recovery varies 0-100%
 - Community benefit vs individual benefit
- General Fund fees charge about \$6.3M

Calendar Year/Division
CY 2026
Communications and Civic Engagement
Parks, Recreation, Open Space and Events
CY 2027
City Engineering
Planning and Development
CY 2028
Fire - Community Risk Reduction
Public Works
Police
Municipal Court
City Attorney
CY 2029
Management Services

Water Resource Infrastructure Protection - Fee

New Fee and Fund approved by City Council **in FY 2020-21**

Need to establish a sustainable, stable and long-term initiative to maintain investments in watersheds and City water infrastructure via the Wildland Fire Management Program.

- Prior funding General Fund, Watershed bond, and grants
- New fee based on water consumption-basis for proportional share
- \$0.52/1,000 gallon rate effective 8/1/2020, now \$0.53
- Annual fee revenues \$1.27 Million
- Who pays: Municipal bill payer

Airport Fund

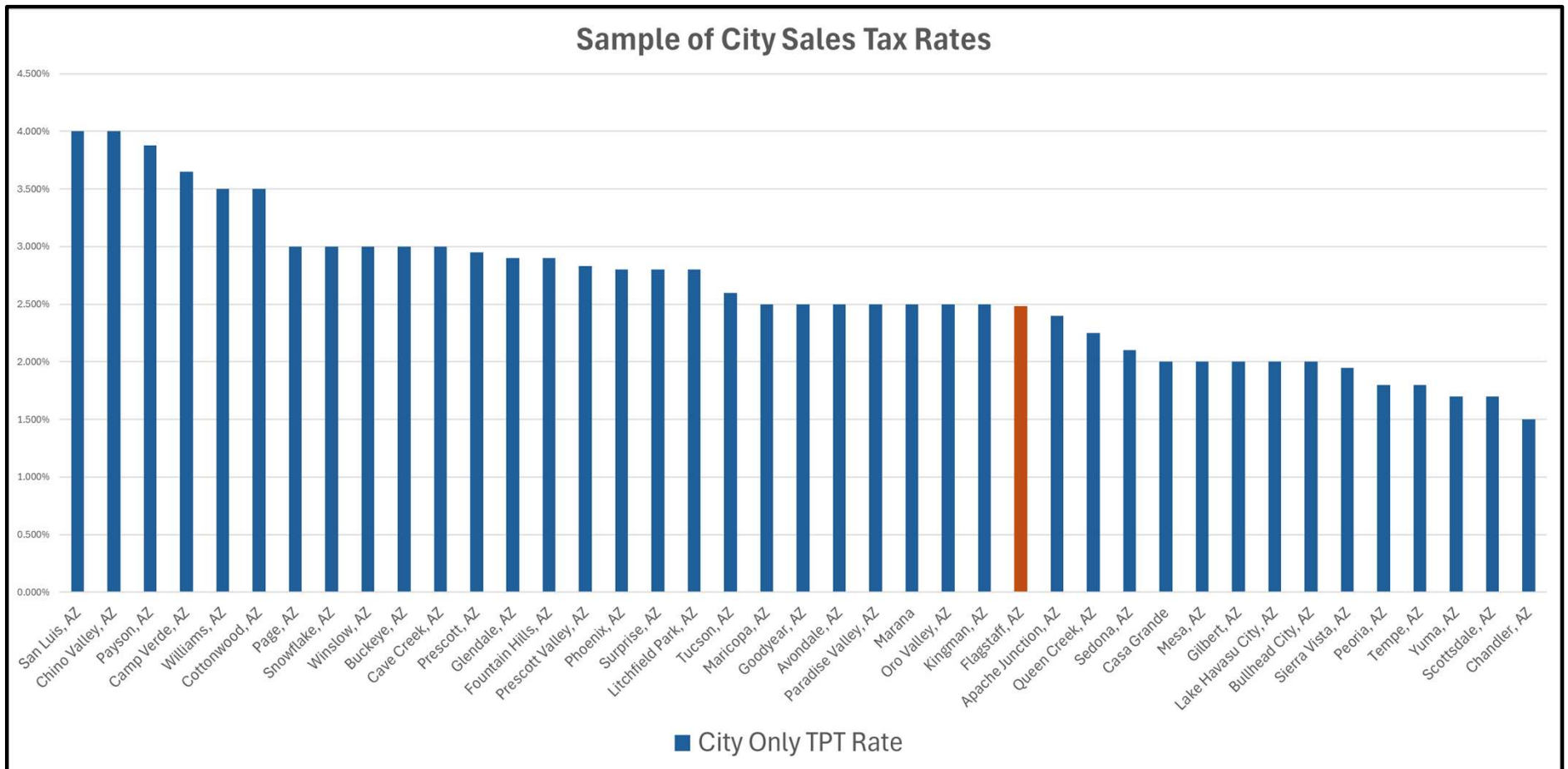
- Recently approved
 - Northern Arizona Technology Park <https://www.naztechpark.com/>
 - Parking Fees and Badging Fees
 - Airport Cafe and Visitor Center
- Staff is reviewing revenue opportunities with a Consultant
 - Passenger Facility Charge, currently updating, used to offset projects and grants
 - Landing Fees
 - Hangar Expansion Program, build and lease options
 - Jet Fuel Excise Tax
 - Customer Facility Charge, car rental infrastructure maintenance and improvements

