

**MINUTES OF THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, JANUARY 21, 2025, AT 6:30 PM IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA**

1. Call to Order.

Mayor Leech called the meeting to order at 6:31 p.m.

2. Roll Call.

**COUNCIL MEMBERS PRESENT:** Mayor Leech, Vice Mayor Kakavas, Councilman Adams, Councilman Clark, Councilman Hatch, Councilman Judd, and Councilman Whipple.

**COUNCIL MEMBERS ABSENT:** None.

**STAFF MEMBERS PRESENT:** F. Morgan Brown, City Manager; Anna Atencio, City Attorney; Justin Johnson, Deputy City Manager; Bill Kopp, Public Works Director; Lisa Robertson, Grants and Transit Manager; Shannon Adams, Grants Coordinator; and Rachael Hall, City Clerk.

**GUESTS:** None.

3. Discussion of Fiscal Year 2026 Budget Process and Overview and Review of the Event Center Recommendations and Potential Financing.

Mr. Johnson said he would be presenting the Fiscal Year 2026 budget process and overview. He said there would not be a presentation regarding the Event Center Recommendations and Potential Financing.

A copy of the Fiscal Year 2026 budget process and overview presentation was attached to the minutes.

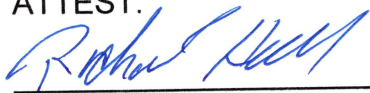
Mayor Leech asked how long the City had budgeted a three-month operating reserve for the general, wastewater, and water fund. Mr. Johnson said the City had been budgeting the three-month reserve fund that for about four-to-five years and said it seemed to be above the average practice for municipalities.

Vice Mayor Kakavas asked for staff to get Council calculations on how much the budget would be if the City did a four-month operating reserve fund. Mr. Johnson said staff would work on that budget number and present it at the next budget study session.

4. Adjournment.

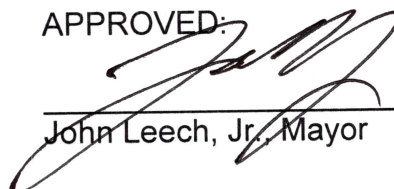
There being no further business to be brought before the Council, **MAYOR LEECH ADJOURNED THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL OF JANUARY 21, 2025, AT 6:45 P.M.**

ATTEST:



Rachael Hall, City Clerk

APPROVED:



John Leech, Jr., Mayor

### CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Show Low held on January 21, 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 4<sup>th</sup> day of February, 2025.



Rachael Hall, City Clerk





# City of Show Low, Arizona

## FY2026 Budget Overview Study Session

January 21, 2025





# FY 2026 Process Goals



Provide opportunities for citizen input during the budget process



Provide a method to allocate funding throughout organization based on priorities and projected revenues



