

CITY COUNCIL BUDGET RETREAT
MONDAY, FEBRUARY 12, 2018
AND TUESDAY, FEBRUARY 13, 2018
CITY HALL COUNCIL CHAMBERS
211 WEST ASPEN
9:00 A.M. & 1:00 P.M.

1. Call to Order

Mayor Evans called the Budget Retreat of the Flagstaff City Council held February 12, 2018, to order at 9:00 a.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

2. Pledge of Allegiance and Mission Statement

The Council and audience recited the pledge of allegiance.

MISSION STATEMENT

The mission of the City of Flagstaff is to protect and enhance the quality of life for all.

3. Roll Call

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

PRESENT:

MAYOR EVANS
VICE MAYOR WHELAN
COUNCILMEMBER BAROTZ
COUNCILMEMBER MCCARTHY
COUNCILMEMBER ODEGAARD
COUNCILMEMBER OVERTON
COUNCILMEMBER PUTZOVA

ABSENT:

NONE

Others Present: Interim City Manager Barbara Goodrich; City Attorney Sterling Solomon

4. City Council Fiscal Year 2019 Budget Retreat

Ms. Goodrich began a PowerPoint Presentation that covered the following:

RETREAT OBJECTIVES AND OUTLINE
COUNCIL GOALS AND OBJECTIVES CHECK IN

Deputy City Manager Shane Dille continued the presentation.

AGENDA
HOW DID WE GET HERE?
WHY THE MATRIX WORKS
HOW IS IT WORKING FOR YOU?

Council briefly discussed how the matrix is working for them and requested quarterly updates to the document. It was also suggested that an overview of the goals and accomplishments be published in CityScape.

Management Services Director Rick Tadder continued the presentation.

REVENUE UPDATES
CITY SALES TAX – GENERAL FUND

Mr. Tadder explained that the revenue team has put significant effort into updating the website and providing as much information as they can regarding the transition to the State collecting sales taxes.

Mr. Tadder also reported that construction has seen the largest growth in sales tax revenues. It is unsure how long that will continue so staff is documenting those as more of a one-time bump.

Mr. Tadder continued.

STATE SHARED SALES TAX
STATE SHARED INCOME TAX/URBAN REVENUE
FRANCHISE FEES
BUILDING PERMITS
BED, BOARD AND BEVERAGE (BBB)
HIGHWAY USER REVENUE (HURF)

Finance Director Brandi Suda continued the presentation.

AVAILABLE REVENUES AND FIXED COSTS
FIXED COSTS – PENSION

Councilmember Whelan asked how the pension fund became so underfunded. Ms. Goodrich offered that it was a combination of things; what has mostly impacted the situation is the under-realized investment earnings. When the anticipated interest earning estimates were not realized it increased contributions to compensate. Another factor was the result of two lawsuits that determined that moving the employee share from 7.65% to 11.65% was not permissible and then rolled back to 7.65% with cities and towns having to refund those contributions.

Mr. Tadder continued.

FIXED COSTS – HEALTH BENEFITS
REVENUE UPDATE SUMMARY – GENERAL FUND
FIXED COSTS SUMMARY – GENERAL FUND

A break was held from 10:32 a.m. through 10:44 p.m.

At this time public comment was received from the following individuals regarding the budget:

- Armando Bernasconi, Quality Connections

Human Resources Director Shannon Anderson continued the presentation:

BENEFITS
NAPEBT
HEALTH BENEFITS
NATIONAL TRENDS
NATIONAL TRENDS UTILIZATION VS. INFLATION
NATIONAL TRENDS COST MANAGEMENT STRATEGIES 2016 & 2017
NATIONAL TRENDS REGIONAL VARIATIONS
ARIZONA TRENDS
ARIZONA TREND MEDICAL PREMIUM COST SHARING FOR EMPLOYEE-ONLY
ARIZONA TREND MEDICAL PREMIUM COST SHARING FOR EMPLOYEE PLUS FAMILY
ARIZONA TREND MEDICAL PREMIUM COST SHARING
ARIZONA TREND ANNUAL MEDICAL PLAN DEDUCTIBLES
ARIZONA TREND OFFICE VISIT COPAYMENTS
ARIZONA TREND OUT OF POCKET MAXIMUMS
ARIZONA TREND PRESCRIPTION DRUG COPAYMENTS
NAPEBT TRENDS
NAPEBT RENEWAL
NAPEBT RENEWAL ADDITIONAL BENEFITS
WELLNESS
INCENTIVE PROGRAM
INCENTIVE PROGRAM SUCCESSES
NEAR SITE CLINIC
NEAR SITE CLINIC 2017 INITIATIVES
NEAR SITE CLINIC SUCCESSES
NEAR SITE CLINIC YEAR 2 ADDITIONS
BENEFITS – MATERNITY/PATERNITY LEAVE
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS)
UNFUNDED LIABILITY STATUS
FY 2019 RATES AND COSTS
CONSIDERATION OF CHANGING AMORTIZATION PERIOD
PENSION POLICY DEVELOPMENT
WHAT ARE OTHER CITIES DOING
CONSIDERATION OF CHANGING AMORTIZATION PERIOD
STAFF RECOMMENDATION

Councilmember McCarthy asked what the amortization period is. Mr. Tadder stated that the expectation is to pay it off in a 20-year period.

Ms. Goodrich explained that the normal cost to support someone is about 15% versus the 85% the City has been paying to try and catch up.

Councilmember Overton stated that he would like to see the City be more aggressive in paying down the liability. He indicated that the City is currently maintaining and if another downturn hits this would be a \$15 million budget item that is not negotiable.

A break was held from 12:22 p.m. through 1:00 p.m.

Mr. Tadder continued the presentation.

GENERAL OBLIGATION BONDS
HISTORY OF GO BONDS AUTHORIZED – 20 YEARS
GENERAL OBLIGATION BONDS
LEGAL LIMITS
SECONDARY PROPERTY TAX RATE
CAPACITY BASED ON CURRENT POLICY

At this time the following people addressed Council concerning the budget:

- Janet Regner, Coconino County Community Services

Housing Manager Sarah Darr continued the presentation.

AFFORDABLE HOUSING
SEVERAL TASKS, ALL RELATED SOMEHOW
AFFORDABLE HOUSING
COUNCIL GOALS
COUNCIL OBJECTIVES
COUNCIL PRIORITIES
USE OF CITY OWNED LAND
PLAN MOVING FORWARD
FUNDING
HISTORY – STUDIES/REPORTS
CONSISTENT RECOMMENDATIONS:
ECONA STUDY AND RECOMMENDATIONS
WHAT CAN YOU DO WITH A BOND FOR AFFORDABLE HOUSING?

After discussion a majority of Council agreed to have staff do further research concerning an Affordable Housing bond question on the November 2018 ballot.

Human Resources Benefits Analyst Jennifer Caputo continued the presentation.

2017 EMPLOYEE SURVEY
2017 RESULTS
AREAS OF SIGNIFICANT INCREASE
AREAS OF SIGNIFICANT DECREASE
AREAS OF NO SIGNIFICANT CHANGE
SUMMARY OF WRITTEN COMMENTS
NEXT STEPS

Ms. Goodrich provided the following wrap up of the conversations:

- Council would like to find better ways to use the Council Priorities and incorporate them into the budget process.
- A majority of Council is interested in moving maternity/paternity leave forward for consideration.
- Council would like to continue with a 20-year amortization on the PSPRS unfunded liability.

5. Informational Items To/From Mayor, Council, and City Manager; future agenda item requests.

None

6. Adjournment

The City Council Budget Retreat of February 12, 2018, recessed at 2:27 p.m.

