

NOTICE AND AGENDA

**CITY COUNCIL BUDGET RETREAT
MONDAY - TUESDAY
FEBRUARY 3 - 4, 2020**

**FLAGSTAFF AQUAPLEX
1702 NORTH FOURTH ST.
8:00 A.M.**

1. Call to Order

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. ROLL CALL

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

MAYOR EVANS
VICE MAYOR SHIMONI
COUNCILMEMBER ASLAN
COUNCILMEMBER MCCARTHY

COUNCILMEMBER ODEGAARD
COUNCILMEMBER SALAS
COUNCILMEMBER WHELAN

3. Priority Based Budgeting Online Tools & Roadmap

4. City Council Fiscal Year 20-21 Budget Retreat

5. Public Participation

6. Adjournment

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this _____ day of _____, 2020.

Stacy Saltzburg, MMC, City Clerk

CITY OF FLAGSTAFF STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Sarah Langley, Management Analyst
Co-Submitter: Shane Dille
Date: 01/30/2020
Meeting Date: 02/03/2020



TITLE

Priority Based Budgeting Online Tools & Roadmap

STAFF RECOMMENDED ACTION:

This is an update discussion; no action is requested or required.

EXECUTIVE SUMMARY:

In May of 2019, the City of Flagstaff embarked on a journey to implement Priority Based Budgeting. Priority Based Budgeting (or PBB) is a leading best practice in municipal government and allows cities to re-envision how they utilize their budgets. Specifically, PBB enables cities to measure investment in results, create programmatic insight and identify opportunities for future action.

The PBB portion of the budget retreat will be led by Chris Fabien, co-founder of ResourceX and by Kathie Novak, Assistant Teaching Professor at the University of Denver. Chris Fabien will review the PBB data that staff have created and conduct interactive exercises with Council to increase familiarization with the PBB online tools. Kathie Novak will share her experiences as an elected official implementing PBB and guide Council in creating a “roadmap” for the incorporation of PBB into future budget cycles.

INFORMATION:

Connection to Council Goals

- Council Goal 2017-2019: Community Outreach: Enhance public transparency and accessibility
- Strategic Plan for Team Flagstaff Strategic Priority 3.1: Enhance the organization’s fiscal stability and resourcefulness

Has There Been a Previous Council Decision on This Topic?

- At the January 16, 2019, Council Budget Retreat, staff presented the topic of High Performing Government. This included consideration for changing budget processes to a priority-based system.
- At the April 2019 Council Budget Retreat, staff presented a budget which included funding for Priority Based Budgeting.
- At the May 2019 Council Meeting, Council approved the Sole Source License and Host Agreement with Resource Exploration, LLC for Priority Based Budgeting.
- At the September 2019 Council Retreat, Council provided input on a PBB Results and Definitions Map.

- At the October 2019 Council Meeting, Council provided further input on the PBB Results and Definitions Map and agreed upon a final version.
 - At the December 2019 Council Meeting, Council heard an update on the progress of implementing PBB, specifically focusing on the Program Inventory and Program Costing phases.
 - At the January 2020 Council Meeting, Council heard an update on the progress of implementing PBB, specifically focusing on the Program Scoring phase.
-

Attachments: Powerpoint
 Consultant Biographies



Priority Based Budgeting Project Recap and Next Steps

Chris Fabian and Kathie Novak
February 3rd 2020

Today's Agenda: 3 Key Points



1.) Project Recap: what you've achieved already in Priority Based Budgeting

2.) How to Explore Your Data: the business intelligence at your finger-tips

3.) Look Toward the Future: applying your data

Why PBB?

