

# Budget Retreat

April 23 & 24, 2019



# Welcome and Objectives



# Agenda

- Welcome
- Approach to FY2020 Budget
- Budget Outlook
- Council Goals and Objectives Discussion
- Council Parking Lot
- Council Adds and Deletes



# Approach to FY2020 Budget





# Approach

- New Investments Categorized:
  - Council Goals and Objectives
  - Climate Action and Adaption Plan
  - Basic Services – Day to Day Operational Needs
  - Enhancements to Services





# Budget Outlook



TEAM FLAGSTAFF  
WE MAKE THE CITY BETTER





# Requests from Divisions

<b>Total General Fund New Budget Requests</b>	<b>1X</b>	<b>Ongoing</b>
Personnel	\$ 460,811	\$ 4,589,147
Other Budget Requests	17,178,518	2,427,244
<b>Total Requests</b>	<b>\$ 17,639,329</b>	<b>\$ 7,016,391</b>

<b>Total All Other Funds – New Budget Requests</b>	<b>1X</b>	<b>Ongoing</b>
Personnel	\$ 109,077	\$ 1,101,545
Other Budget Requests	8,597,261	2,359,226
<b>Total Requests</b>	<b>\$ 8,706,338</b>	<b>\$ 3,460,771</b>

<b>Total All Funds</b>	<b>\$ 26,345,667</b>	<b>\$ 10,447,162</b>
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# Revenue Summary – General Fund



<b>April Retreat Summary – General Fund</b>	<b>1X</b>	<b>Ongoing</b>
February Retreat Total Available	\$ 3,150,000	\$ 1,685,000
Revised Revenue Increases	-	-
Realignment of Environmental Management Fund	-	(273,000)
Transfer In Adjustments	100,000	520,000
Transfer Out Adjustments	(56,000)	(35,000)
Funding within 5 Year Plan (year end and other savings)	554,000	232,000
<b><i>Total Available for FY2020</i></b>	<b>\$ 3,748,000</b>	<b>\$ 2,129,000</b>



# Expenditures – General Fund

<b>Summary of Fixed Costs – General Fund</b>	<b>Ongoing</b>
Employee Compensation (Longevity Merit)	\$ 1,040,000
Pension Cost - New	135,000
Health Insurance	270,000
Minimum Wage Changes	66,000
Reclasses and Rezones	144,000
<b>Total Personnel Fixed Costs</b>	<b>\$ 1,655,000</b>



# Summary – General Fund



<b>April Retreat Summary – General Fund</b>	<b>1X</b>	<b>Ongoing</b>
<b>Total Available FY2020</b>	<b>\$ 3,748,000</b>	<b>\$ 2,129,000</b>
<b>Approved Budget Requests and Fixed Costs</b>		
<b>Personnel Fixed Costs</b>	-	<b>1,655,000</b>
New Personnel (Net)	71,000	277,000
All Other Approved Budget Requests (Net)	3,624,000	197,000
<b>Net Available</b>	53,000	-
<b>UPDATE: Cost Allocation</b>	120,000	-
<b>Total Available for Parking Lot</b>	<b>\$ 173,000</b>	<b>\$ -</b>



# New Investments by Goal – All Funds

New Investments – All Funds	1X	Ongoing
Economic Development	\$ 393,000	\$ 113,570
Affordable Housing	87,551	563,100
Social Justice	30,000	-
Transportation and Other Public Infrastructure	5,012,651	90,800
Building and Zoning/Regional Plan	86,500	106,919
Climate Change	697,800	151,959
Water Conservation	366,575	-
Environmental and Natural Resources	2,466,300	105,000

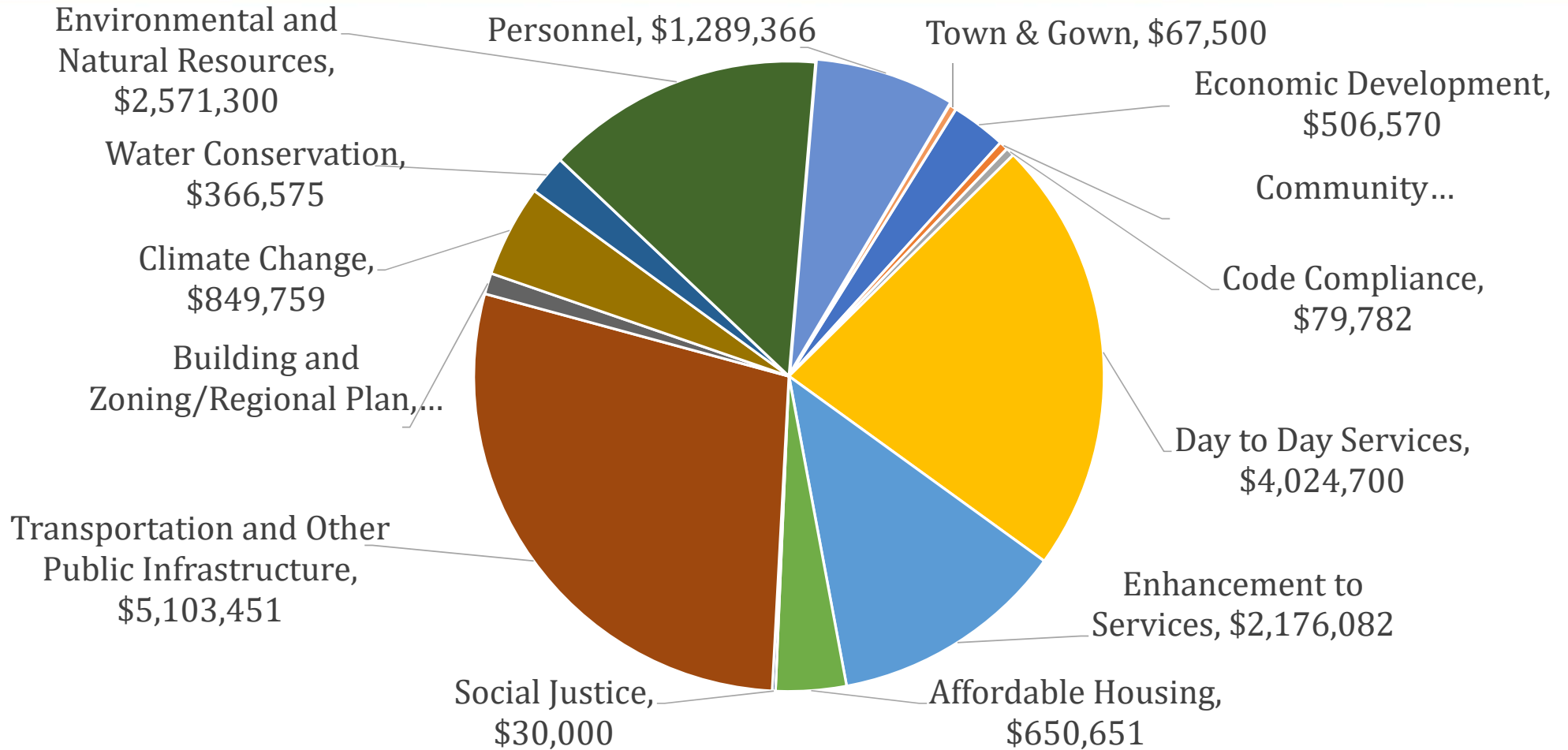


# New Investments by Goal – All Funds

<b>New Investments – All Funds</b>	<b>1X</b>	<b>Ongoing</b>
Personnel	\$ 996,174	\$ 293,192
Community Outreach	74,768	7,000
Town and Gown	67,500	-
Code Compliance	8,000	71,782
<b>Total New Funding to Council Goals</b>	<b>10,268,351</b>	<b>1,503,322</b>
Basic Services (Day to Day Operations)	3,501,341	523,359
Enhancements to Service	1,432,542	743,540
<b>Total Funding Increase</b>	<b>\$ 15,220,702</b>	<b>\$ 2,770,221</b>



