

Budget Retreat

February 7, 2019



Welcome and Objectives



Agenda

- Welcome
- Revenue Update
- Fixed Costs and Available Funding
- High Performing Government
- Council Goals & Objectives Discussion



Revenue Update

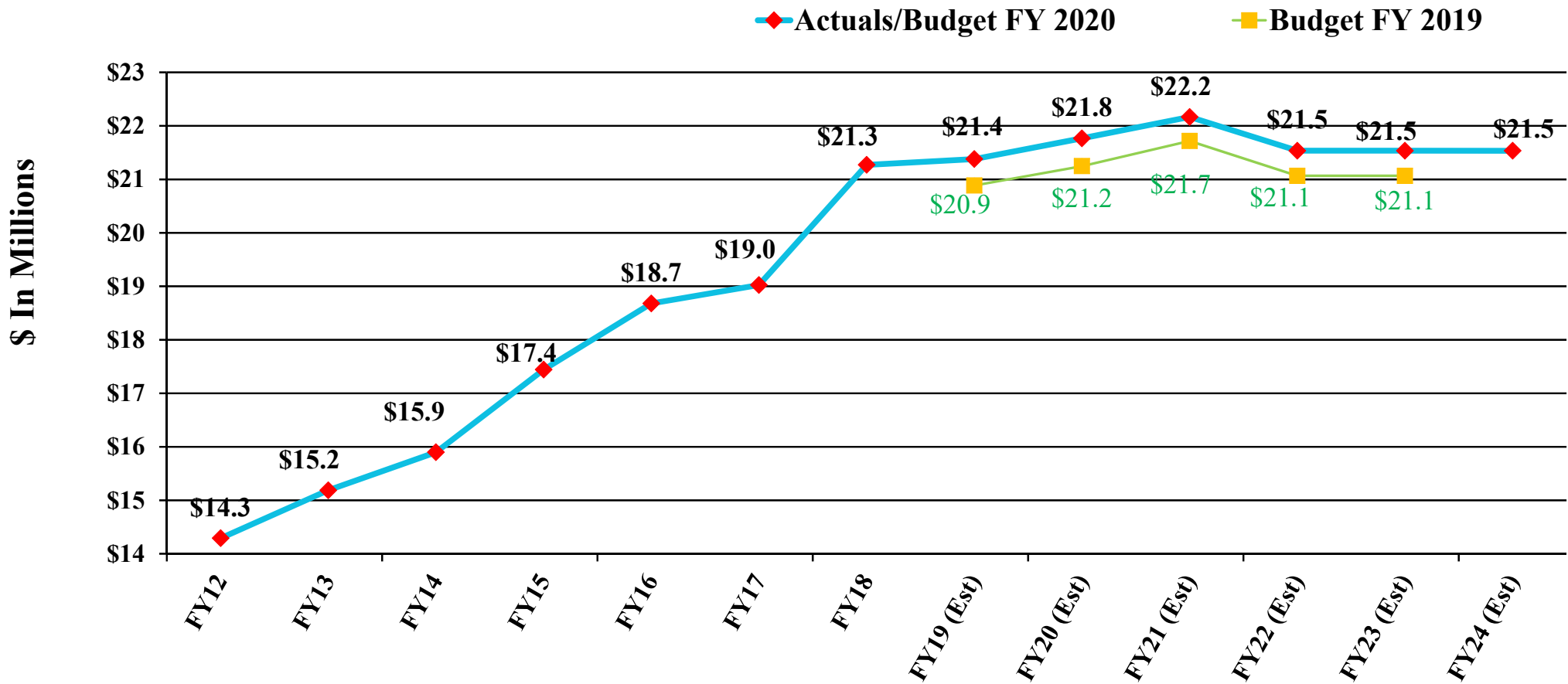




Revenue Update



City Sales Tax - General Fund

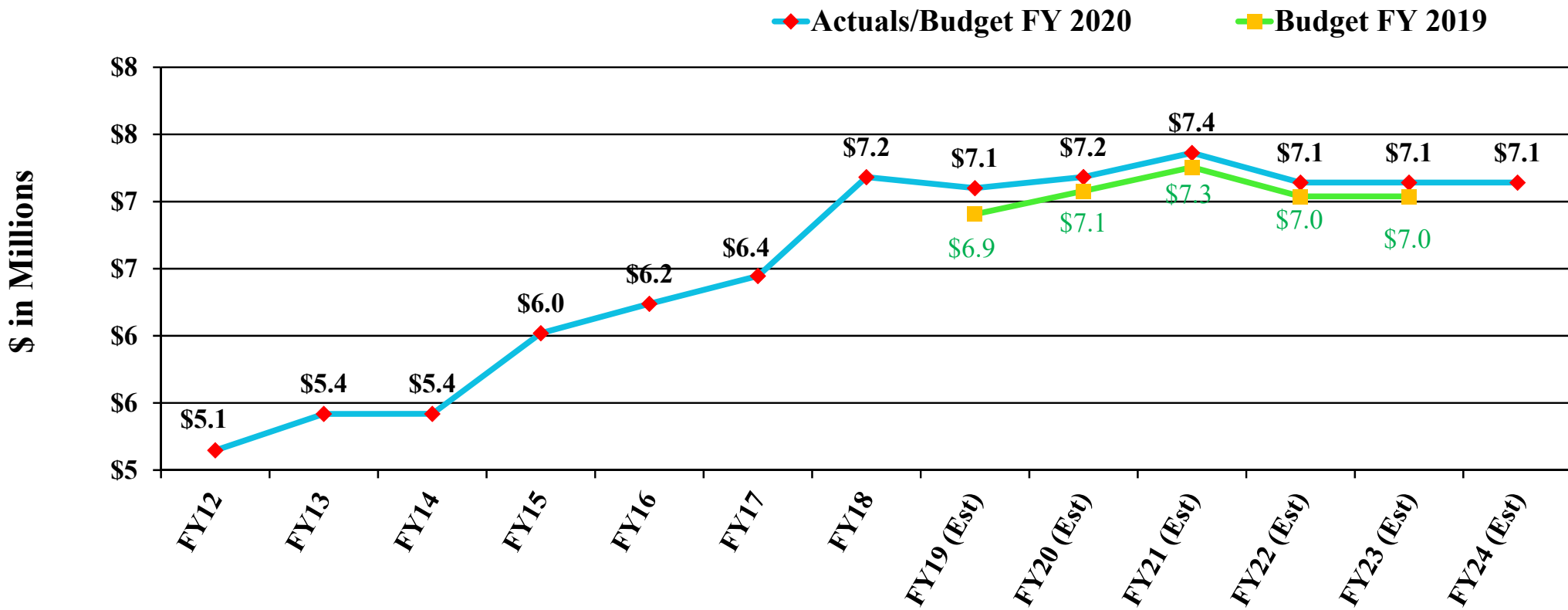




Revenue Update



State Shared Sales Tax

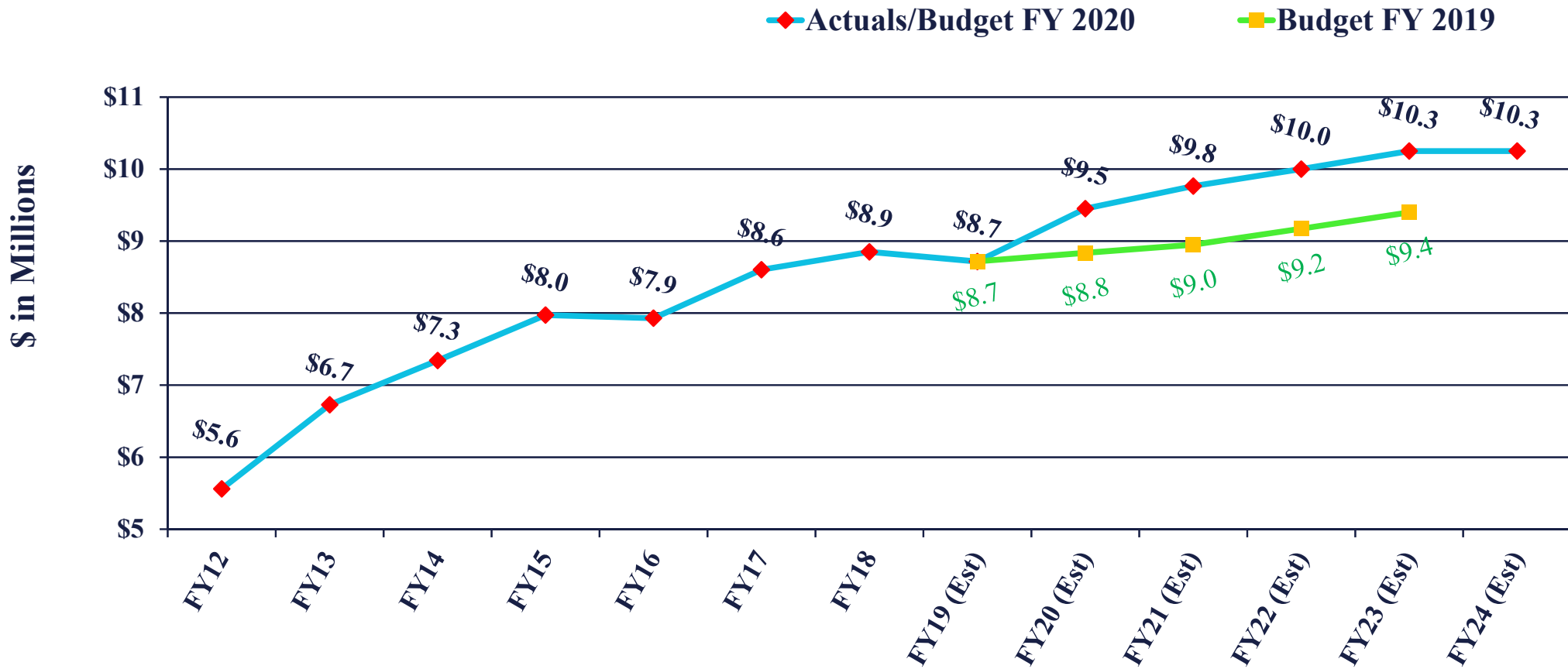