Transaction Privilege Tax

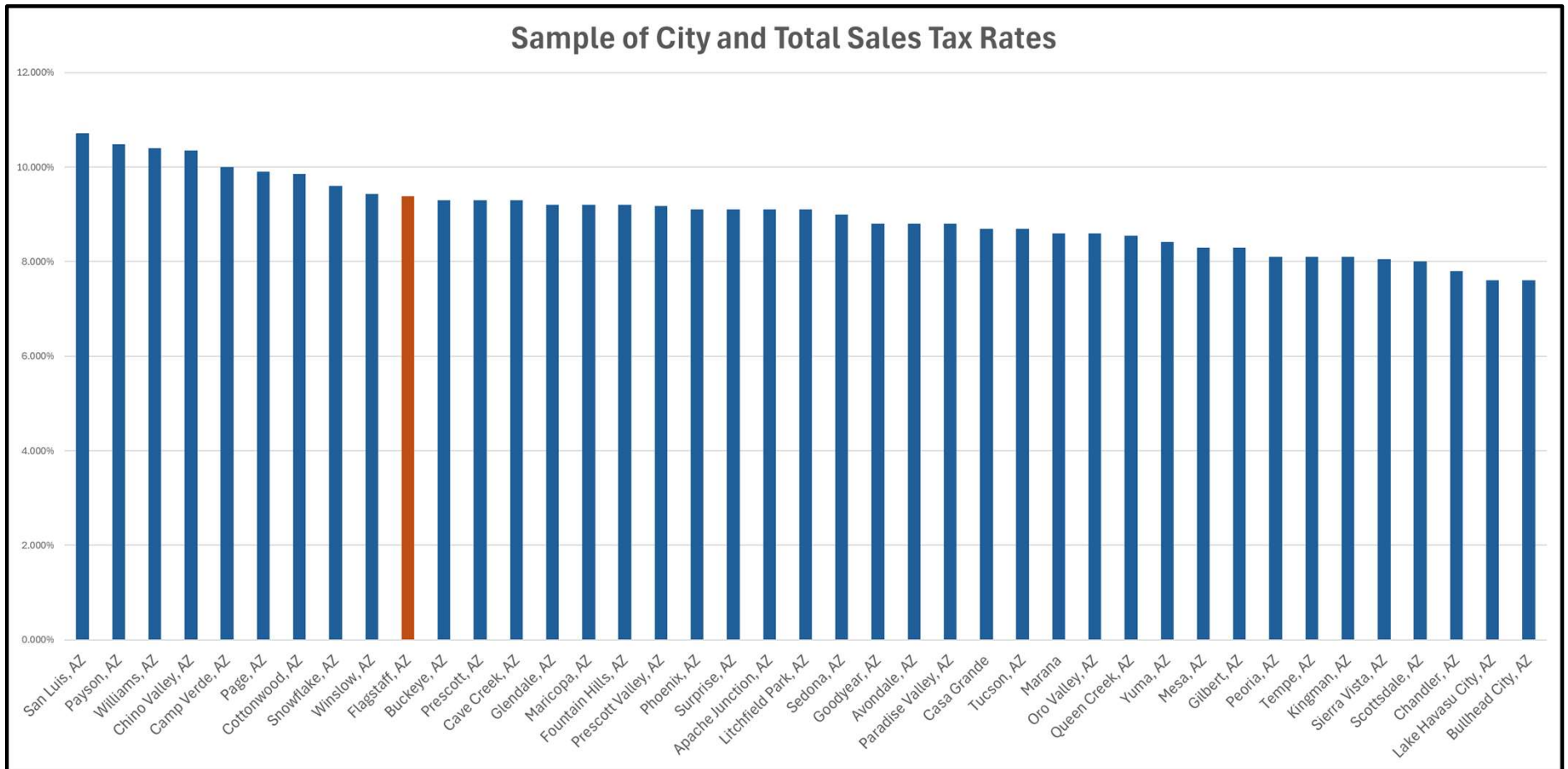
- Also known as sales tax
- Voter approval required
- Dedicated or unrestricted
- Sunset or no sunset date
- Half of Arizona cities have a local rate of 3.00% or higher
- 1% tax produces \$30M
 - 0.1% is \$3M, 0.25% is \$7.5M
- Fees are generally passed on to consumer
- Visitors outside Flagstaff and surrounding area pay about 37%
- Surrounding communities support tax