Maintain existing levels of service



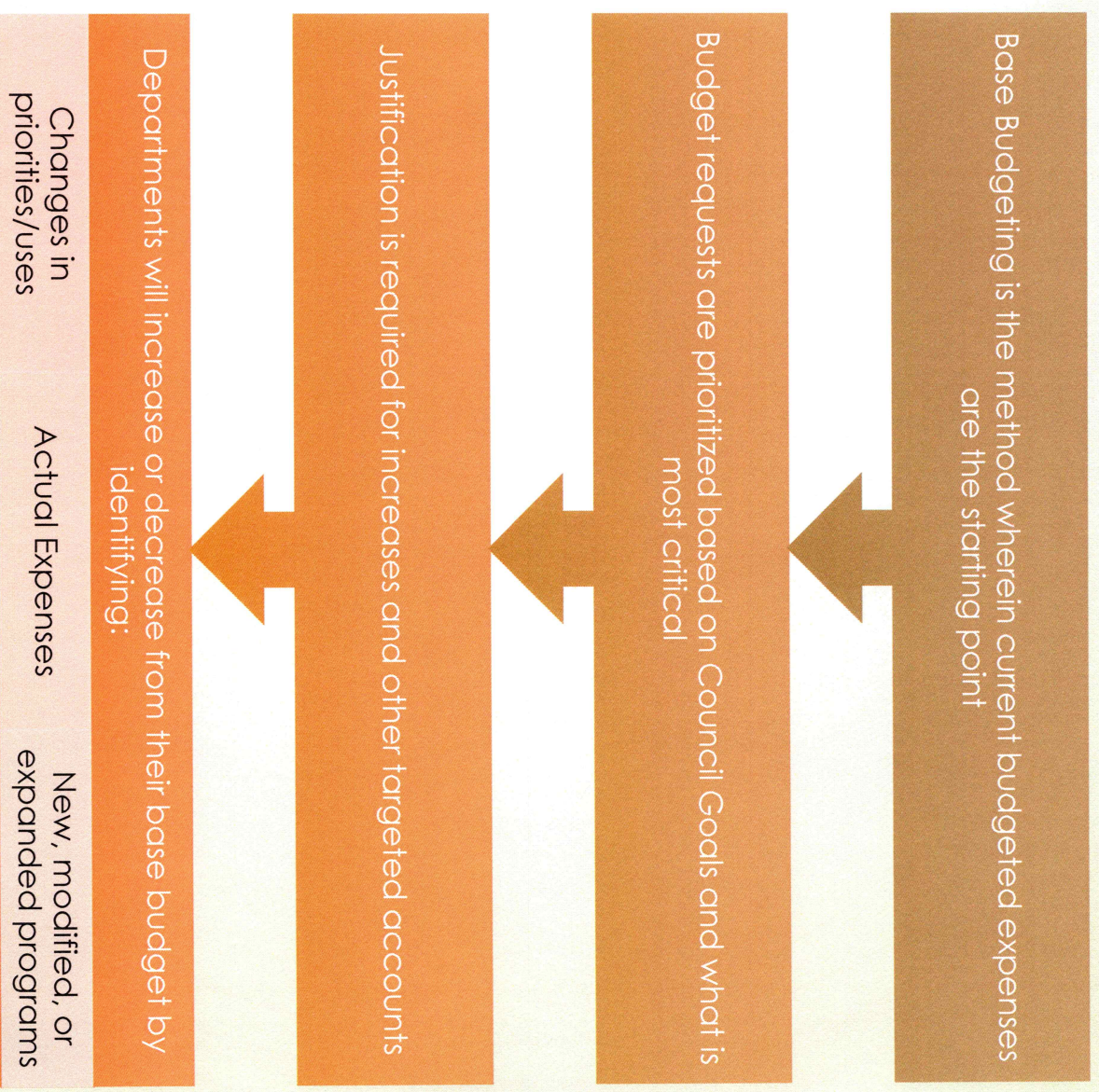
Ensure the Council's high-priority programs continue to be funded



Continue to provide a balanced budget



# Budget Method

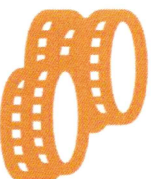




# Recommended Budget



**City Manager's recommended budget will be delivered to Council on March 28, 2025**



**Budget will be balanced and include:**

Revenue detail  
Expense line-item amounts  
Requested and  
Recommended amounts



**Budget will reflect Council Goals:**

Infrastructure –  
Preserve Existing Assets  
Quality of Life  
Economic/Community  
Development  
Organization



# Economic Overview



Arizona's economy is forecasted to grow by 0.3% in 2025 to 2.0% from 1.7% in 2024.



Arizona job growth expected to decline to 2.0% in 2025 from 2.2% in 2024 due to tighter Federal Policies. However, unemployment remains at a record low of 3.5%



Overall outlook – Arizona is well positioned to grow this year but at a reduced pace.