Revenue Update



State Shared Income Tax/Urban Revenue

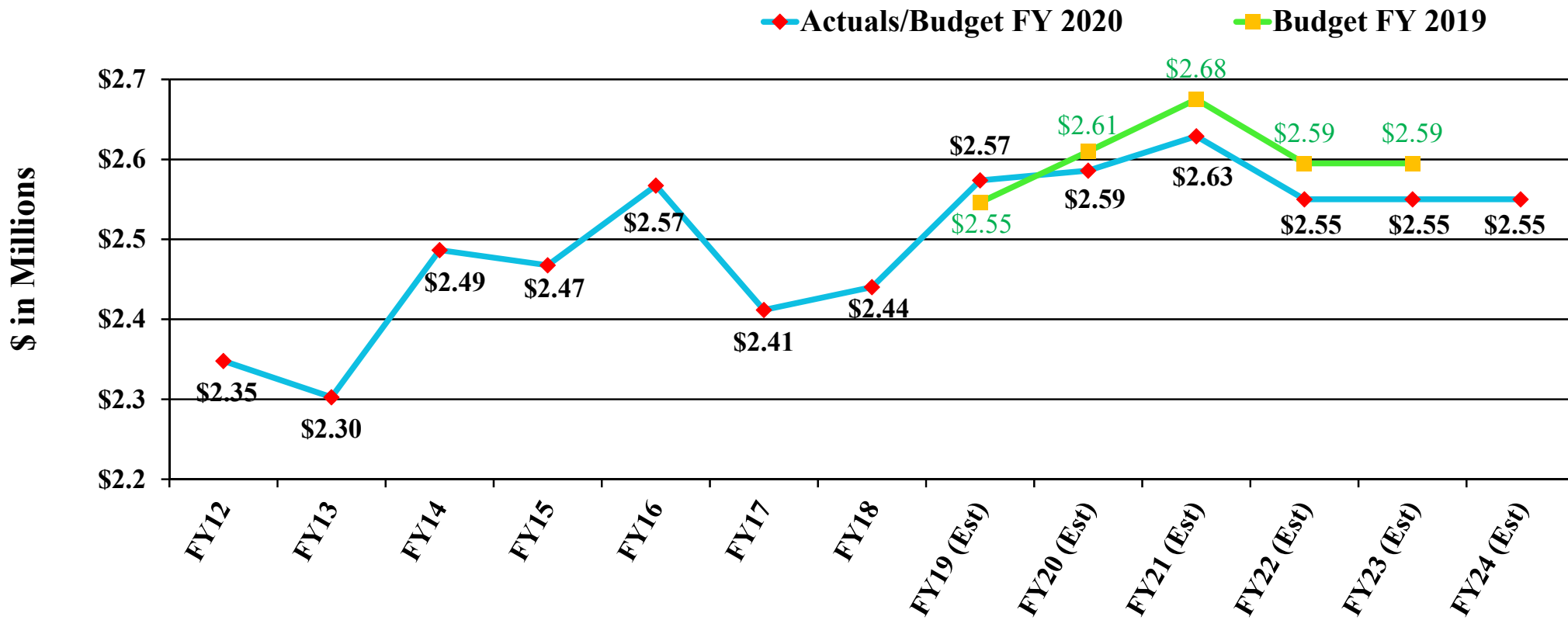




Revenue Update



Franchise Fees

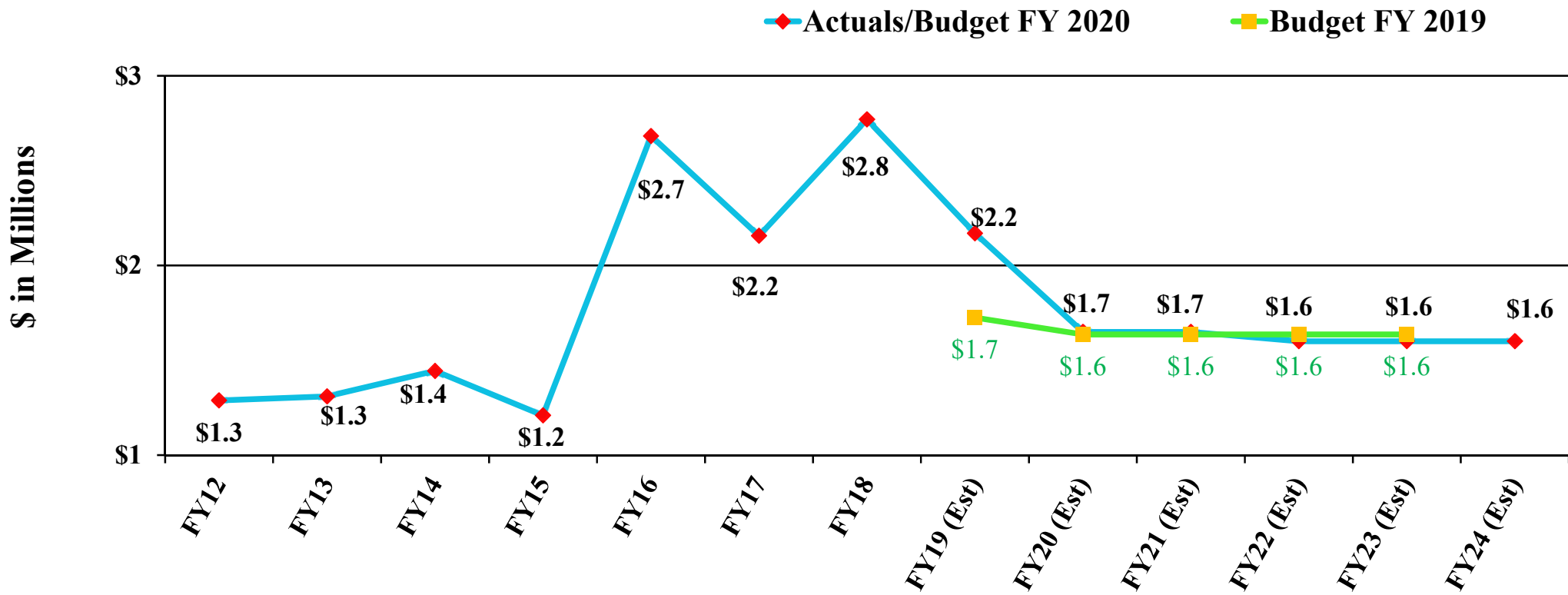




Revenue Update