# New Investments by Goal - \$17,990,923





# Fund Balance and Contingency

## Fund Balance – General Fund

- General Funds are unrestricted

<b>Fund Description</b>	<b>Policy Minimum Fund Balance %</b>	<b>Policy Minimum Fund Balance FY2020</b>	<b>Lowest Projected Fund Balance on 5 Year Plan</b>	<b>Amount Above Minimum</b>
General Fund	20%	\$ 12,141,000	\$ 12,312,566	\$ 171,566



# Fund Balance and Contingency

## Fund Balance – Special Revenue Funds

- Special Revenue Funds are restricted for the intended purpose of the fees or tax imposed

Fund Description	Policy Minimum Fund Balance %	Policy Minimum Fund Balance FY2020	Lowest Projected Fund Balance on 5 Year Plan	Amount Above Minimum
Housing & Comm. Services	10%	\$ 168,140	\$ 231,344	\$ 63,204
FMPO	n/a	n/a	34,285	n/a
Library Fund	10%	251,686	305,854	54,168
HURF	20%	1,723,922	1,844,737	120,815
Transportation	10%	693,263	1,556,948	863,685
FUTS	0%	-	7,764	7,764
Parking	10%	148,013	245,595	97,582



# Fund Balance and Contingency

## Fund Balance – Special Revenue Funds

- Special Revenue Funds are restricted for the intended purpose of the fees or tax imposed

<b>Fund Description</b>	<b>Policy Minimum Fund Balance %</b>	<b>Policy Minimum Fund Balance FY2020</b>	<b>Lowest Projected Fund Balance on 5 Year Plan</b>	<b>Amount Above Minimum</b>
BBB -Arts & Sciences	10%	\$ 69,188	\$ 67,444	\$ -
BBB -Beautification	10%	186,900	1,523,565	1,336,665
BBB -Economic Development	10%	131,511	179,892	48,381
BBB -Recreation	10%	304,625	75,595	-
BBB -Tourism and Visitor Center	10%	289,013	822,018	533,005



# Fund Balance and Contingency

## Fund Balance – Enterprise Funds

- Enterprise Funds are restricted for the intended purpose of the fees or service charges imposed

Fund Description	Policy Minimum Fund Balance %	Policy Minimum Fund Balance FY2020	Lowest Projected Fund Balance on 5 Year Plan	Amount Above Minimum (1)
Drinking Water	25%	\$ 4,373,708	\$ 5,744,238	\$ 1,370,530
Wastewater	25%	2,620,493	4,586,347	1,965,854
Reclaimed Water	25%	258,644	1,108,436	849,792
Stormwater	10%	427,658	1,663,778	1,236,120

(1) Enterprise Funds plan capital projects in excess of ten years and capital programming beyond the five year timeframe will be utilizing this funding



# Fund Balance and Contingency

## Fund Balance – Enterprise Funds

- Enterprise Funds are restricted for the intended purpose of the fees or service charges imposed

Fund Description	Policy Minimum Fund Balance %	Policy Minimum Fund Balance FY2020	Lowest Projected Fund Balance on 5 Year Plan	Amount Above Minimum
Solid Waste	10%	\$ 1,200,000	\$ 5,490,838	\$ 4,290,838
Environmental Management	10%	104,457	205,793	101,336
Flagstaff Housing Authority	n/a	n/a	1,422,542	-
Airport	10%	167,149	142,699	-

(1) Enterprise Funds plan capital projects in excess of ten years and capital programming beyond the five year timeframe will be utilizing this funding



# Fund Balance and Contingency

## General Fund Contingency

Description	FY2019 Budget	FY2020 Budget	FY2020 w/ Projected Carryovers
Wildfire Contingency	\$ 200,000	\$ 100,000	\$ 200,000
Pay Inequity	40,000	40,000	40,000
Police Outreach and Overtime	45,000	-	45,000
Demolition and Repairs for Dangerous Conditions	50,000	-	50,000
Building Contingency	275,000	-	275,000
Match for Disability Service Agencies	50,000	-	50,000
Public Safety Development Fees	1,030,000	-	1,030,000
Total	\$ 1,690,000	\$ 140,000	\$ 1,690,000



# Fund Balance and Contingency

## Other Funds – Contingency

- Emergency/Catastrophic Funding

Fund	FY2020 Budget
Library	\$ 100,000
Highway User Revenue Fund	100,000
BBB - Arts & Science	10,000
BBB - Beautification	10,000
BBB - Economic Development	45,000
BBB - Tourism	60,000
Parking District	30,000
Water Services (Drinking Water/Wastewater/Reclaimed/Stormwater)	2,150,000
Airport	100,000
Solid Waste	500,000
Environmental Management	30,000



# Fund Balance and Contingency

## Other Funds – Contingency

- Grant Funding Opportunities

Fund	FY2020 Budget
FMPO	\$ 500,000
Flagstaff Housing Authority	1,001,250

# Council Goals and Objectives





# Review of New Investments by Goal



- New investments are categorized by Council goal and objective
- Presenting summary and highlights
  - Includes column for Climate Action and Adaptation Plan items
- Leadership will walk us through each goal
- Not all Council objectives require new budget funding to move them forward
- Work program highlights

# Personnel

## Attract and Retain Quality Staff

Total Approved Budget Requests  
and New Personnel:

\$1,289,366 Plus Merit and  
Benefit Increases





# Personnel



## Top Three Objectives:

- 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



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Reclass/Rezoning	Ongoing	\$ 250,258	
Compensation Study	1X	150,000	
Training/Tuition/Travel Reimbursement	Mixed	176,893	
Uniforms/Personal Protective Equipment	Mixed	58,700	
Retirement Payouts	1X	314,199	



# Personnel



## Work Program:

- Recruitment Incentive for Police Personnel
- Hiring Bonus for Lateral Officers
- Hiring of Three Police Aides to Assist Officers
- Deployed Two Police Officers with Award of COPS Grant
- Funded an Overall 2% Merit Increase in Recommended Budget
- Included an Additional 2% Merit Increase for Next Fiscal Year in 5 Year Plan
- Six Firefighters Funded Through SAFER Grant
- Increased Command Staff Through the IGA with Summit Fire and Medical

# Compensation and Benefits





# Compensation and Benefits



## Compensation Trends

- 83% of benchmarks provided a merit increase in FY2019
- 39% of benchmarks provided a market increase in FY2019
- Two benchmarks changed structure of assignment pay
- Paramedic pay moved slightly to \$2.23 per hour
- After MBP Phase III implementation the City structure is 3.51% below market
- There are no benchmarks utilizing furloughs



# Compensation and Benefits



## Benefit Trends

- 39% of benchmark organizations made plan design changes in FY2019
- 59% of benchmark organizations increased employee premium contributions in FY2019
- 65% of benchmark organizations increased employer premium contributions in FY2019
- 81% of benchmark organizations provided a higher family subsidy when compared to the City



# Compensation and Benefits



## Retention Trends

- Voluntary resignations remain stable
  - CY2018-67, CY2017-68, CY2016-67
- Retirements increased by 75% in CY2018
  - CY2018-35, CY2017-20, CY2016-21
- Overall turnover increased by 17% in CY2018
  - CY2018-105, CY2017-90, CY2016-93



# Compensation and Benefits



## Retention Trends (continued)

- Top three reasons employees are leaving
  - Better job (91%)
  - Inadequate pay (24%)
  - Moving (15%)



# Compensation and Benefits



## Compensation Recommendations

- Merit increase based on longevity
  - 1% for 1.00-2.99 years
  - 2% for 3.00-4.99 years
  - 3% for 5 or more years
- Minimum wage increase to \$13.00/hour
- Reclasses and rezones
- Compensation study