**US inflation improves**

Annual inflation rate was 2.7% for the 12 months ending November 2024 compared to 2.6% in November 2023

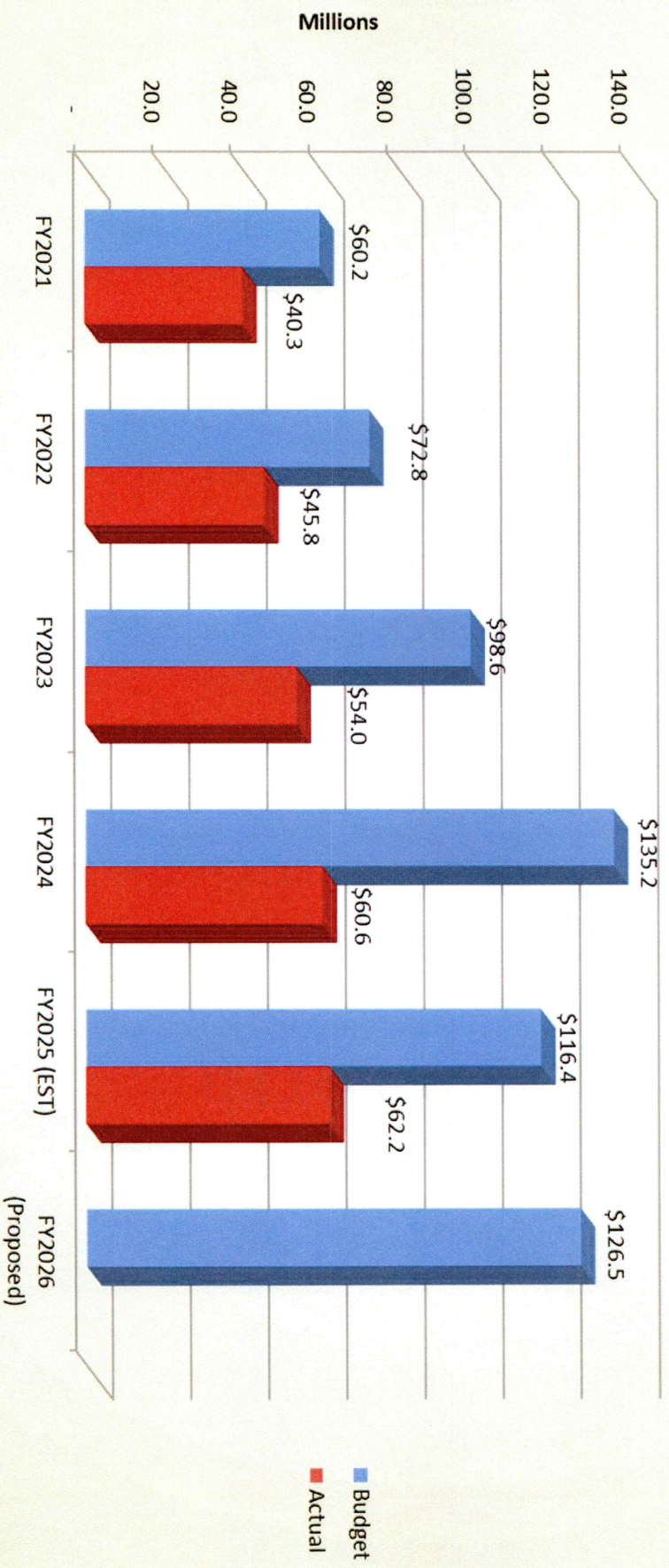
Uncertainties loom over 2025, suggesting slower economic activity. The Federal Funds rate target of 3.00-3.25 is expected in October 2025, several months later than anticipated