Building Permits

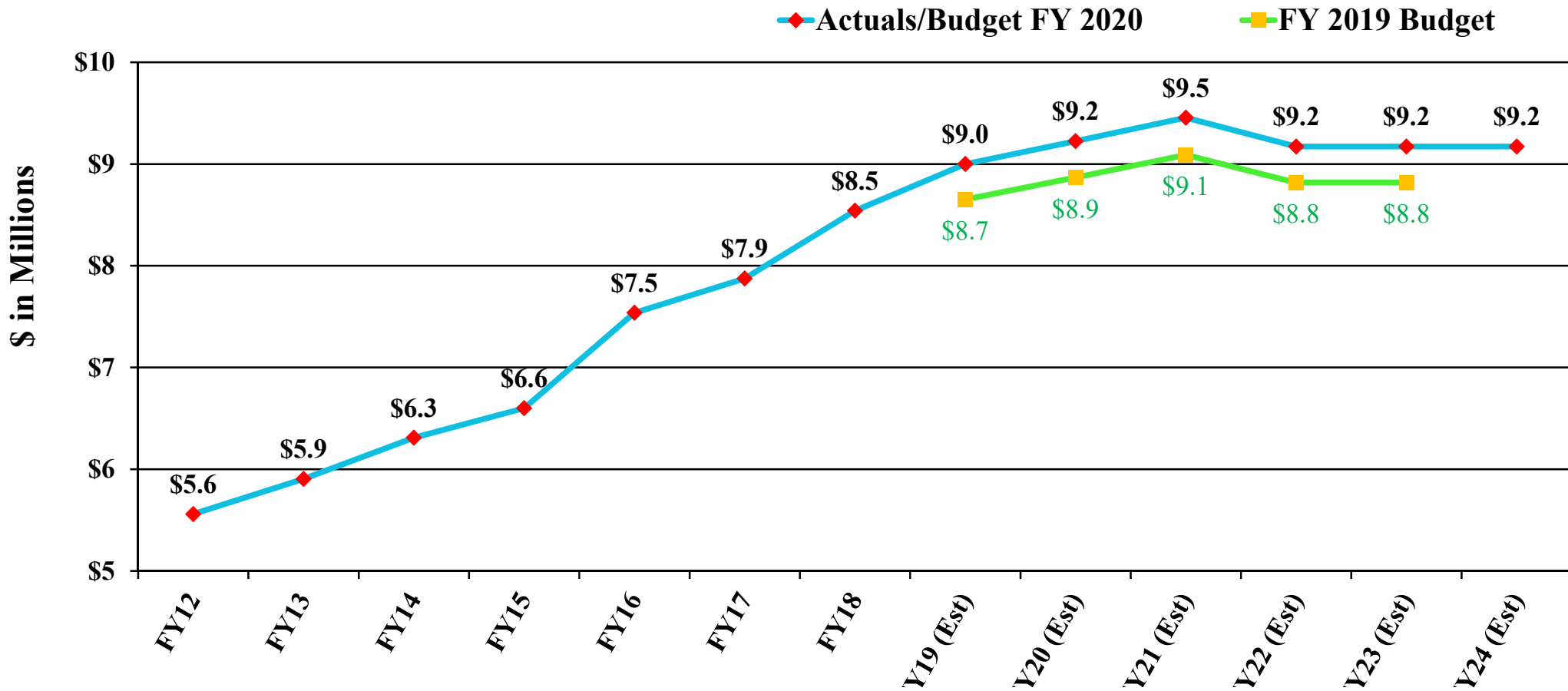




Revenue Update



BBB Revenue

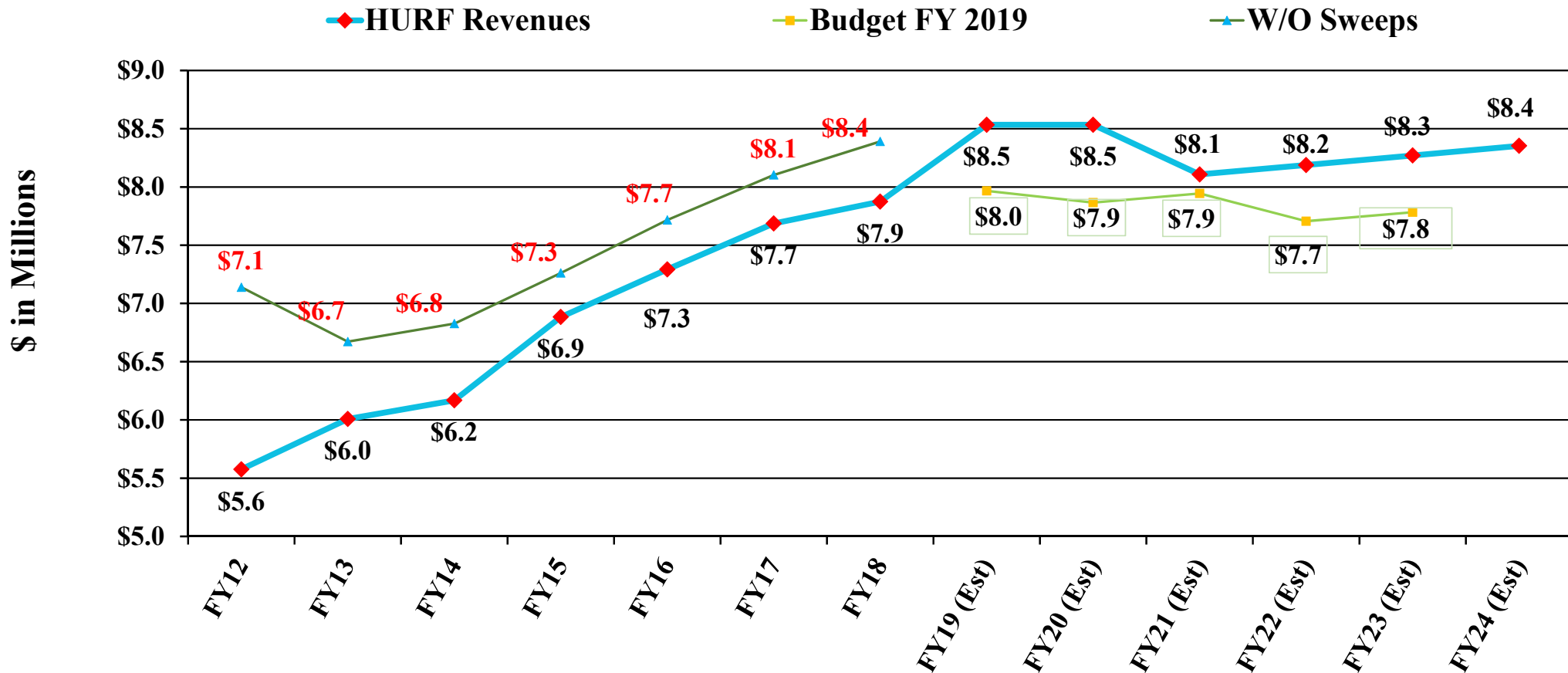




Revenue Update



Highway User Revenue (HURF)





Revenue Update



Questions?