# Compensation and Benefits



## Benefit Recommendations

- Health insurance premium increase of 2%
  - City increase of \$12.44/month
  - Employee increase of \$14.86-\$20.40/month
- No increase to dental and vision premiums
- Maintain three PTO days
- Close non-essential services at 2:00 p.m. on Christmas Eve
- Maintain Employer Assisted Housing Program

# Employee Advisory Committee





# EAC Budget Recommendations

## 1. Establish and fund mechanism to move employees through their pay plans

- Emphasis on years of service until compaction resolved
  - Yes, proposed years of service brackets for FY2020
- Employee body hesitant to utilize performance-based pay in any capacity other than meets/fails to fulfill job duties
  - FY2020 increase proposed only for employees with overall score of “Meets Expectations”
- Recommendation: Evaluate impact to employees when there is a July 1st increase versus an increase at merit date

## 2. Cover increase to health insurance premiums

- COF will cover employee only increases



# EAC Budget Recommendations



## 3. Other considerations:

- Keep the three PTO days - **Yes**
- Explore inclement weather leave options – **No change**
- Additional leave: half days on Christmas Eve and New Year's Eve – **Non-essential closure at 2:00 pm on Christmas Eve**
- Support professional development/tuition reimbursement – **City wide tuition reimbursement policy projected for FY2021**
- Equitable access to telework and alternate work schedules – **No update**

# Public Safety Pension Policy



# Public Safety Pension Policy

## Agenda

- Introduction
- Public safety pension background
- Current funding status
- Pension policy requirement
- Funding options





# Public Safety Pension Policy



## Introduction

- Our objectives for today's discussion
  - Address Council's goal
    - Personnel - Evaluate ways to pay down unfunded pension liabilities in a quicker manner
  - Develop pension funding policy
    - Requires Council adoption annually
    - State requirement



# Public Safety Pension Policy



## Public Safety Pension Background

- Historical review (combined Fire and Police)
  - Prior to 2003 the total of the plans were over 100% funded
  - 2002 the plan was \$6.3M over funded
  - 2003 the plan was \$206K under funded
  - 2004 the plan was \$5.5M under funded
  - Today, 2018, the plan is \$107.7M under funded



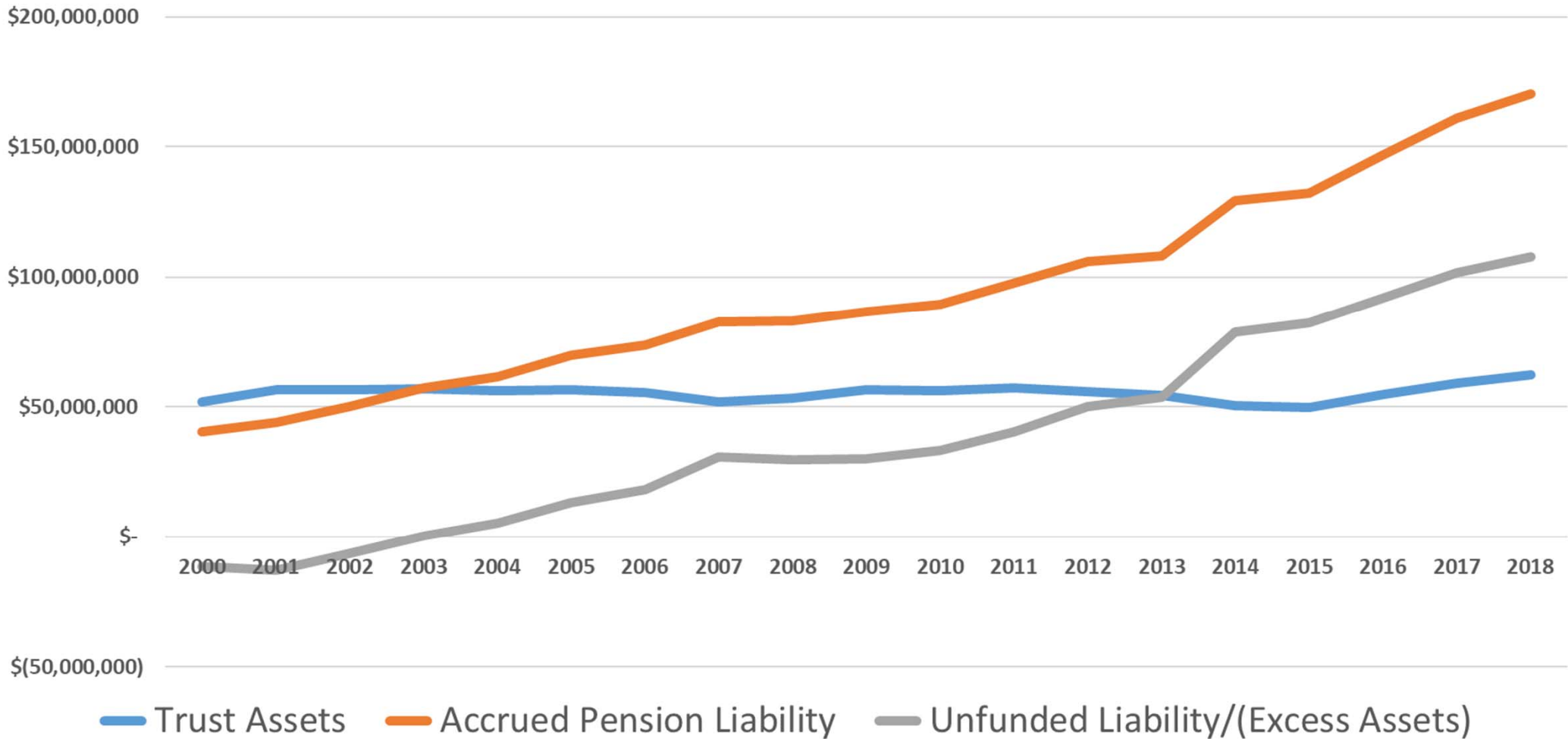
# Public Safety Pension Policy



## Public Safety Pension Background

- How did we get here?
  - Recession and stock markets
  - Pension plan design such as Permanent Benefit Increase
  - Legislative attempts to change pensions
  - Actuarial assumption changes, such as:
    - Employee base
    - Wage inflation
    - Investment returns
  - Not all inclusive!

## City of Flagstaff - PSPRS Trust Fund History (Fire and Police Combined at June 30)





# Public Safety Pension Policy

## Current Funding Status – June 30, 2018

PSPRS - City Totals	2016	2017	2018	Change 2017 vs 2018
Trust Assets	\$ 54,734,211	\$ 59,137,533	\$ 62,472,625	\$ 3,335,092
Accrued Pension Liability	\$ 147,007,830	\$ 161,033,833	\$ 170,192,799	\$ 9,158,966
Unfunded Liability/(Excess Assets)	\$ 92,273,619	\$ 101,896,300	\$ 107,720,174	\$ 5,823,874
Funding Ratio	37.2%	36.7%	36.7%	



# Public Safety Pension Policy

## Current Funding Status – June 30, 2018

- How much are our annual contributions?
  - Approximately 20% goes to normal costs

	FY 2020 Proposed Budget		
	Police	Fire	Totals
Normal Cost	\$ 836,913	\$ 991,262	\$ 1,828,175
Amortization of Unfunded Liability	3,246,396	4,818,943	8,065,339
Excess Funded	783,000	71,000	854,000
	<u>\$ 4,866,309</u>	<u>\$ 5,810,205</u>	<u>\$ 10,676,514</u>



# Public Safety Pension Policy

## Current Funding Status – June 30, 2018

- When will we be 100% funded?
  - With the minimum Annual Required Contribution Rate
    - Police will be 100% funded June 30, 2047
    - Fire will be 100% funded June 30, 2036
  - With additional contributions currently in policy
    - To be determined with actuarial program