Diff(val)		Diff(%)	2019	2018	ObjType	Fund Code	Fund	Division Code	Division	Account Category	Object Code	Object	AcctComments	AcctL
\$	(0.00)	0%	24,645	24,645	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7340	WORKERS COMPENSATION		admin
\$	(0.00)	0%	442	442	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7515	EQUIP REPLACEMENT CHARGE		admin
\$	(0.00)	0%	1,373	1,373	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7520	EQUIPMENT SERVICES CHARGE		admin
\$	(0.00)	0%	1,253	1,253	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7535	VEHICLE REPLACEMENT CHARGE		admin
\$	1.37	0%	51,501	51,500	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7008	CONTRACT SERVICES		admin
\$	143.27	7%	210,613	210,470	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7011	PROFESSIONAL SERVICES		admin
\$	-	0%	11,000	11,000	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7020	CONFERENCE, TRAINING, & MEETING		admin
\$	-	0%	600	600	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7033	PRINTING & DUPLICATION		admin
\$	-	0%	200	200	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7036	UNIFORM CONTRACT		admin
\$	-	0%	30,615	30,615	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7040	COMPUTER MAINTENANCE		admin
\$	-	0%	600	600	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7054	REPAIR & MAINT-VEH & EQUIP		admin
\$	-	0%	2,600	2,600	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7114	FUEL		admin
\$	-	0%	900	900	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7122	MAINTENANCE SUPPLIES		admin
\$	-	0%	5,515	5,515	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7124	MEMBERSHIP/DUES/SUBSCRIPTION		admin
\$	-	0%	1,500	1,500	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7134	OFFICE SUPPLIES		admin
\$	-	0%	62	62	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7136	POSTAGE		admin
\$	-	0%	3,000	3,000	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7142	TRAVEL AND MEALS		admin
\$	-	0%	3,400	3,400	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7220	TELEPHONE		admin
\$	-	0%	4,940	4,940	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7320	LIABILITY INSURANCE		admin
\$	(0.00)	0%	1,100	1,100	NonPersonnel	010	GENERAL FUND	4010	PLANNING	CAPITAL OUTLAY	7420	FURNISHINGS & FIXTURES		admin
\$	-	0%	0	0	NonPersonnel	360	VALERO GNSC	4010	PLANNING	CAPITAL OUTLAY	9999	PROJECT HOLDING ACCT		admin
\$	(0.00)	0%	33,799	33,799	NonPersonnel	010	GENERAL FUND	4010	PLANNING	INTERNAL SERVICES	7340	WORKERS COMPENSATION		admin
\$	(0.00)	0%	1,524	1,524	NonPersonnel	010	GENERAL FUND	4010	PLANNING	INTERNAL SERVICES	7515	EQUIP REPLACEMENT CHARGE		admin
\$	(0.00)	0%	1,534	1,534	NonPersonnel	010	GENERAL FUND	4010	PLANNING	INTERNAL SERVICES	7520	EQUIPMENT SERVICES CHARGE		admin
\$	-	0%	1,400	1,400	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7001	ADVERTISING		admin
\$	-	0%	19,800	19,800	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7008	CONTRACT SERVICES		admin
\$	(5,007.17)	-248%	197,303	202,310	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7011	PROFESSIONAL SERVICES		admin
\$	-	0%	11,000	11,000	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7020	CONFERENCE, TRAINING, & MEETING		admin
\$	-	0%	1,600	1,600	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7033	PRINTING & DUPLICATION		admin
\$	-	0%	9,398	9,398	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7040	COMPUTER MAINTENANCE		admin
\$	-	0%	600	600	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7054	REPAIR & MAINT-VEH & EQUIP		admin
\$	-	0%	500	500	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7122	MAINTENANCE SUPPLIES		admin
\$	-	0%	5,600	5,600	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7124	MEMBERSHIP/DUES/SUBSCRIPTION		admin
\$	-	0%	0	0	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7126	MISCELLANEOUS		admin
\$	-	0%	1,500	1,500	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7134	OFFICE SUPPLIES		admin
\$	-	0%	3,420	3,420	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7136	POSTAGE		admin
\$	-	0%	5,000	5,000	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7142	TRAVEL AND MEALS		admin
\$	-	0%	700	700	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7220	TELEPHONE		admin
\$	-	0%	7,420	7,420	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	7320	LIABILITY INSURANCE		admin
\$	-	0%	10,951	10,951	NonPersonnel	010	GENERAL FUND	4010	PLANNING	SERVICES & SUPPLIES	9999	PROJECT HOLDING ACCT		admin
\$	(0.00)	0%	429,980	429,980	NonPersonnel	240	CDD GRANTS	4010	PLANNING	SERVICES & SUPPLIES	7310	COMMUNITY GRANTS		admin

Diff(val)	Diff(%)	2019	2018	ObjType	Fund Code	Fund	Division Code	Division	Account Category	Code	Object	AcctComments	AcctL
\$ (0.00)	0%	24,645	24,645	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7340	WORKERS COMPENSATION		admin
\$ (0.00)	0%	442	442	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7515	EQUIP REPLACEMENT CHARGE		admin
\$ (0.00)	0%	1,373	1,373	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7520	EQUIPMENT SERVICES CHARGE		admin
\$ (0.00)	0%	1,253	1,253	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	INTERNAL SERVICES	7535	VEHICLE REPLACEMENT CHARGE		admin
\$ 1.37	0%	51,501	51,500	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7008	CONTRACT SERVICES		admin
\$ 143.27	7%	210,613	210,470	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7011	PROFESSIONAL SERVICES		admin
\$ -	0%	11,000	11,000	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7020	CONFERENCE, TRAINING, & MEETING		admin
\$ -	0%	600	600	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7033	PRINTING & DUPLICATION		admin
\$ -	0%	200	200	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7036	UNIFORM CONTRACT		admin
\$ -	0%	30,615	30,615	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7040	COMPUTER MAINTENANCE		admin
\$ -	0%	600	600	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7054	REPAIR & MAINT-VEH & EQUIP		admin
\$ -	0%	2,600	2,600	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7114	FUEL		admin
\$ -	0%	900	900	NonPersonnel	010	GENERAL FUND	4020	BUILDING INSPECTION	SERVICES & SUPPLIES	7122	MAINTENANCE SUPPLIES		admin