City Council Fiscal Year 2019 Budget Retreat - Day Two

1. Call to Order

Mayor Evans called the Budget Retreat of the Flagstaff City Council held February 13, 2018, to order at 1:00 p.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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2. Roll Call

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

PRESENT:

MAYOR EVANS
 VICE MAYOR WHELAN
 COUNCILMEMBER BAROTZ
 COUNCILMEMBER MCCARTHY
 COUNCILMEMBER ODEGAARD
 COUNCILMEMBER OVERTON
 COUNCILMEMBER PUTZOVA

ABSENT:

NONE

Others present: Interim City Manager Barbara Goodrich and City Attorney Sterling Solomon.

3. City Council Fiscal Year 2019 Budget Retreat

Interim Police Chief Dan Musselman began a PowerPoint presentation that covered the following:

PUBLIC SAFETY OPERATIONS UPDATE
FPD PUBLIC SAFETY STAFFING CONCERNS
STAFFING LEVELS ARE NO LONGER ADEQUATE
RETENTION AND RECRUITMENT
INCENTIVES AND INVESTMENTS

Deputy Fire Chief Mark Wilson continued the presentation.

COUNCIL QUESTIONS FROM DECEMBER RETREAT
CALL VOLUME VS FTE
COMPARISON TO OTHER CITIES
JULY 2016-JULY 2017 CALL VOLUME DENSITY MAP
NUMBER OF PARAMEDICS – COMPENSATION FACTORS
TYPES OF EMERGENCY MEDICAL SERVICE (EMS) CALLS 2016
IMPACTS TO SERVICE DEMANDS

Councilmember McCarthy asked what types of calls are being responded to at NAU. Deputy Chief Wilson stated that they range from alcoholism, drugs, broken limbs, assaults and other disputes. He stated that they will often see a spike in service when the new school year begins and then it levels out; the same is true when a new facility comes online.

Deputy Chief Wilson continued the presentation.

FEASIBILITY OF REOPENING FIRE STATION 32
WHAT IS ALL OF THIS TELLING US?
SUMMARY

Deputy Chief Wilson stated that there is a need for at least nine new firefighters as well as additional staff in wildland firefighting.

Councilmember Overton asked if the reorganization from a few years ago is working or if there is one station carrying more of a call load than others. Deputy Chief Wilson stated that the stations that have lower call volumes are being utilized as needed for other areas; the intent is to get as many of them out responding to calls. The crews are rotated to slower stations because they are getting so burned out. The use of CART has helped in the response.

Councilmember Overton asked where the new firefighters that are being requested would go. Deputy Chief Wilson stated that the biggest impact with bringing them on would be the reduction in overtime costs and burnout because they are currently so understaffed.

Police Chief Kevin Treadway added that there is a different model for policing; they do not respond from quadrants but rather assign officers in the field to different beats. Those beats have not been expanded in the last 15 years and as the city continues to expand the need directly equates to officers. During the graveyard shift there is only one supervisor and five officers covering the entire city. The minimum staffing level has not changed but additional officers would allow them to add a squad during the high-volume times.

Chief Treadway added that they have tried everything keep officers in Flagstaff; he is not aware of

any other police department that has not reinstated merit and the merit issue comes up again and again when officers leave. Councilmember Overton stated that if merit is the need then City Council needs to find ongoing money for merit. Those ongoing dollars are difficult to find and merit takes a large portion of that. He would like to see public safety as a priority for merits.

Wildland Fire Manager Paul Summerfelt continued the presentation.

WILDLAND FIRE MANAGEMENT (WFM) FLAGSTAFF WATERSHED PROTECTION PROJECT
(FWPP) COMPLETION AND PROGRAM SUSTAINABILITY
THE SETTING
OUR INVESTMENT: THE CYCLE OF SUCCESS
THE GOOD NEWS
FWPP STATUS AND NEEDS
WFM SUSTAINABILITY
SUMMARY

Mr. Tadder continued the presentation.

WILDLAND FIRE MANAGEMENT FUNDING CONSIDERATION
POSSIBLE FUNDING

Fire Chief Mark Gaillard continued.