# Public Safety Pension Policy



## Public Safety Pension Policy Draft

- City Council Top Three Objective for Personnel
  - Evaluate ways to pay down unfunded pension liabilities
- State requirement for a Public Safety Pension Funding Policy
  - Required on or before July 1, 2019
  - Updated annually
- Draft in the retreat staff summary



# Public Safety Pension Policy



## Public Safety Pension Policy Draft

- Current policies included in draft
  - Pay minimum annual required contributions with ongoing resources, not one-time
  - Prepay annual contributions based on budget
  - Budget for employees in the Deferred Retirement Option Plan (DROP)
  - If the minimum contribution rate drops, maintain at the previous year's level
  - Contribute \$783,000 excess to the Police pension plan annually (due to change in amortization period)



# Public Safety Pension Policy



## Funding Options

- Fund balance
- Dedicate annual 2% primary property tax levy increase
- Use tax increase
- Election options – voter approval required
- FY2020 triggers for additional one-time payments
- Funding goals for policy



# Public Safety Pension Policy



## Funding Options – Fund Balance

- General Fund targeted fund balance is 20%, \$12.3M
- Government Finance Officers Association –
  - General Fund 16-25% dependent on risk factors
- Pre 2008 recession 15% targeted fund balance
- During recession, policy to reduce target to 12%
- Each 1% equals \$600,000 one time
- Some impacts: debt ratings, reduced reserve for recession



# Public Safety Pension Policy

## Funding Options – 2% Primary Property Tax Levy

- Cities are allowed an annual 2% increase in our primary property tax levy
- Approximately \$130,000 ongoing revenue, increased annually
- Year 1=\$130K, Year 2=\$260K...Year 10=\$1.3M...Year 20=\$2.6M
- Additional contribution
  - \$7.2M by Year 10, \$27.3M by Year 20
- Some impacts: ties up future revenue growth, increased burden on taxpayers



# Public Safety Pension Policy

## Property Tax Impact – 2% Primary Property Tax Levy

- General Fund Levy for City Services
  - (Examples: Police, Fire, Parks, Recreation, City Court, Administration, Management Services)
- Levy is capped at 2% growth + new construction each year

	Net Assessed Value	Change
Tax Year 2018	\$ 804,836,851	
New Construction	6,387,531	0.79%
Increase in Assessed Valuation	57,582,265	7.16%
Tax Year 2019	\$ 868,806,647	7.95%





# Public Safety Pension Policy

## Funding Options – Use Tax Increase

- Current use tax rate is 1.0%
- Applied to out of state taxable purchases
- Flagstaff's July 1 retail tax rate is 2.281%
- Increasing the use tax rate to match retail equals ~\$900K new ongoing unrestricted revenue to the General Fund
- Some impacts: collection use tax provides for fair competition between out-of-state and Arizona-based businesses



# Public Safety Pension Policy

## Funding Options – Election Options

- Secondary Property Tax
  - \$50M capacity at current rate
  - Cost of financing over 20 years is about \$20-23M
  - GFOA Comment: Pension Obligation Bonds – taxable debt, investing proceeds could be below rate, complex with risk
  - Savings to annual contributions?
  - This One Needs Research!!!
- Some impacts: provides budget capacity within the General Fund, interest expense



# Public Safety Pension Policy



## Funding Options – Election Options

- Sales Tax
  - Each 1% equals \$21.7M
  - 100% paid with sales tax (\$107M)
    - 3-4 year tax = 1.0%
  - 50% paid with sales tax (\$54M)
    - 4-7 year tax = 0.5%
- Some impacts: needs voter approval, higher tax rates in the community, faster paydown of the unfunded liability, adds resources to the General Fund



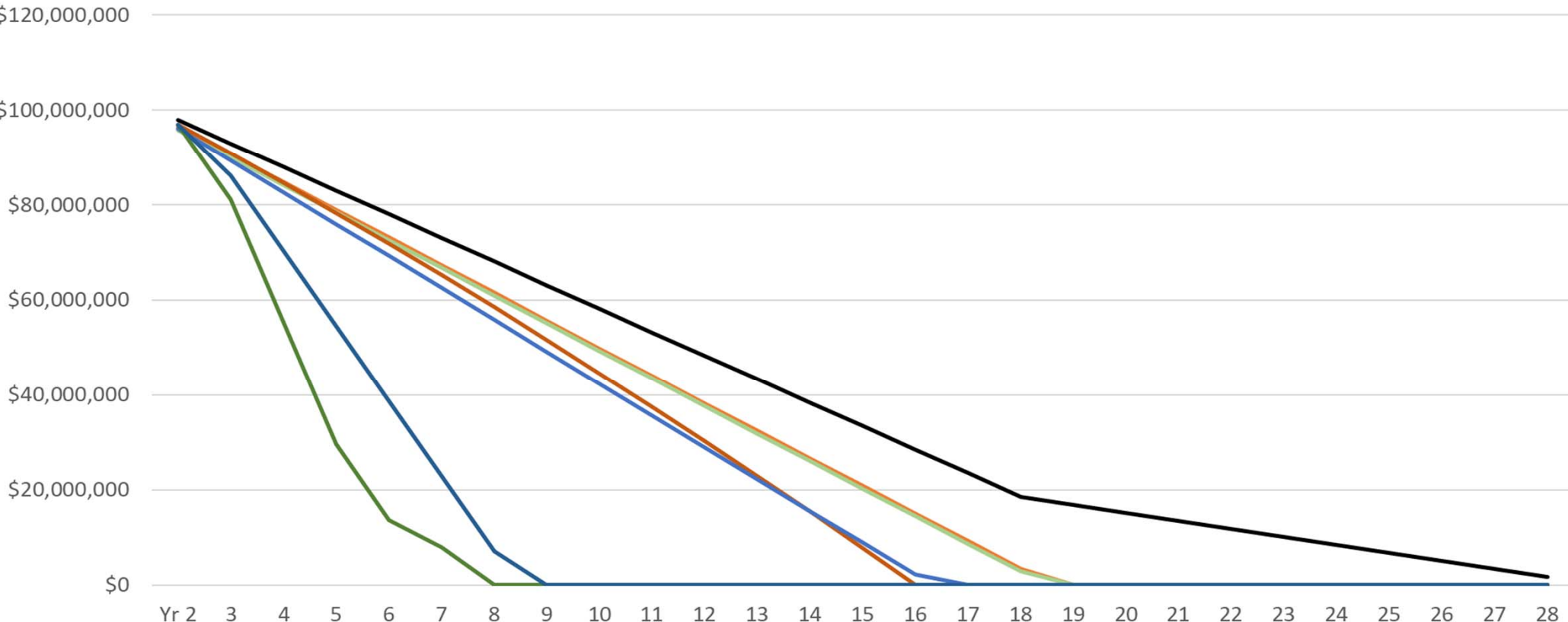
# Public Safety Pension Policy



## Funding Options – FY2020 Triggers

- FY2019 expenditure variances
  - After close of FY2019, actuals below estimate
  - 10% of General Fund or 50% Police and Fire expenditure savings
- FY2020 revenue growths above projections
  - For each \$100,000 over projection, use 50% for one-time additional pension contribution
- Some impacts: these resources are generally used to provide funding to future budget processes, proposed budget has \$3.5M in one-time for base services

# Impact of Option - Not Intended as Actual Results - For Discussion Only



Year 2 =  
6/30/2020

- Annual Minimum Contribution
- Current Policy Excess
- Fund Balance One Time 2%
- 2% Primary Property Tax Compounded
- Use Tax Increase
- Sales Tax 1.0% 3 years
- Sales Tax 0.5% 5 1/2 years



# Public Safety Pension Policy

## Funding Options – Funding Goals for Policy

- When paying down the unfunded liability, what is our long-term goals?
  - Target a funded ratio?
    - Currently 37%
  - Become 100% funded in a set number of years?
    - Currently 18 years Fire, 29 years Police
  - Reduce financial burden on the General Fund?
    - Currently \$7.9M annual unfunded liability contribution



# Public Safety Pension Policy



## Funding Options – Council Direction

- Fund balance
- Dedicate annual 2% primary property tax levy increase
- Use tax increase
- Election options
- FY 2020 triggers for additional one-time payments
- Funding goals for policy



# Public Safety Pension Policy



## Path Forward

- Incorporate any changes with in the budget adoption
- Add additional funding opportunities to the pension policy
- Adopt pension policy in June
- Review pension policy annually as part of the budget process

Questions?