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%	

Sales Tax Rates by City Tax Rates



Sales Tax Rates by Total Tax Rates



What does a Sales tax rate mean to consumers



Tax would apply to dining bills and purchase of a commodities like a refrigerator



Tax does not apply to food at the grocery store or rents



At 1%, the tax would be \$1.00 per \$100



Who pays: Anyone/entity making purchases within City limits.
(City residents, residents from surrounding communities, visitors, businesses, government agencies)

Public Safety Funding Considerations

One-time resources

- General Fund
- Development Impact Fees
- General Obligation Bond/Secondary Property Tax
- Grant Revenue

One-time uses

- Capital
- Non-recurring expenses
- Maintenance catch up

Ongoing resources

- General Fund
- Primary Property Tax
- Rates and Fees
- Water Resource Infrastructure Protection (WRIP) Fund
- Airport Rates and Fees
- Transaction Privilege Tax

Ongoing uses

- Personnel
- Operations
- Debt financing

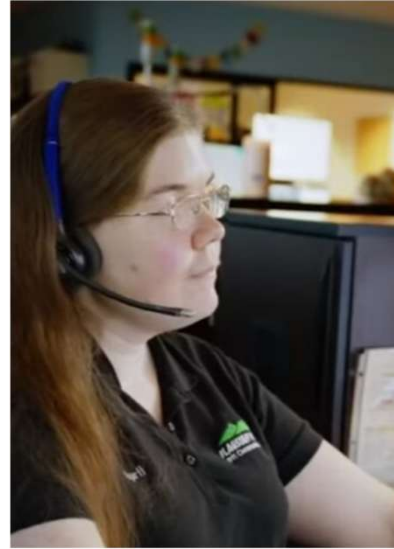
Example Funding Public Safety Considerations

Combination of funding sources

- Sales Tax and GO Bonds
- Sales Tax, GO Bonds and WRIP Fund rates

Single funding source

- Sales Tax



Funding Needs

Fire Department 10-Year Total

- Current Operations \$28,648,440
- New Positions \$23,121,680
- Training Center \$7,749,440
- Station #7 \$65,754,610
- Administration Facility \$12,458,310
- Station #2 Quint \$21,000,140
- Safe Staffing \$61,080,000
- **GRAND TOTAL \$219,812,620**

Wildland Fire Management 10-Year Total

- Current Operations \$5,693,100
- New Positions \$1,189,848
- Wildland Fire Management Facility \$3,599,100
- **GRAND TOTAL \$10,482,048**

Police Department 10-Year Total

- Current Operations \$37,077,680
- New Positions \$30,942,310
- Fleet Expansion \$8,444,500
- Incident Command Vehicle \$1,059,000
- Facility Expansion \$35,207,000
- John Wesley Powell Substation \$4,120,390
- Evidence Warehouse Rehabilitation/Expansion \$4,779,480
- Northern Arizona Integrated Regional Operation Center \$10,323,450

Police Department 10-Year Total

- Overlap Patrol Squad \$59,527,340
- Specialty Unit \$10,148,270
- Metro Unit – Current Operations \$7,066,050
- Metro Unit – New Positions \$1,297,980
- Training Unit \$7,938,780
- Community Engagement Squad \$9,585,260
- Criminal Investigations Unit \$17,850,030
- **GRAND TOTAL \$245,367,520**

Aircraft Rescue Firefighting 10-Year Total

- ARFF and Safety Current Operations \$11,119,200
- Safety New Positions \$2,402,890
- Fire Minimum Staffing \$8,037,560
- Fire Safe Staffing \$4,612,730
- **GRAND TOTAL \$26,172,380**

Emergency Management 10-Year Total

- Current Operations \$3,867,490
- New Positions \$5,565,920
- **GRAND TOTAL \$9,433,410**

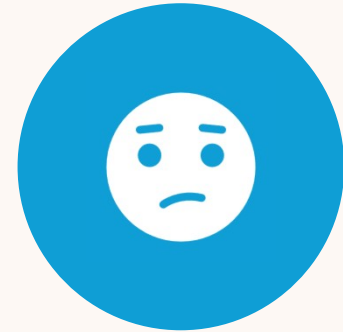
Discussion on Priorities



AGREE ON APPROPRIATENESS
OF PRIORITIES



ADDITIONAL QUESTIONS ON
CERTAIN PRIORITIES



CONCERN ABOUT SOME
PRIORITIES