SUMMIT INTERGOVERNMENTAL AGREEMENT (IGA)
FLAGSTAFF FIRE DEPARTMENT (FFD) SITUATION STATUS
FEATURES OF THE IGA
OPERATIONAL BENEFITS OF THE ENHANCED SUMMIT IGA
FISCAL IMPACTS
SUPPORT FOR IGA
RECOMMENDATION:

A break was held from 3:03 p.m. through 3:12 p.m.

Chief Gaillard continued the presentation.

PUBLIC SAFETY RESEARCH GROUP (PSRG) RESEARCH
CONCLUSIONS
RISK MANAGEMENT WAS ADDRESSED
EXAMPLES OF BOTH AGENCIES SHARING RESOURCES
FISCAL ANALYSIS
QUID PRO QUO

Council briefly discussed the cost savings associated with partnering with Summit Fire and the benefits that it could provide.

Assistant to the City Manager Caleb Blaschke continued the presentation.

NATIVE AMERICAN STRATEGIC INITIATIVES
NATIVE AMERICAN AFFAIRS LIAISON
INDIGENOUS CIRCLE OF FLAGSTAFF

Mayor Evans stated that she recently met with the Indigenous Circle of Flagstaff (ICF) and one thing that they shared concerns that if the Liaison position had other duties as assigned that the

meaning and purpose would be lost. They also expressed a need for a leader or Executive Director to focus on establishing an organization that could overlook and direct the implementation of a strategic plan.

Rose Tsosie addressed Council as a member of ICF and offered that they believe there is a better way to do this; they need the ability to establish a foundation or organization through a 501(c)3 who can move the plan forward and operate

Chris Jocks, also with ICF, addressed Council stating that the process needs to be community driven. The first objective is to make sure there is adequate representation in the community. ICF does support the City having a liaison to spearhead the program forward. He stated that the community needs to be involved in developing the job description as well as be represented through the selection process.

Councilmember Putzova left the meeting at 3:50 p.m.

Council had further discussion about the need for ICF to develop a non-profit agency to help with the collection and distribution of funds.

Ms. Goodrich continued the presentation.

SERVICE PARTNER CONTRACTS DISABILITY PROVIDERS

Quality Connections CEO Armando Bernasconi addressed Council requesting that the Council direct staff to do research for short-term and long-term funding.

The Council discussed the chronic underfunding of the disability service providers by the State, and how the increase in minimum wage is further impacting their operations. They also discussed the need to treat the community fair and how singling out one specific service may present a challenge. Council discussed the possibility of the State to provide a funding match if the City were to provide the base funding and how they need to be cautious of dedicating financial resources before having all the proper information. Additionally, finding a revenue source for this direction will be important to ensure that the City's base services continue to operate. The Council agreed to send a letter to the State seeking more information.

Ms. Goodrich continued the presentation.

RELOCATION ASSISTANCE FOR TRAILER PARK CLOSURES

Council discussed the possibility of the City establishing its own fund to provide this type of assistance for trailer park closures Council gave direction for staff to look at establishing a program and the legal aspects of doing so.

Code Enforcement Manager Reggie Eccelston continued the presentation

GRAFFITI ABATEMENT GRAFFITI BUSTERS PROGRAM COMMUNITY BENEFITS FUTURE CONSIDERATIONS

A break was held from 4:55 p.m. through 5:03 p.m.

Human Resources Director Shannon Anderson continued the presentation.

COMPENSATION
MARKET BASED PLAY
PAY EQUITY STUDY
BACKGROUND
OBJECTIVE
METHODOLOGY
ANALYSIS
FINDINGS BY DBM JOB VALUE
FINDINGS BY MIDPOINT
FINDINGS BY COMPA-RATIO
ORGANIZATION WIDE STATISTICAL FINDINGS BY DBM JOB VALUE
ORGANIZATION WIDE STATISTICAL FINDINGS BY PAY GRADE MIDPOINT
STATISTICAL FINDINGS BY DIVISION
RECOMMENDATIONS
NEXT STEPS

Ms. Goodrich reviewed the areas she heard from Council that need to be brought forward during the next budget retreats.