Staff will continue to monitor and budget accordingly



# Budget vs. Actual (expenses)

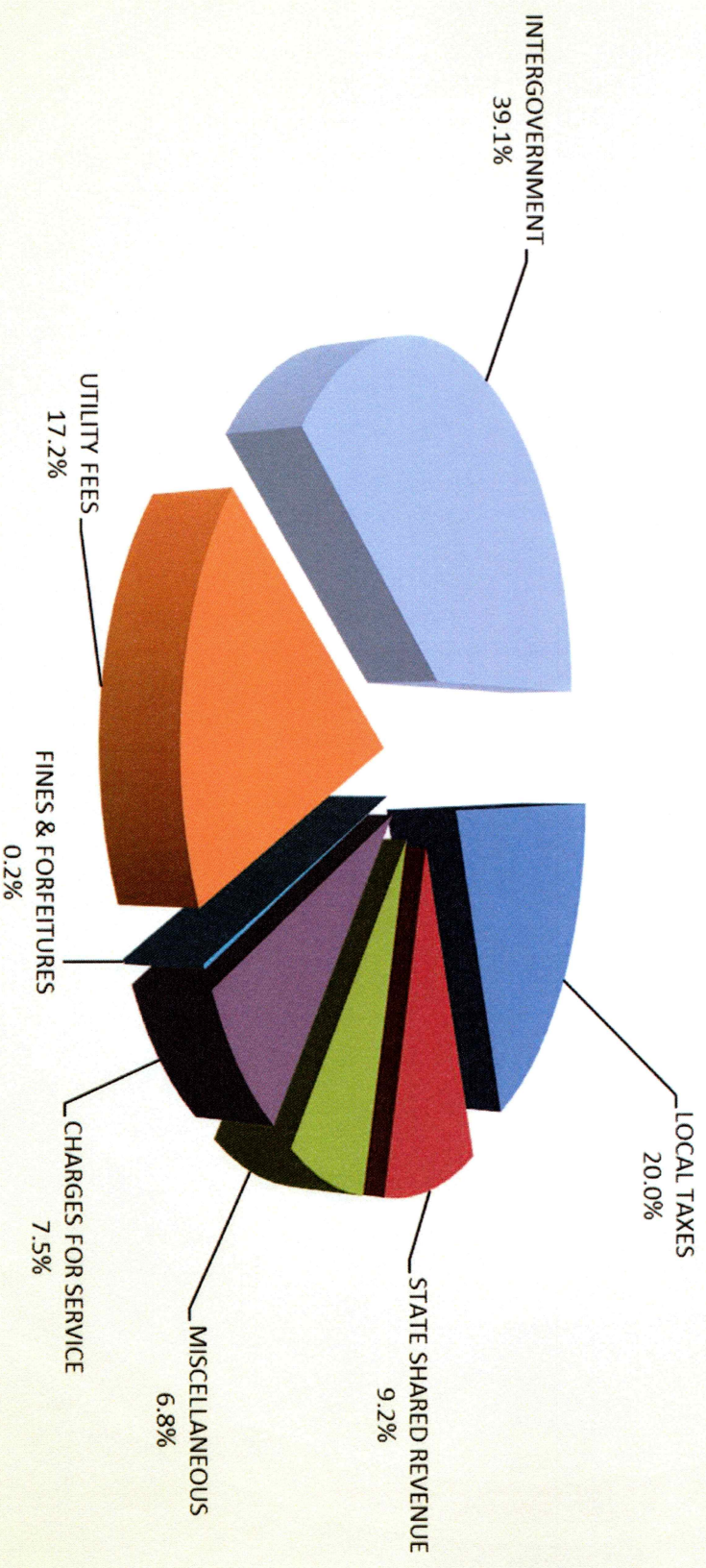