Fixed Costs and Available Funding





Fixed Costs and Available Revenues



- Pension Cost Trends
- Fixed Cost Summary – General Fund
- Revenue Summary – General Fund

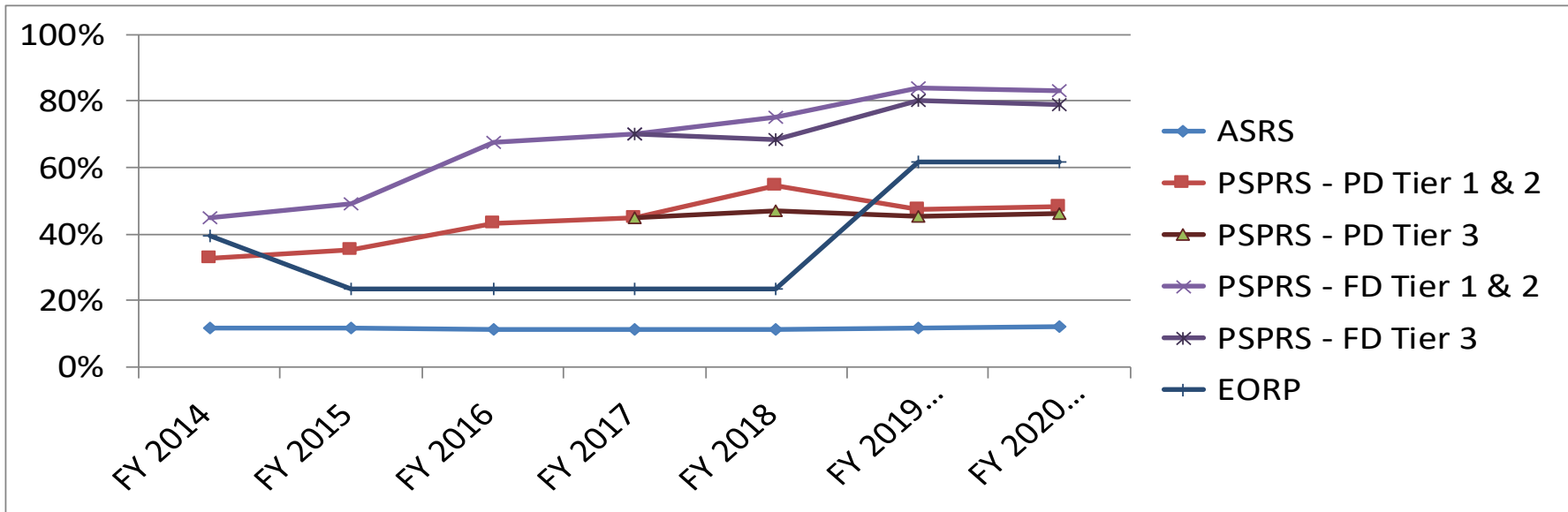


Pension Contribution Rates



Minimum Required Contribution Rates

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Budget	FY 2020 Proposed
ASRS	11.54%	11.60%	11.47%	11.48%	11.50%	11.80%	12.11%
PSPRS - PD Tier 1 & 2	32.87%	35.16%	43.29%	44.83%	54.73%	47.34%	48.09%
PSPRS - PD Tier 3				44.83%	47.11%	45.43%	46.10%
PSPRS - FD Tier 1 & 2	44.99%	49.26%	67.71%	70.05%	75.11%	84.17%	83.03%
PSPRS - FD Tier 3				70.05%	68.34%	80.08%	78.99%
EORP	39.62%	23.50%	23.50%	23.50%	23.50%	61.50%	61.50%



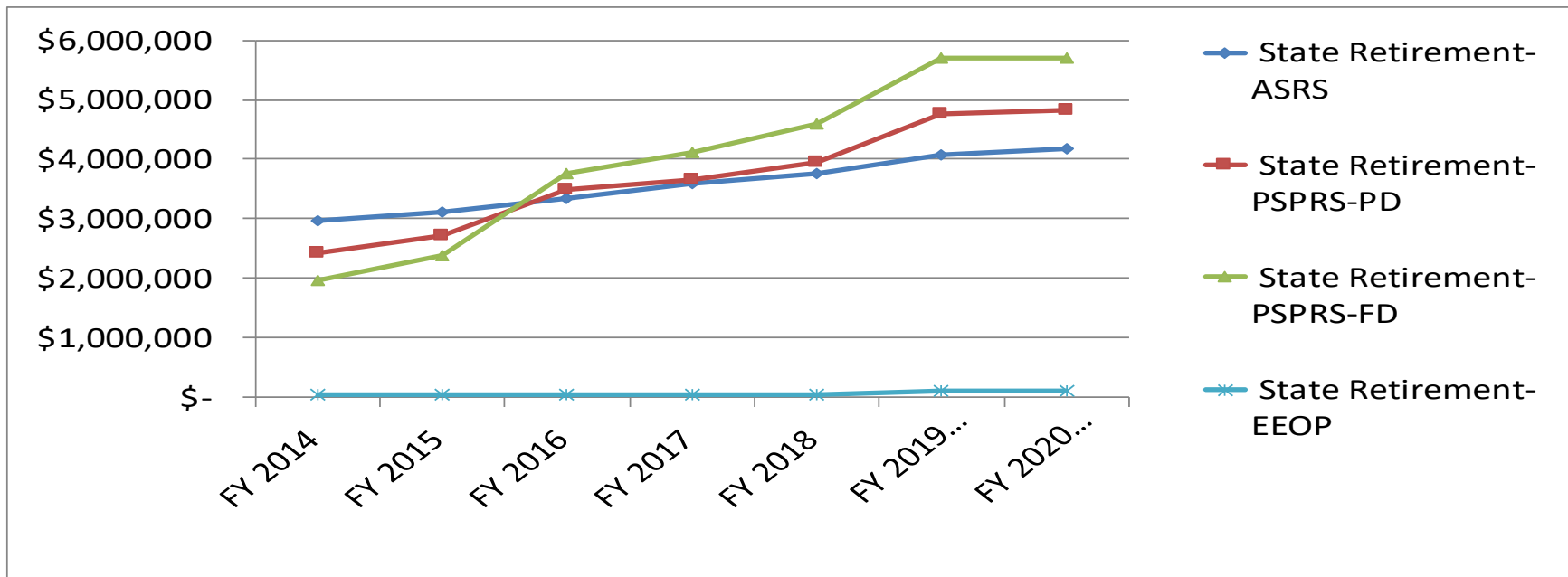


Pension Expenditures



Staff Recommended Funding Levels

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Budget	FY 2020 Proposed
State Retirement-ASRS	2,963,027	3,121,635	3,342,634	3,603,589	3,754,600	4,074,730	4,181,778
State Retirement-PSPRS-PD	2,420,059	2,722,515	3,483,156	3,662,344	3,954,905	4,752,261	4,827,550
State Retirement-PSPRS-FD	1,957,678	2,375,094	3,769,503	4,107,600	4,584,857	5,707,256	5,707,256
State Retirement-EEOP	56,413	40,950	39,815	40,588	39,679	107,900	107,900
Total	7,397,177	8,260,194	10,635,108	11,414,121	12,334,041	14,642,147	14,824,484