- Police – increase personnel and stabilize retention.
- Fire – address service level concerns with the Fire Department
- Wildland Fire Management – leverage money the City has and engage community partners
- Native American Affairs – development of a one-year strategic plan and development of a group to accept funding from the City or outside organizations.
- Service Partner Contracts – provide a letter of support on the grant application to State for relocation of trailer assistance.
- Graffiti Abatement – provide additional funding to enhance the program.

4. Adjournment

The City Council Budget Retreat of February 13, 2018, adjourned at 5:27 p.m.

MAYOR

ATTEST:

CITY CLERK

FY19 Budget
Council Parking Lot Items

			Remaining balance		58,000				290,000		250,000		65,000			
			Approved		General Fund		Airport		BBB - Economic		BBB - Tourism		BBB - Arts and Sciences			
			1X Amt	Ong Amt	1X Amt	Ong Amt	1X Amt	Ong Amt	1X Amt	Ong Amt	1X Amt	Ong Amt	1X Amt	Ong Amt	1X Amt	Ong Amt
Available prior to Budget Retreat					253,000	-	-	-	100,000		400,000	250,000	65,000	-		
Parking Lot Items for Funding Consideration																
Increase BBB-ED Loan Payment	Other	Yes			(100,000)				100,000							
Budget Item entry error	Other	Yes	(25,000)		(25,000)											
Housing Relocation Support	Affordable Hsg	Yes	100,000		100,000											
Teacher Training-Sustainability	Climate Action	Yes	10,000		10,000											
Public Restrooms (split with BBB funds)	Economic Dev	Yes	200,000	approved												
Paid Maternity/Paternity-4 weeks	Personnel	Yes		57,500		40,000										
Impact Fee Study	Various	Yes	150,000		150,000											
Impact Fees-FD and PD Portion	Fire/Police	Yes	(75,000)		(75,000)											
IT Funding	Other	Yes	50,000		100,000											
Each 1% merit sworn officers=\$115K		Yes		345,000		345,000										
PSPRS 30 Year Actuarial		Yes		(345,000)		(345,000)										
Budget Team to find funding		Yes				(40,000)										
Willow Bend-Educational Opportunity		Yes	10,000		10,000											
Boys and Girls Club		Yes	25,000		25,000											
Sustainability Program		Yes-no set \$														
Airport-Greentree-Dump Station	Economic Dev	Yes	175,000				175,000									
Airport-Greentree-Security	Economic Dev	Yes	79,000				79,000									
Airport Marketing in General Fund	Economic Dev	Yes	(71,500)				(71,500)									
Other Airport Revenues	Economic Dev	Yes	(182,500)				(182,500)									
Airport Marketing Second Airline-Contingency		Yes								100,000						
Sister Cities	Economic Dev	Yes	10,000							10,000						
General Fund Balance Reduce 20%		No	(300,000)													
Neighborhood Planner	Bldg and Zoning	No		108,000												
Planning Development Manager	Bldg and Zoning	No		102,000												
Home Energy Efficiency Program	Climate Action	No	20,000													
Litter Clean Up Citywide	Economic Dev	No														
10 Yr Longevity Pay- PD (excl. temps)	Personnel	No	80,000													
10 Yr Longevity Pay- FD (excl. temps)	Personnel	No	65,000													
10 Yr Longevity Pay-All Others (excl. Temps)	Personnel	No	230,000													
Paid Maternity/Paternity-8 weeks	Personnel	No		115,000												
Paid Maternity/Paternity-12 weeks	Personnel	No		172,500												
TOTAL			550,000	555,000	195,000	-	-	-	100,000	-	110,000	-	-	-	-	-
BALANCE AVAILABLE					58,000	-	-	-	-	-	290,000	250,000	65,000	-	-	-