Diff(val)	Diff(%)	2019	2018	ObjType	Fund Code	Fund	Division Code	Division	Position	Position Number
0	0%	136,001	136,001	Personnel	010	GENERAL FUND	4020	BUILDING INSPECTION	BUILDING INSPECTOR	4061
0	0%	95,743	95,743	Personnel	010	GENERAL FUND	4010	PLANNING	ADMINISTRATIVE SECRETARY	3886
0	0%	116,660	116,660	Personnel	010	GENERAL FUND	4010	PLANNING	ASSISTANT PLANNER	4017
1,306	101%	130,589	129,283	Personnel	010	GENERAL FUND	4010	PLANNING	ASSOCIATE PLANNER	4127
0	0%	119,146	119,146	Personnel	010	GENERAL FUND	4010	PLANNING	ASSOCIATE PLANNER	4135
0	0%	203,601	203,601	Personnel	010	GENERAL FUND	4010	PLANNING	CHIEF BUILDING OFFICIAL	3964
0	0%	284,121	284,121	Personnel	010	GENERAL FUND	4010	PLANNING	COMMUNITY DEVELOPMENT DIRE	4071
0	0%	90,655	90,655	Personnel	010	GENERAL FUND	4010	PLANNING	DEVELOPMENT SERVICES TECHNIC	4124
32,638		125,530	92,893	Personnel	010	GENERAL FUND	4010	PLANNING	MANAGEMENT	2404
0		188,576	188,576	Personnel	010	GENERAL FUND	4010	PLANNING	PRIN	355

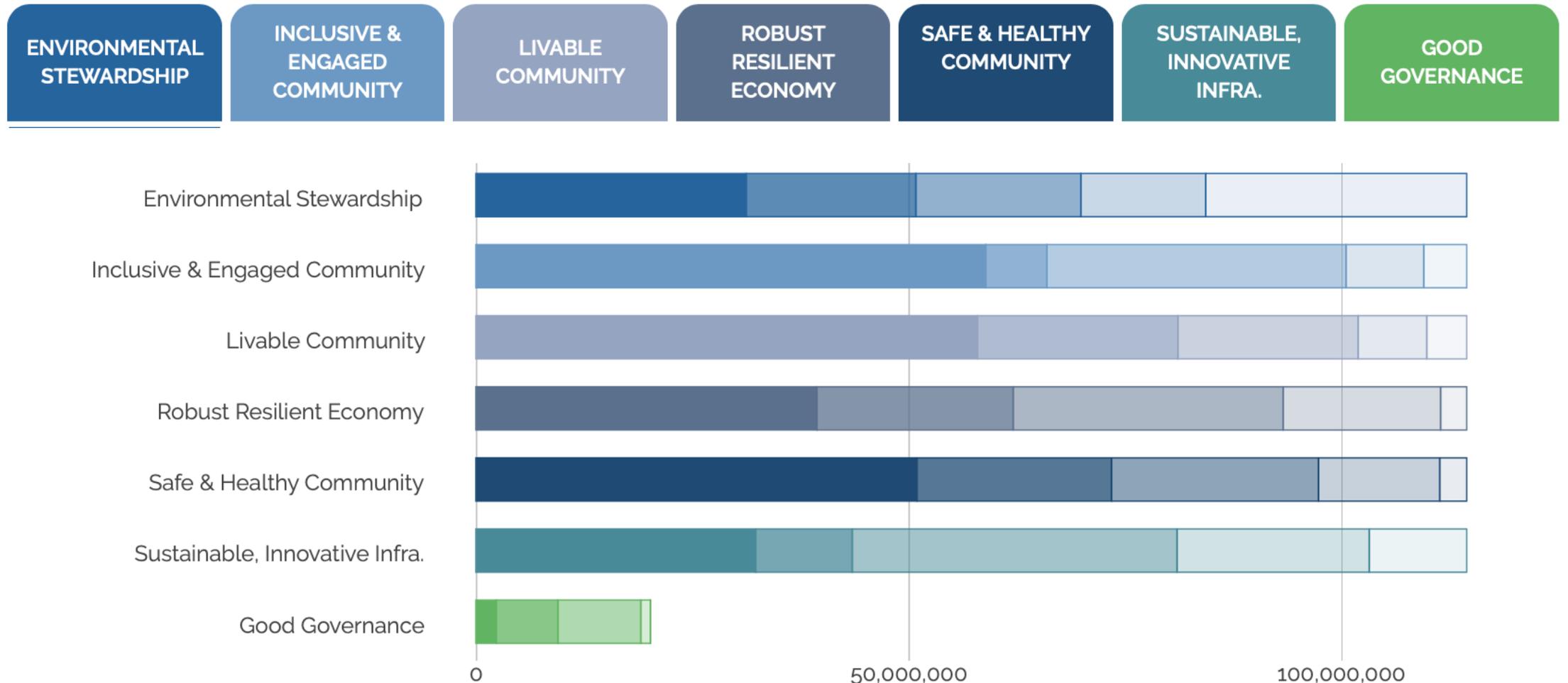
Are we getting Safer?