# Personnel

## Council Discussion



# Climate Change

## Take Meaningful Climate Change Action

Total Approved Budget Requests  
and New Personnel:

\$849,759





# Climate Change



## Top Three Objectives:

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



# Climate Change



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Back-Up Generators (2) and Transfer Switch (LMWTP)	1X	\$240,000	✓
Full-Scale Energy Audit of all City Facilities	1X	50,000	✓
Chevy Bolt Electric Vehicle	1X	45,000	✓
Energy Rebate Program Expansion	Ongoing	40,000	✓
Climate Engagement Coordinator (FTE .50)	Ongoing	30,709	✓
Electric Vehicle Charging Equipment	1X	18,000	✓
Climate and Energy Teacher Training	Ongoing	10,000	✓



# Climate Change



## Work Program:

- Climate Action and Adaptation Plan implementation
- Climate Ambassadors and Leaders trainings
- Renewable energy Request for Proposal – exclusivity agreement
- Energy data management
- Home Energy Efficiency Rebate Program
- Home Energy Efficiency 101 Workshops



# Climate Change

## Realignment of Expenditures in Environmental Management Fee (EMF)

	<u>Env Mgmt Fund</u>		<u>General Fund</u>
Open Space	(112,000)	→	112,000
Code Compliance	(96,000)	→	96,000
Staffing	(128,000)	←→	65,000
Net Changes	<u>(336,000)</u>		<u>273,000</u>

# Climate Change

## Council Discussion



# Environmental and Natural Resources

## Actively Manage and Protect All Environmental and Natural Resources

Total Approved Budget Requests  
and New Personnel:

\$2,571,300





# Environmental and Natural Resources



## **Top Three Objectives:**

- 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 and Natural Resources



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
West Side Neighborhood Park Creation	1X	\$ 500,000	
Provide Adequate Access to Picture Canyon	1X	200,000	✓
Wildland Fire Management Program	Ongoing	200,000	✓
Open Channel Maintenance Program	1X	80,000	✓
Materials Management Coordinator (FTE 1.0)	Ongoing	61,419	✓
New Rain and Stream Gauges (4) for ALERT Flood Notifications	1X	40,000	✓



# Environmental and Natural Resources



## Work Program:

- Flagstaff Watershed Protection Project
- Four Forests Restoration Initiative
- Firewise Neighborhoods
- Wildland Urban Interface Code
- Master Recyclers Program
- Rethink Waste Plan implementation
- Community education regarding consumption and effective recycling
- Recycling infrastructure improvements



# Environmental and Natural Resources



## Work Program:

- McMillian Mesa Management Plan
- Schultz Creek Trailhead community dialogue to co-develop management plan
- Picture Canyon Natural and Cultural Preserve improvements and graffiti prevention
- Indigenous youth service academy
- Legally designated open space trail management
- Initiate legally designated open space weed management program
- Anti-litter campaign and volunteer management

# Environmental and Natural Resources

## Council Discussion



# Water Conservation

Become a National  
Leader in Water  
Conservation in All  
Sectors

Total Approved Budget Requests  
and New Personnel:

\$366,575





# Water Conservation



## Top Three Objectives:

- 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



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Continental Well Upgrades	1X	\$ 150,000	✓
Smart Irrigation Water Management System for all Parks' Grounds	1X	121,000	✓
Groundwater Optimization Study	1X	75,000	✓



# Water Conservation



## Work Program:

- Conservation Program
  - Expansion of commercial, industrial and institutional rebates and efficiency efforts
  - Complete and implement Strategic Plan
- Water Resources
  - Sustainable water budget – How Do We Define?
  - Water Resources Master Plan / One Water Plan
    - Identify and prioritize reclaimed water uses
    - Aquifer recharge feasibility study – Sinclair Wash/Rio de Flag
    - Advanced treatment DPR/IPR
    - Supply availability/system expansion

# Water Conservation

## Council Discussion



# Transportation and Other Public Infrastructure

Deliver Quality  
Infrastructure and  
Continue to Advocate for  
and Implement a Highly  
Performing Multi-Modal  
Transportation System

Total Approved Budget Requests  
and New Personnel:

\$5,103,451





# Transportation and Infrastructure



## Top Three Objectives:

- Evaluate Timing of I-40/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 and Infrastructure



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Airport Parking Improvement (Debt Financed)	1X	\$ 1,300,000	
Street Fleet Equipment Replacement (3)	1X	795,000	
CAD Software Upgrade	1X	550,000	
Library Boiler, Windows and Restroom Remodel	1X	525,000	✓
Core Services Facility Expansion	1X	450,000	
Repair Hangar Roofs	1X	85,000	



# Transportation and Infrastructure



## Work Program:

- Deliver quality community assets and continue to advocate and implement a high performing multi model transportation system
  - Street Maintenance Program
    - Continue to invest and improve our existing roadway infrastructure through HURF and Prop 406 funding
    - Prop. 419 funds the next 20 years of transportation capital improvements
    - Prop. 420 funds the Lone Tree overpass
- Street Sweeping
  - Maintaining a clean, safe and enjoyable experience for our vehicle and bicycle communities
- Storm Drain Maintenance
  - Maintain existing street storm drains to improve runoff quality

# Capital Improvement Program

## Presentation Outline

- Program Categories
- FY2019 Capital Budget Estimates
- FY2020 Capital Improvement Budget
- FY2021-2024 Five-Year Capital Program
- Total Program: \$394,932,870
- Projects within each program category
- Unfunded Projects List





# Capital Improvement Program

## Program Categories:

## FY2019 Estimate

• General Government	\$ 34,439,709
• Streets/Transportation	27,574,219
• FUTS – Flagstaff Urban Trail System	3,956,227
• BBB – Bed, Board and Beverage	3,251,101
• Water Services	22,065,168
• Stormwater	4,304,310
• Solid Waste	631,000
• Sustainability and Environmental Mgmt.	88,500
• Airport	<u>267,130</u>
Total:	\$ 96,577,364



# Capital Improvement Program

## Program Categories:

## FY2020 Budget

• General Government	\$ 19,652,512
• Streets/Transportation	33,610,820
• FUTS – Flagstaff Urban Trail System	616,717
• BBB – Bed, Board and Beverage	3,221,319
• Water Services	14,070,000
• Stormwater	19,545,000
• Solid Waste	680,000
• Sustainability and Environmental Mgmt.	40,000
• Airport	<u>2,700,000</u>
Total:	\$94,136,368



# Capital Improvement Program

## Program Categories:

## FY2021-2024 Project

• General Government	\$ 24,763,634
• Streets/Transportation	71,740,813
• FUTS – Flagstaff Urban Trail System	0
• BBB – Bed, Board and Beverage	6,198,691
• Water Services	59,390,000
• Stormwater	21,466,000
• Solid Waste	6,510,000
• Sustainability and Environmental Mgmt.	0
• Airport	<u>14,150,000</u>
Total:	\$ 204,219,138