Fixed Cost Summary – General Fund



General Fund	Ongoing
Merit (1 to 3%)	\$ 500,000 - 1,500,000
Minimum Wage Changes (\$12 to \$13)	TBD
Pension Cost - New	165,000
FY2020 Health Insurance Increase (Employee Only) (\$70,000 funded)	-
FY2020 Health Ins. Dependent Subsidy Increase (Family)	20,000
Prior Year One-time Health Insurance (\$90,000 funded)	160,000
Worker Comp., Liability & Property Insurance-Estimate	200,000
Total	\$1,045,000 - 2,045,000



Revenue Update Summary – General Fund



General Fund	One-Time	Ongoing
City Sales Tax	\$500,000	\$ 360,000
State Shared Sales Tax	190,000	75,000
State Shared Income Tax	-	750,000
State Shared Auto Lieu	90,000	40,000
Building Permits	445,000	-
Other Revenues	130,000	90,000
Other Adjustments (FY2018)	1,795,000	210,000
NEW 2% Primary Property Tax (If approved by Council)	-	130,000
	\$3,150,000	\$1,655,000

High Performing Government



High Performing Government

What do we need to consider over the next calendar year?

- Inclusion in the FY 2020 Budget:
 - ✓ Allocation to implement a new budgeting software
 - ✓ Allocation for research and development of a specific standard of excellence for the City
- Council should consider “High Performing Government” as a distinct goal in November



Council Goals and Objectives



Economic Development

- Support minimum wage impact through a comprehensive analysis to provide best practices for Flagstaff businesses
- Grow industrial corridor along I40/Red Gap
- Create greater collaboration on workforce development





Economic Development



Support minimum wage impact through a comprehensive analysis to provide best practices for Flagstaff businesses

- Community Investment to fund research that will identify business best practices from other cities who have a similar wage environment
- Continue to expand our Business Services Team's Employer Resource events with a focus on best practices
- Market opportunities and ideas to our businesses through printed materials, social media and business meetings



Economic Development



Grow industrial corridor along I40/Red Gap

- Work to identify potential opportunities compatible with infrastructure and protecting water resources
- Continue to market industrial partners within city limits along the I-40 corridor
- Highlight business opportunities along the I-40 corridor at business attraction and expansion events
- Research viability of an incentive plan to encourage and assist with job creation, attraction and expansion opportunities
- Further collaborate with regional economic development partners



Economic Development



Create greater collaboration on workforce development

- Continue and enhance the Workforce Development Board efforts including the Internship Network and Workforce Pipeline
- Continue to develop and expand partnerships with Coconino Community College and other workforce development entities in the community
- Compile information to develop an analysis of all community workforce needs
- Partner with our Sustainability section for training and development of green jobs

Affordable Housing

- Seek partnerships with private developers and others to increase overall inventory of more affordable rental and ownership housing
- Create housing committee to advance affordable housing in Flagstaff
- Staff and Council education on emerging housing models





Affordable Housing



Seek partnerships with private developers and others to increase overall inventory of more affordable rental and ownership housing

- Ongoing
- Incentive policy for affordable housing will be updated with both internal and external stakeholders
- Update options will be presented for Council consideration
- Housing will partner with Planning and Development Services to incorporate Zoning Code changes



Affordable Housing



Create housing committee to advance affordable housing in Flagstaff

- Structure and purpose will be created involving internal and external stakeholders
- Recommendations will be presented to Council
- Final structure will be adopted as directed by Council



Affordable Housing



Staff and Council education on emerging housing models

- Staff to research emerging housing model educational opportunities
- Housing staff will provide semi-annual Council presentations on various housing programs and models

Social Justice

- Consulate/Embassy service coordination with City Manager's Office and City Council
- Support early education efforts in the community
- Continue to evaluate and improve Flagstaff Police Department interaction with immigrant community to include enhanced translation





Social Justice



Consulate/Embassy service coordination with City Manager's Office and City Council

- Contact the Mexican Consulate in Phoenix to better understand their needs and how the City can assist
- Locate facilities that can accommodate the Consulate's needs
- Draft proposal for Council's consideration



Social Justice



Support early education efforts in the community

- Learn about existing efforts within the school district and throughout the community that support early education efforts
- Research models that support community early education efforts such as Mesa and Tempe
- Develop a plan within legal parameters for the City to support local community efforts for early childhood education



Social Justice



Continue to evaluate and improve Flagstaff Police Department interaction with immigrant community to include enhanced translation

- Use of the language line
- Explore translation of media releases and public service announcements
- Outreach opportunities
- Citizen Liaison Committee, Holiday Toy Drive and National Night Out
- Technology advancements

Transportation and Other Public Infrastructure

- Evaluate timing of I40/Lone Tree interchange
- Evaluate and create alternative models of transportation to improve bike and pedestrian safety and an emphasis on downtown travel
- Advocate for Fourth Street connection with John Wesley Powell (JWP) Boulevard to plan and incorporate zoning changes





Transportation & Other Public Infrastructure



Evaluate timing of I40/Lone Tree interchange

- Continue to lobby the State Transportation Board for the need of the traffic interchange
- Work with ADOT to complete the Design Concept Report and develop a Project Assessment (30% level of design)
- Work with FMPO to take the lead on developing a project partnership and actively pursue grant opportunities



Transportation & Other Public Infrastructure



Evaluate and create alternative models of transportation to improve bike and pedestrian safety and an emphasis on downtown travel

- Adopt the Active Transportation Master Plan which identifies recommended improvements
- Proposition 419 approved \$29 million for bicycle and pedestrian improvements
 - Starting in FY 2021
 - \$2M/year over seven years programmed



Transportation & Other Public Infrastructure



Advocate for Fourth Street connection with John Wesley Powell (JWP) Boulevard to plan and incorporate zoning changes