# Where does the money come from?

## -All funds – operating revenue

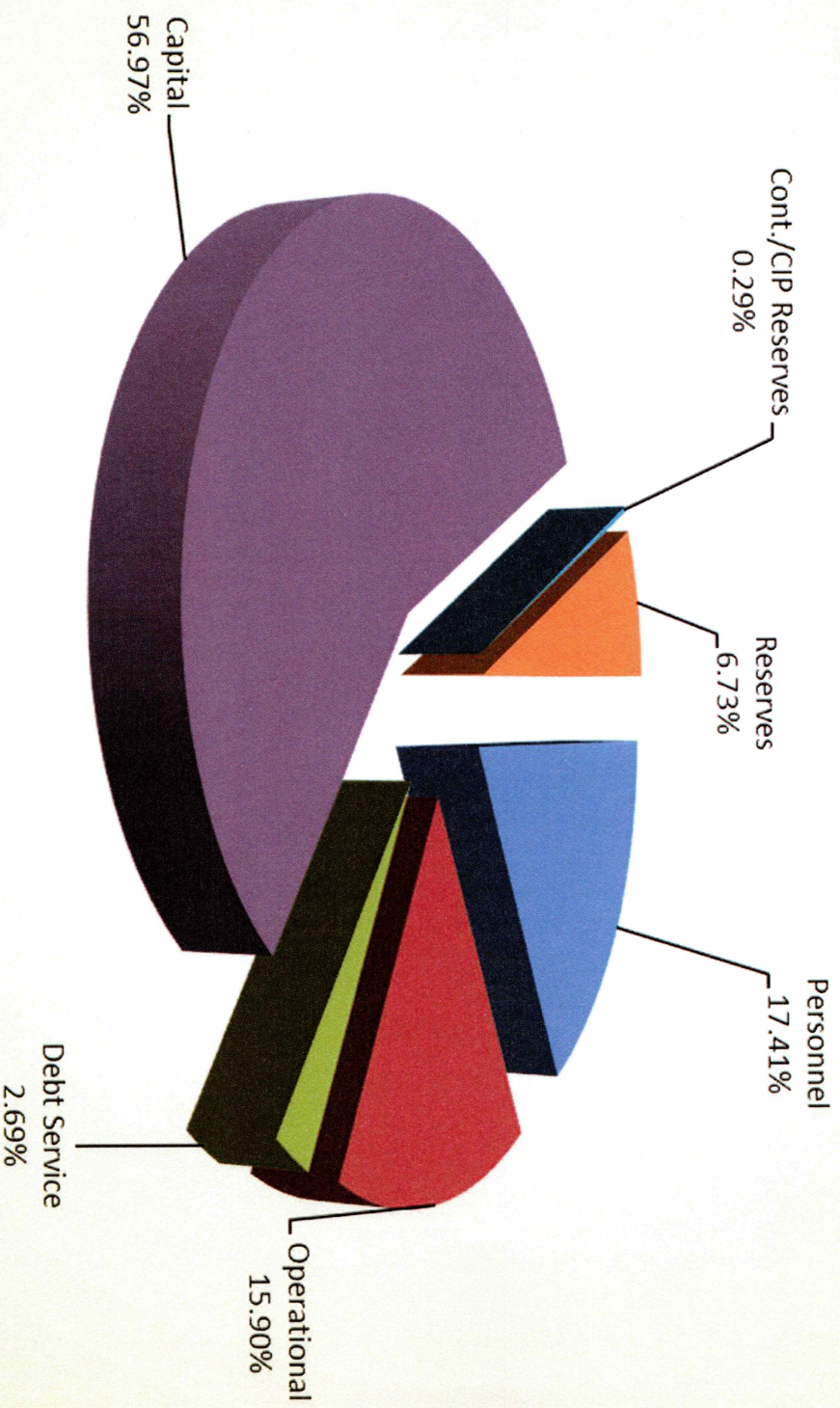
**FY 2026 - Preliminary Estimates**  
**\$79,427,641**