# Capital Improvement Program

## Program Categories:

## Category Total

• General Government	\$ 78,855,855
• Streets/Transportation	132,925,852
• FUTS – Flagstaff Urban Trail System	4,572,944
• BBB – Bed, Board and Beverage	12,671,111
• Water Services	95,525,168
• Stormwater	45,315,310
• Solid Waste	7,821,000
• Sustainability and Environmental Mgmt.	128,500
• Airport	<u>17,117,130</u>
Total:	\$ 394,932,870



# Capital Improvement Program

## Total Program Summary:

### Fiscal Years

- FY2019 Estimate
- FY2020 Budget
- FY2021-2024 Projected

### Totals

	\$	96,577,364
		94,136,368
		<u>204,219,138</u>
<b>Total Plan:</b>	<b>\$</b>	<b>394,932,870</b>



# General Government





# Capital Improvement Program

## FY2019 Estimate

**\$34,439,709**

- Court Facility
- USGS Miscellaneous Buildings
- Watershed Protection Project
- FUTS Open Space Land Acquisition
- Core Services Maintenance Facility

**Total Plan: \$78,855,855**

## FY2020 Budget

**\$19,652,512**

- USGS Miscellaneous Buildings
- Court Facility
- Watershed Protection Project

## FY2021-2024 Projected

**\$24,763,634**

- Court Facility
- USGS Miscellaneous Buildings



# Streets/Transportation





# Capital Improvement Program

## FY2019 Estimate

**\$27,574,219**

- Street Improvement Program (HURF)
- Industrial Drive – Phase 3
- Fourth Street Overpass
- Sunnyside Phase 5

**Total Plan: \$132,925,852**

## FY2020 Budget

**\$33,610,820**

- Beulah Boulevard/University Drive
- Sunnyside
- Utility Replacements and Overlays

## FY2021-2024 Projected

**\$71,740,813**

- Street Improvement Program (HURF)
- Pavement Overlay (RR&SS)
- Utility Replacements and Overlays (RR&SS)



# FUTS





# Capital Improvement Program

## FY2019 Estimate

**\$3,956,227**

- BNSF Walnut – Florence Underpass
- Switzer Canyon Trail
- Sheep Crossing Trail

**Total Plan: \$4,572,944**

## FY2020 Budget

**\$616,717**

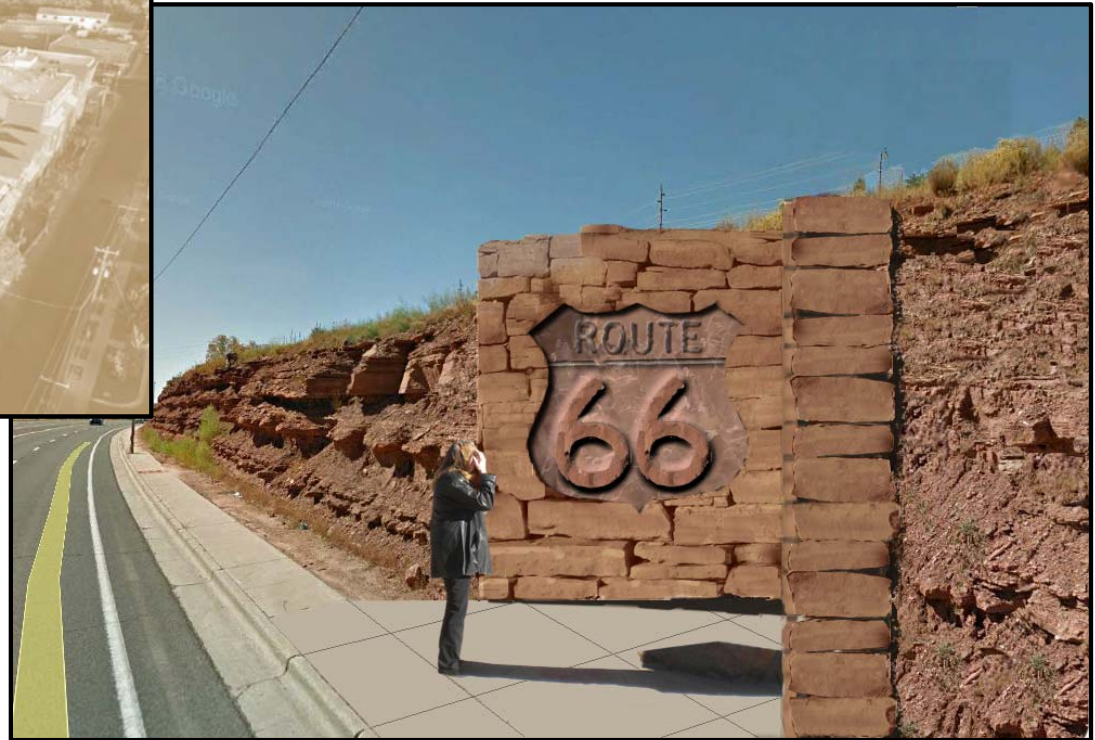
- Switzer Canyon Trail
- Florence – Walnut Underpass
- Sheep Crossing Trail
- Lone Tree Trail – Butler to Sinclair Wash

FY2021-2024 Projected

**\$0**



# BBB





# Capital Improvement Program

## FY2019 Estimate

**\$3,251,101**

- J. Lively Back Roof and Locker Room Repairs
- New Restrooms – Buffalo Park and Thorpe Park
- Library Entry

**Total Plan: \$12,671,111**

## FY2020 Budget

**\$3,221,319**

- Train Station Platform
- Route 66 Interpretive Trail
- Lunar Landing Plaza

## FY2021-2024 Projected

**\$6,198,691**

- Buffalo Park Parking Enhancements
- Downtown Non-Gateway
- Phoenix Parking Plaza



# Drinking Water

TEAM FLAGSTAFF  
WE MAKE THE CITY BETTER





# Capital Improvement Program

## FY2019 Estimate

**\$16,188,358**

- Switzer Canyon Transmission Line
- New Well and Pumphouse
- Lone Tree 16" Transmission Line
- Fountaine St. Waterline Replacement
- Water Services Admin Building Purchase

**Total Plan: \$56,808,358**

## FY2020 Budget

**\$9,505,000**

- Fir Ave, Milton Rd & Phoenix Ave. Waterline Replacement
- Lake Mary Land Acquisition

## FY2021-2024 Projected

**\$31,115,000**

- Aging Water Infrastructure Replacement
- Switzer Canyon Transmission Line
- Red Gap Ranch Feasibility Study



# Wastewater





# Capital Improvement Program

## FY2019 Estimate

**\$5,791,810**

- Aging Sewer Infrastructure Replacements
- Westside Interceptor Clay Avenue Wash Oversizing
- Wildcat Gas Conveyance System Improvements
- Milton Rd. Sewer Rehabilitation

**Total Plan: \$34,541,810**

## FY2020 Budget

**\$4,400,000**

- Westside Interceptor Thompson-Kaibab Oversizing
- Fort Tuthill Sewer Line Oversizing
- Rte 66/First Ave Project

## FY2021-2024 Projected

**\$24,350,000**

- Aging Sewer Infrastructure Replacement
- Wildcat Digester No. 3
- Wildcat Solids Handling Plan



# Reclaimed Water



## FY2019 Estimate

**\$85,000**

- Sewer/Reclaim Master Plan
- Rate Study – Reclaimed Portion
- Advanced Treatment Concept Design and Public Outreach

**Total Plan: \$4,175,000**

## FY2020 Budget

**\$165,000**

- 8" Bottleneck – Reclaimed Line Replacement Design

## FY2021-2024 Projected

**\$3,925,000**

- Buffalo Park Two Million Gallon Storage Tank
- 8" Bottleneck – Reclaimed Line Replacement