- JWP specific plan for road alignment, infrastructure and public facilities is underway
- Pursue funding for a future phase of the JWP specific plan that focuses on land use

Building and Zoning/ Regional Plan



- Complete and update neighborhood plans specific to the Housing Urban Development (HUD) consolidated plan and target neighborhoods within that plan and a path forward for accelerating development of neighborhood plans
- Propose zoning and/or better incentives that are desirable and used for more affordable housing
- Finish promised neighborhood and capital projects on time



Building and Zoning/Regional Plan



Complete and update neighborhood plans specific to the Housing Urban Development (HUD) consolidated plan and target neighborhoods within that plan and a path forward for accelerating development of neighborhood plans

- Complete the Southside Neighborhood plan
- Prioritize and fund the next neighborhood plan(s) specific to HUD (i.e. Sunnyside, Pine Knoll/Brannen)



Building and Zoning/Regional Plan

Propose zoning and/or better incentives that are desirable and used for more affordable housing

- Housing section will complete analysis of existing affordable housing incentives
- Housing and planning staff will work together to revise and/or create new incentives for Council consideration
- Zoning changes will be proposed in conjunction with the Affordable Housing goal



Building and Zoning/Regional Plan

Finish promised neighborhood and capital projects on time

- Identify the projects and priority (Council direction needed)
 - Sunnyside Neighborhood
 - La Plaza Vieja (tunnel under tracks and West Route 66 HAWK)
 - Southside curbs
- Staff to identify funding sources for prioritized projects such as:
 - HURF
 - CDBG
 - Transportation Tax

Climate Change

- Continued implementation of the Climate Action and Adaptation Plan (CAAP)
- Sustainability through the CAAP lens for all City
- Enhance community engagement on CAAP





Climate Change

Continued implementation of the Climate Action and Adaptation Plan (CAAP)

- Items for Council consideration in the first six months (i.e. Global Covenant of Mayors commitment, award renewable energy contract, Animal Keeping Code revisions, building code revisions)
- Items for internal implementation in the first six months (i.e. establish Climate Action Committee, develop implementation blueprints, initiate audit of City codes)
- Items for first twelve months (i.e. Community engagement, City Manager's Climate Roundtable, Resiliency and Preparedness Study)



Climate Change



Sustainability through the CAAP lens for all City

- Establish process for the CAAP to be incorporated into the annual budget process
- CMO budget will include a report on Climate Action and Adaptation projects that are funded or incorporated in workplans
- Develop CAAP Decision Matrix for use by staff



Climate Change



Enhance community engagement on CAAP

- First six months
 - All Hands on Deck - Climate Solutions Open House
 - Youth Climate Challenge
 - Community workshop on IPCC 1.5 Degrees report conversation
 - Launch Climate Ambassadors Program
- First twelve months
 - Potential bike share program
 - Community workshop on new APS rate structure
 - Finalize community outreach framework
 - Flagstaff Festival of Science
 - CAAP Online Dashboard

Water Conservation

- Study a path forward for water and/or reclaimed expansion
- City to be a national leader in water conservation
- Reclaim water usage at Jay Lively and Fort Tuthill

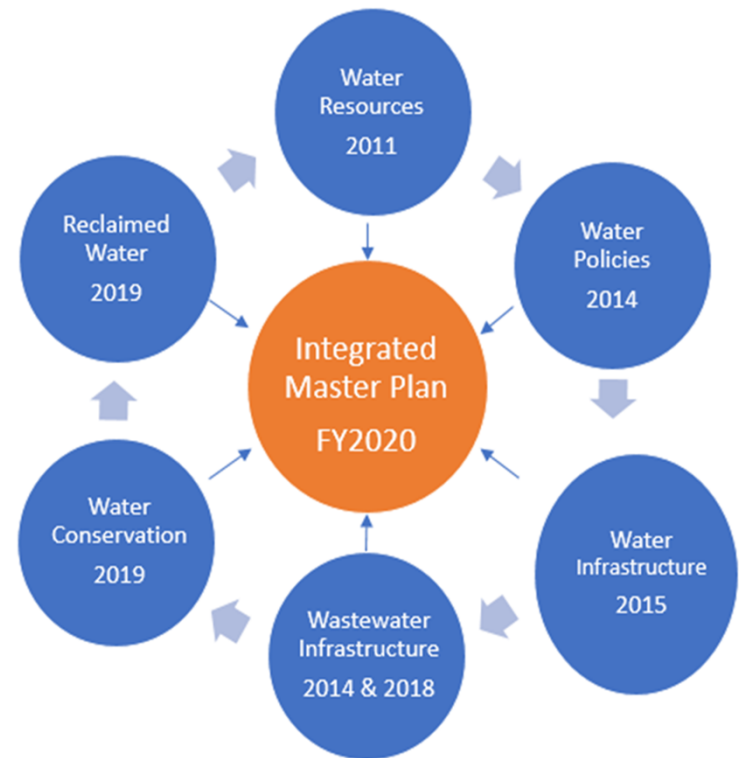




Water Conservation

Study a path forward for water and/or reclaimed expansion

- Complete Water Conservation Strategic Plan
- Complete Reclaimed Water Master Plan
- Begin Integrated Master Plan that ties all prior planning efforts together including the One Water concept





Water Conservation



City to be a national leader in water conservation

- Complete Water Conservation Strategic Plan
- Expand non-residential (commercial) rebate program
- Join the Alliance for Water Efficiency Leader Board



Water Conservation



Reclaim water usage at Jay Lively and Fort Tuthill

- Evaluate supply availability
- Evaluate infrastructure costs
- Include in the Reclaimed Water Master Plan
- Evaluate partnerships for reclaimed water use

Environmental and Natural Resources

- Ensure adequate resources to implement SLEDS or all Dark Sky endeavors
- Plan for upcoming Material Recycling Facility(MRF) contractual/facility changes
- Develop sustainable funding for Flagstaff Watershed Protection Project (FWPP) Phase 3 and ongoing maintenance





Environmental & Natural Resources



Ensure adequate resources to implement SLEDS or all Dark Sky endeavors

- Proposition 419 includes \$8 million for new dark sky compliant street lights
- Evaluate funding and/or partnership resources for SLEDS and dark sky compliant lighting
- Reviewing proposed amendments to lighting standards from Naval Observatory Flagstaff Station Light Pollution Study