Are we making our citizens Healthier ?

Are we improving the Economy?

\$ (5,007.1)				NonPersonnel	010	GENERAL FUND		SERVICES & SUPPLIES	7008	CONTRACT SER		admin
\$				NonPersonnel	010	GENERAL FUND		SERVICES & SUPPLIES	7011	PROFESSION		admin
\$				NonPersonnel	010	GENERAL FUND		SERVICES & SUPPLIES	7020	CONFERE		admin
\$				NonPersonnel	010	GENERAL FUND		SERVICES & SUPPLIES	7033	PRINTI		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7040	COMF		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7054	REP/		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7122	MAI		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7124	ME		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7126	MI!		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7134	OFF		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7136	POS		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7142	TRAV		admin
\$				Personnel	010	GENERAL FUND		SERVICES & SUPPLIES	7220	TELEPH		admin
\$				NonPersonnel	010	GENERAL FUND		SERVICES & SUPPLIES	7320	LIABILI		admin
\$				NonPersonnel	010	GENERAL FUND		SERVICES & SUPPLIES	9999	PROJECT H		admin
\$ (0.00)				NonPersonnel	240	CDD GRANTS		SERVICES & SUPPLIES	7310	COMMUNITY G		admin

1.) Measure Investment in Results



2.) Create Basic Programmatic Insight

Search:

DirectCost	Program	Description
1,232,411	Snow Plowing	Remove snow and ice with plows a
273,009	Non-Park Ice and Snow Removal	Mechanical removal of ice and snow sidewalks, FUTS and courtesy berm
204,299	Airport Airfield Snow and Ice Control	Snow and ice control on the runway rescue and fire fighter access
30,619	CVB Community Programming	Staff plan and produce five commu engage the community in fun activi business for the businesses in dow Festival with Santa, Community Ska Day.
25,537	Snow Removal	Remove snow and ice with plows a
15,977	Snow Hauling/Stacking	Remove snow from downtown and piles

Airport Airfield Snow and Ice Control

Description: Snow and ice control on the runways taxiways ramps and aircraft rescue and fire fighter access

Total Cost: 204,299.2

FTE: 2.39

Total Cost Positions Operating Costs

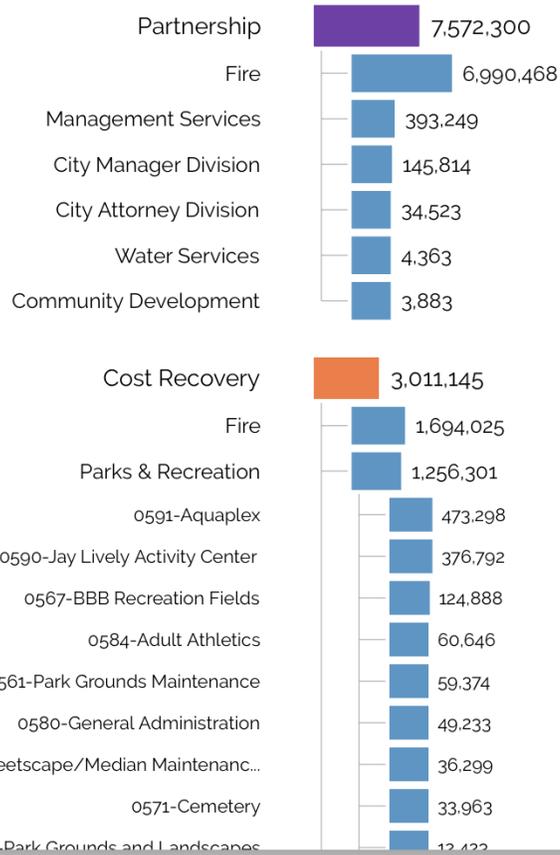
Total Cost: 204,299

NonPersonnel
12.2%

Personnel
87.8%

[Dismiss](#)