# Stormwater





# Capital Improvement Program

## FY2019 Estimate

**\$4,304,310**

- Rio De Flag Project
- Phoenix Avenue Culvert Construction Spot Improvements

## FY2020 Budget

**\$19,545,000**

- Phoenix Avenue Culvert Construction Spot Improvements
- Rio De Flag Project

## FY2021-2024 Projected

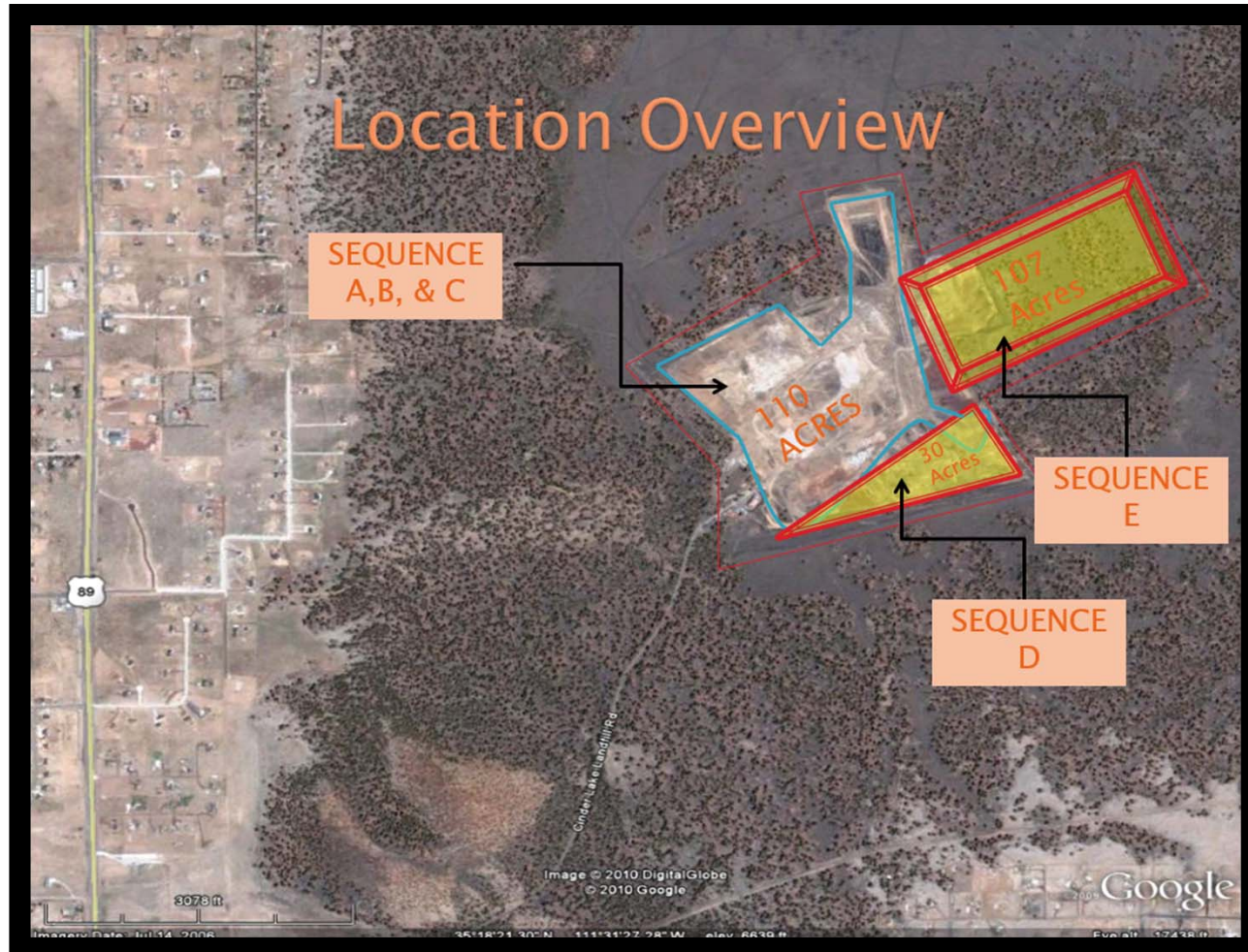
**\$21,466,000**

- Drainage Spot Improvement
- Columbia Circle Spot Improvements

**Total Plan: \$45,315,310**



# Solid Waste





# Capital Improvement Program

## FY2019 Estimate

**\$631,000**

- Methane Gas Collection Wells
- National Environmental Policy Act Review
- Stormwater Infrastructure

## FY2020 Budget

**\$680,000**

- Excavation of Cell D
- National Environmental Policy Act Review
- Stormwater Infrastructure

## FY2021-2024 Projected

**\$6,510,000**

- Landfill Road Infrastructure Project
- Excavation of Cell D
- Landfill Cells Construction

**Total Plan: \$7,821,000**



# SEMS





# Capital Improvement Program

FY2019 Estimate

**\$88,500**

- Picture Canyon Trail Improvements
- Observatory Mesa Improvements
- Schultz Creek Trail Improvements

FY2020 Budget

**\$40,000**

- Future Grant Project

FY2021-2024 Projected

**\$0**

**Total Plan: \$128,500**



# Airport





# Capital Improvement Program

## FY2019 Estimate

**\$267,130**

- Master Plan Update
- AIR – Wildlife Hazard Assessment

## FY2021-2024 Projected

**\$14,150,000**

- Snow Removal Equipment Building
- Terminal Construct/Expand - Construct
- Land Acquisition

## FY2020 Budget

**\$2,700,000**

- Parking Improvements
- Snow Removal Equipment Building - Design
- Airport Drainage Improvements - Design

**Total Plan: \$17,117,130**



# Rio de Flag

TEAM FLAGSTAFF  
WE MAKE THE  
CITY BETTER





# Capital Improvement Program



## Rio de Flag Update:

- Project Timeline/Milestones
- Future Project Schedule Considerations
- New Fee in Effect 7/1/2019
  - Current Rate = \$2.26 per Equivalent Runoff Unit
  - Effective 7/1/2019 = \$3.74 per Equivalent Runoff Unit

# Transportation and Other Public Infrastructure

## Council Discussion



# Building and Zoning/ Regional Plan

Revise the Zoning Code to  
Remove Ambiguities and  
Ensure it is Consistent  
with Community Values  
and the Regional Plan

Total Approved Budget Requests  
and New Personnel:

\$193,419





# Building and Zoning/Regional Plan



## Top Three Objectives:

- 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
- Work with Housing section to update incentive policy for affordable housing to offer more desirable incentives and make any necessary amendments to the Zoning Code
- Finish promised neighborhood and capital projects on time



# Building and Zoning/Regional Plan



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Neighborhood Planner/Historic Preservation Officer (FTE 1.0)	Ongoing	\$ 106,919	
Old Courthouse Site Development	1X	50,000	
Consultant Fees, Zoning Code Work	1X	20,000	
Southside Community Plan Facilitation Services/Update to Historic Context Report	1X	15,000	✓



# Building and Zoning/Regional Plan



## Work Program:

- Complete Southside Specific Plan and Code Amendments
  - Retain a consultant to assist with completion of Southside Neighborhood Plan, HOH recommendations and Transect Amendments
  - Current Planning program will process additional batches of amendments during the fiscal year
- Adopt the 2018 Suite of Building Codes
- Accept and review building permit and IDS plan submittals electronically
- Evaluate affordable housing incentives

# Building and Zoning/ Regional Plan

## Council Discussion



# Code Compliance

## Achieve Comprehensive and Equitable Code Compliance

Total Approved Budget Requests  
and New Personnel:

\$79,782





# Code Compliance



## Top Three Objectives:

- 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



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Code Compliance Officer II – Lighting Specialist (FTE 1.0/0.50)	Ongoing	\$ 71,782	✓