Environmental & Natural Resources



Plan for upcoming Material Recycling Facility(MRF) contractual/facility changes

- Operating agreement with Norton Environmental expires September 30, 2023
- Engage with industry professionals to assess future options for facility
- Evaluate future options such as:
 - Solicit proposals for operating agreement
 - City takes direct responsibility for operations
 - Incorporate organics and re-tool to accommodate new material streams
 - Convert into a transfer station and ship recyclables to third party for processing



Environmental & Natural Resources



Develop sustainable funding for Flagstaff Watershed Protection Project (FWPP) Phase 3 and ongoing maintenance

- Staff will bring back funding considerations to Council such as:
 - Municipal service bill fee
 - 2020 election considerations
 - Water service rates
 - Flood Control District
- Funding approach will consider project costs (one-time) versus sustainable maintenance (ongoing)

Personnel

- Evaluate Council needs based on today's engagement expectations
- Evaluate ways to pay down unfunded pension liabilities in a quicker manner
- Provide ongoing pay raises for all employees or develop a plan to recruit and retain employees thru systematic pay increases





Personnel



Evaluate Council needs based on today's engagement expectations

- Current Citizen's Commission includes Planning and Zoning Commission, Parks and Recreation Commission, Tourism Commission, Water Commission and Transportation Commission
- Establish a Citizen's Commission every four years following 2017
- Considerations
 - Membership of citizen's commission
 - Public forum to discuss community expectations
 - Frequency and/or process for revisiting City Council salaries



Personnel



Evaluate ways to pay down unfunded pension liabilities in a quicker manner

- Staff is working on a Public Safety Pension Policy
 - State requirement per ARS 38-863.01
 - Council to adopt policy prior to June 30
- Current efforts
- Evaluate funding opportunities
- Software solution to analyze decision making



Personnel



Provide ongoing pay raises for all employees or develop a plan to recruit and retain employees thru systematic pay increases

- Equal merit increase to all eligible employees
- Merit increase based on longevity of employee
- Merit increase based on classification of employee



Retention Trends



- Voluntary Resignations remain stable
(CY18-67 CY17-68 CY16-67)
- Retirements increased by 75% in CY18
(CY18-35 CY17-20 CY16-21)
- Overall turnover increased by 17% in CY18
(CY18-105 CY17-90 CY16-93)
- Top 3 reasons employees are leaving
 - Better job (91%)
 - Better pay (24%)
 - Moving (15%)

EAC Presentation

Co-chair: Tamara Lawless





EAC Budget Recommendations



- Establish and fund a mechanism to move employees through their pay plans
 - Emphasis on years of service until compaction resolved
 - Employee body hesitant to utilize performance-based pay in any capacity other than meets/fails to fulfill job duties
- Cover increase to health insurance premiums
 - EAC provided feedback to NAPEBT not to increase copays
- Other considerations:
 - Keep the three PTO days
 - Explore inclement weather leave options
 - Additional leave (i.e. half days on Christmas Eve and New Years Eve, increase accrual rates)
 - Support professional development / tuition reimbursement
 - Equitable access to telework and alternate work schedules

Community Outreach

- Develop an outreach and engagement plan to communicate the City's story utilizing varied methods (written, verbal, video, etc.) from a holistic approach
- Build and enhance neighborhood services from the City





Community Outreach



Develop an outreach and engagement plan to communicate the City's story utilizing varied methods (written, verbal, video, etc.) from a holistic approach

- Research outreach plans from comparable cities to create a baseline for comparison
- Identify opportunities to advance community partnerships and programs
- Create implementation strategies to increase public participation in developing programs and plans for residents



Community Outreach



Build and enhance neighborhood services from the City

- Design and administer Constituent Survey
- Compare existing and proposed City services against the needs identified in the survey
- Identify areas in need of enhanced or additional services from the City

Town and Gown

- Strengthen internship program through Coconino Community College and Northern Arizona University
- Identify five to seven projects to be co-managed by the City and NAU
- Education/training for Council and staff on how to increase attraction of additional educational/training institutions





Town and Gown



Strengthen internship program through Coconino Community College and Northern Arizona University

- 36 interns currently
- Promote internship opportunities with all City divisions
- NAU
 - Internship IGA approved Fall 2018
- CCC
 - Work with NAU to make “Handshake” available to all CCC students
 - Work with CCC administration to adapt the NAU IGA to create an agreement between CCC and the City



Town and Gown



Identify five to seven projects to be co-managed by the City and NAU

- San Francisco/Franklin Traffic Signal (\$400K in program)
- McConnell sidewalk and multi-modal improvements
- Riordan Ranch backage road (east leg at West Route 66/ Milton; \$400K in FY 2020 program)
- Lone Tree Road
- Sinclair Wash Restoration Project (Water Services)
- Mountain View Urban Trail Connector
- Student Athlete High Performance Center (includes basketball arena)



Town and Gown



Education/training for Council and staff on how to increase attraction of additional educational/training institutions

- Research/begin discussions with City of Chandler on their path forward on this topic
- Research/begin discussions with City of Mesa on their path forward on this topic.
- Provide options to Council

Code Compliance

- Evaluate staffing levels and funding sources to increase Dark Sky compliance
- Establish proactive strategic enforcement of the City Code to maximize compliance
- Review and prioritize current city ordinances as related to code enforcement





Code Compliance



Evaluate staffing levels and funding sources to increase Dark Sky compliance

- Proposition 419 includes \$8M for dark sky compliant street lights
- Evaluate funding and/or partnership resources for dark sky compliant lighting outside of the right-of-way
- Evaluate path for proactive compliance on dark sky lighting



Code Compliance

Establish proactive strategic enforcement of the City Code to maximize compliance

- Proactive focus on areas with consistent complaints by providing education
- Community education outreach activities to provide information and resources on common violation issues



Code Compliance



Review and prioritize current city ordinances as related to code enforcement

- Staff to have a discussion with Council related to priorities and resources
- Work plan review
 - Outdoor lighting ordinance revisions
 - Residential parking standard revisions including recreational vehicle parking