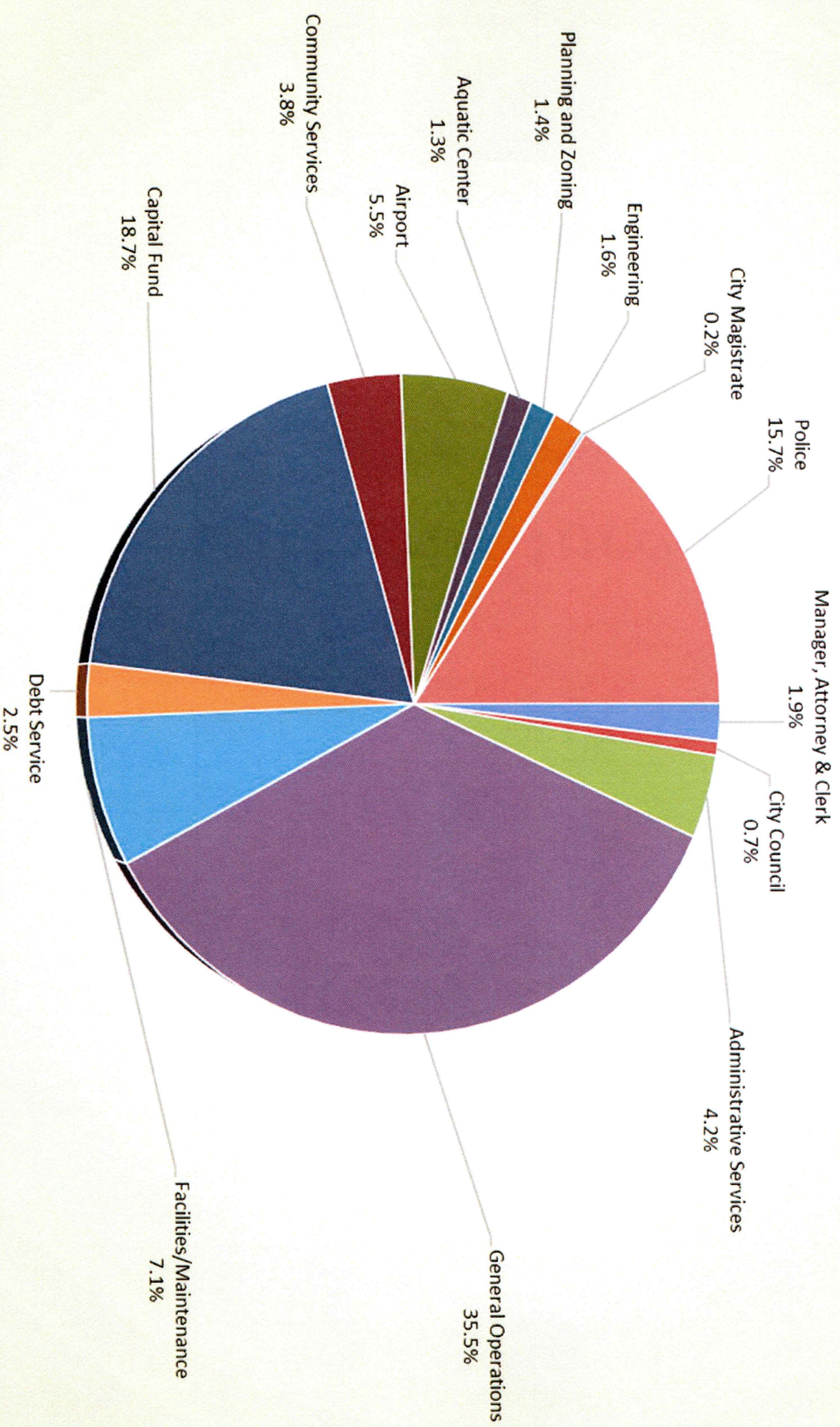
# “How is the money allocated?”

## -All Funds





# “How is the money allocated?” -General Fund





# Planned Budget Items



Conservative Revenue  
Projections

95% of prior year actuals  
(or less)



Council Contingency \$350,000



Debt Service

Continue to monitor debt  
service and payoff/down  
where available



Cost of Living  
Adjustment/Merit

Will be evaluated based  
on economic conditions  
and revenues



General, Wastewater,  
and Water Fund  
Reserves

3 months operating



Public Safety Retirement  
Liability

Funding status improved to  
100%



# Citizen Involvement

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- Capital Improvement Plan (Approved 12/3/2024)
- Town Hall Meetings
  - Thursday, January 30, 2025 at 6:00 p.m.
  - Thursday, April 3, 2025 at 6:00 p.m.
- Recommended Budget Presentation
  - Tuesday, April 1, 2025 at 6:00 p.m.
- Budget Study Sessions
  - Thursday, April 3, 2025 at 6:00 p.m. (following budget town hall)
  - Thursday, April 17, 2025 at 6:00 p.m. (if needed)
  - Thursday, April 24, 2025 at 6:00 p.m. (if needed)
- Budget worksheet available online and at City Hall for providing input regarding the budget



Questions?