# Code Compliance



## Work Program:

- Work with neighborhood associations and community groups to prioritize issues and coordinate enforcement
- Complete neighborhood outreach on parking and solid waste in neighborhoods around NAU
- Work with Dark Skies community to develop education pieces and enforcement of Dark Sky compliant lighting
- Community Stewards Community clean-ups and group clean-ups

# Code Compliance

## Council Discussion



# Economic Development

Grow and Strengthen a  
More Equitable and  
Resilient Economy

Total Approved Budget Requests  
and New Personnel:

\$506,570





# Economic Development



## Top Three Objectives:

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



# Economic Development



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Downtown Master Plan	1X	\$ 80,000	
Visit, Discover and Grow Campaign – Shop Local Messaging	1X	75,000	
Business Attraction/Expansion Incentive Funding	1X	75,000	
Workforce Development Analysis	1X	50,000	
Study on Business Threats – Minimum Wage, Climate Change etc.	1X	50,000	✓



# Economic Development



## Work Program: Economic Vitality

### All Program Campaign:

- The Visit.Discover.Grow includes several stories about business people coming to our City for a visit, setting up shop, creating jobs, and staying a lifetime
- **We will elaborate on the 'grow' part of the campaign to include local messaging to our community to encourage them to buy, volunteer, and more...locally**





# Economic Development



## Work plan: Airport

- Continue to market our airport and three daily routes in order to attract additional routes
- Implement a paid parking program
- Continue to make needed enhancements to our interior and exterior



3 Routes To Serve You





# Economic Development



## Work plan: Community Investment

- Continue to participate in the AZ @ Work Business Services quarterly events
- 2<sup>nd</sup> Innovate Waste Challenge
- Continue to attract high wage jobs by attending trade conferences and hosting potential business partners
- Continue to operate and assist NACET with our Incubation to Acceleration to Graduation program





# Economic Development



## Work plan: Tourism

- Continue to build multi-channel marketing programs to attract visitors and businesses
- Continue to expand our visitor center offerings and outreach
- Expand on our Coffee Klatch monthly meetings

“After the Coffee Klatch meeting, I completely remerchandised the Sweet Shoppe per Trace’s advice. Yes, product now goes to the ceiling.”

– Jennifer Rolley, Sweet Shoppe Owner



# Economic Development

## Council Discussion



# Affordable Housing

Support Development and  
Increase the Inventory of  
Public and Private  
Affordable Housing for  
Renters and Homeowners  
Throughout the  
Community

Total Approved Budget Requests and  
New Personnel:

\$650,651





# Affordable Housing



## Top Three Objectives:

- 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



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
FHA Items – All HUD Funded – No GF	Ongoing	\$ 563,100	
Funding for Down Payment Programs - EAH	1X	30,000	
Education and Marketing - Housing and Facing Homelessness	1X	5,000	✓



# Affordable Housing



## Work Program:

- Implement Council direction regarding the creation of Housing Committee
- Identify and enter into contract with co-developer to pursue redevelopment of public housing sites
- Update incentive policy to offer more desirable incentives and work cooperatively with Planning and Development Services to make any necessary amendments to the Zoning Code
- Participate with local groups to enhance housing opportunities throughout the community

# Affordable Housing

## Council Discussion



# Community Outreach

## Enhance Public Transparency and Accessibility

Total Approved Budget Requests  
and New Personnel:

\$81,768





# Community Outreach



## Top Two Objectives:

- 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



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Annual Meeting with Sovereign Nations, Consulate, Community Partners and Legislators	1X	\$ 5,500	
Dedicated Funding for Indigenous Youth STEM Academy (IYSA)	1X	2,000	✓
Council Facebook and/or YouTube Live Streaming Option	1X	1,500	



# Community Outreach



## Work Program:

- Website Improvements
  - Contract with Siteimprove to identify broken links, misspellings, etc.
  - Initiated re-design of the City's website that will include a focus group comprised of City Staff and Community Members
- Constituent Services Survey
  - Assess constituent opinions on a wide range of services, needs and gaps
- City Social Media
  - From Jan 1, 2018 to Jan 1, 2019 the City's Facebook page "likes" increased from 120,960 to 130,828 and "followers" from 113,682 to 127,936

# Community Outreach

## Council Discussion



# Social Justice

## Advance Social Justice in the Community

Total Approved Budget Requests  
and New Personnel:

\$30,000





# Social Justice



## Top Three Objectives:

- Consulate/Embassy service coordination with City Manager's Office and City Council
- Support early education efforts in the community
- Budget funding earmarked for a language line translation phone application



# Social Justice



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Shelter Winter Overflow	1X	\$ 25,000	✓
Translation Phone Services	1X	5,000	✓



# Social Justice



## Work Program:

- Indigenous Coordinator
- Indigenous Commission
- Cultural Awareness Training
- Marketing of Indigenous Community
- Meetings with Indigenous Groups

# Social Justice

## Council Discussion



# Town and Gown

## Enhance Relationships Between the City and Institutions of Higher Education

Total Approved Budget Requests  
and New Personnel:

\$67,500





# Town and Gown



## Top Three Objectives:

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



# Town and Gown



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Off Campus Life and Neighborhood Liaison Position	1X	\$ 30,000	
International Town and Gown Association Conference and Liaison Re-Certification	1X	2,000	



# Town and Gown



## **Work Program:**

- International Town and Gown Association
- Community welcome event
- Neighborhood events and outreach
- Internship IGA with NAU

# Town and Gown

## Council Discussion



# Day to Day Operational Needs

Total Approved Budget Requests  
and New Personnel:

\$4,024,700





# Day to Day Operational Needs



## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Census 2020 Complete Count Committee Advertising (2 <sup>nd</sup> year funding to complete set aside amount)	1X	\$ 75,000	
Increase in Public Defender Costs	Ongoing/1X	92,700	
Security Guards for Downtown and East Flag Library	1X	86,600	



# Day to Day Operational Needs

## New Investments (continued):

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
IT Enhancement/Catastrophic Fund	1X	\$ 50,000	✓
PC & Network Equipment Replacement	1X	75,000	
Application Maintenance	1X	160,000	
DBA Clean Team (3 <sup>rd</sup> year for this relationship)	1X	45,000	
Replacement of 10 Sets of Outdated Turnouts	1X	30,000	

# Day to Day Operational Needs

## Council Discussion



# Enhancements to Services

Total Approved Budget Requests  
and New Personnel:  
\$2,176,082





# Enhancements to Services

## New Investments:

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
85 Sets of Turnouts	1X	\$ 260,000	
Mogollon Public Works Yard, Demo and Remediation	1X	200,000	
High Performing Government Software, Research, Training, Travel, Consultant	1X	150,000	
Information Security Officer (FTE 1.0)	Ongoing	114,966	✓



# Enhancements to Services



## New Investments (continued):

Approved Personnel and Other Requests	1X or Ongoing	Amount	CAAP
Winter Wonderland Holiday Lights on Rte. 66	1X	\$ 60,000	✓
IT/SCADA Security Upgrades	1X	90,000	
Real Estate Specialist	1X	61,372	
Buddhist Temple (provide promotional materials, marketing and advertising)	1X	12,000	

# Enhancements to Services

## Council Discussion



# Council Parking Lot Discussion





# City Manager Recommendations

Recommendations	Fund	Cost
Indigenous Coordinator – Full Time w/ Benefits	General	\$ 40,000
Intern Coordinator	General	62,500
IT Security Measures	General	50,000
Community Outreach and Engagement Plan	Using Carryforward \$	20,000
SB1225 Match for Disability Service Providers	General	2,650,000



# Revenue Opportunities

Potential revenue increases not included in City Manager Recommended Budget:

Description	1X or Ongoing	Amount
2% Primary Property Tax	Ongoing	\$ 130,000
Use Tax Increase from 1% to 2.281%	Ongoing	900,000
Contingency Reallocation	1X	

# Council Adds and Deletes