3.) Identify Opportunities for Future Action

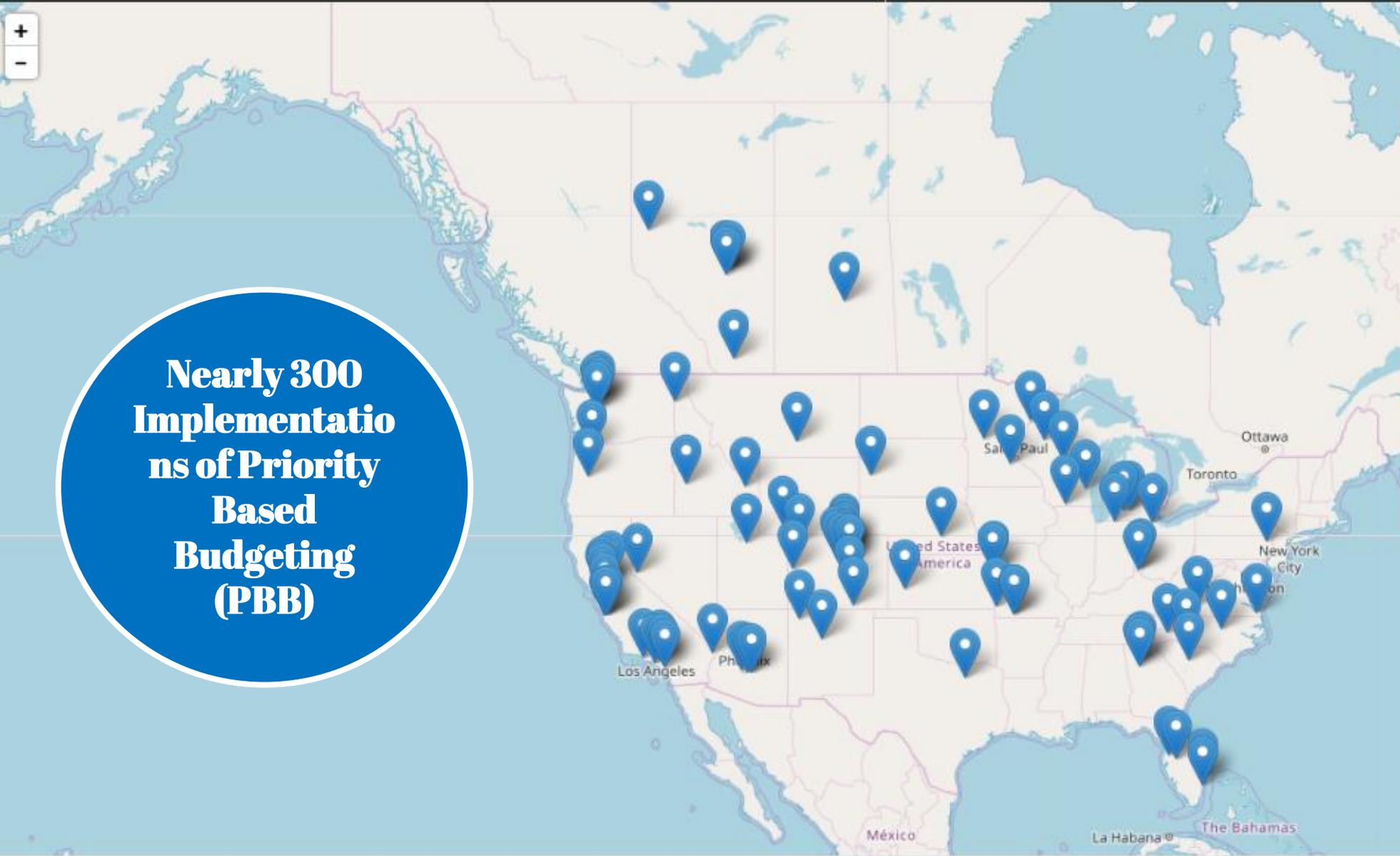


Program Summary - Aquatics Operation and Maintenance

Program Description: Rental of party rooms and activity pool, lifeguards, pool chemicals

Program Note for this Budget

Not meeting current Council cost recovery goal due to increase in costs (labor, etc) but no increase in fees since 2014.



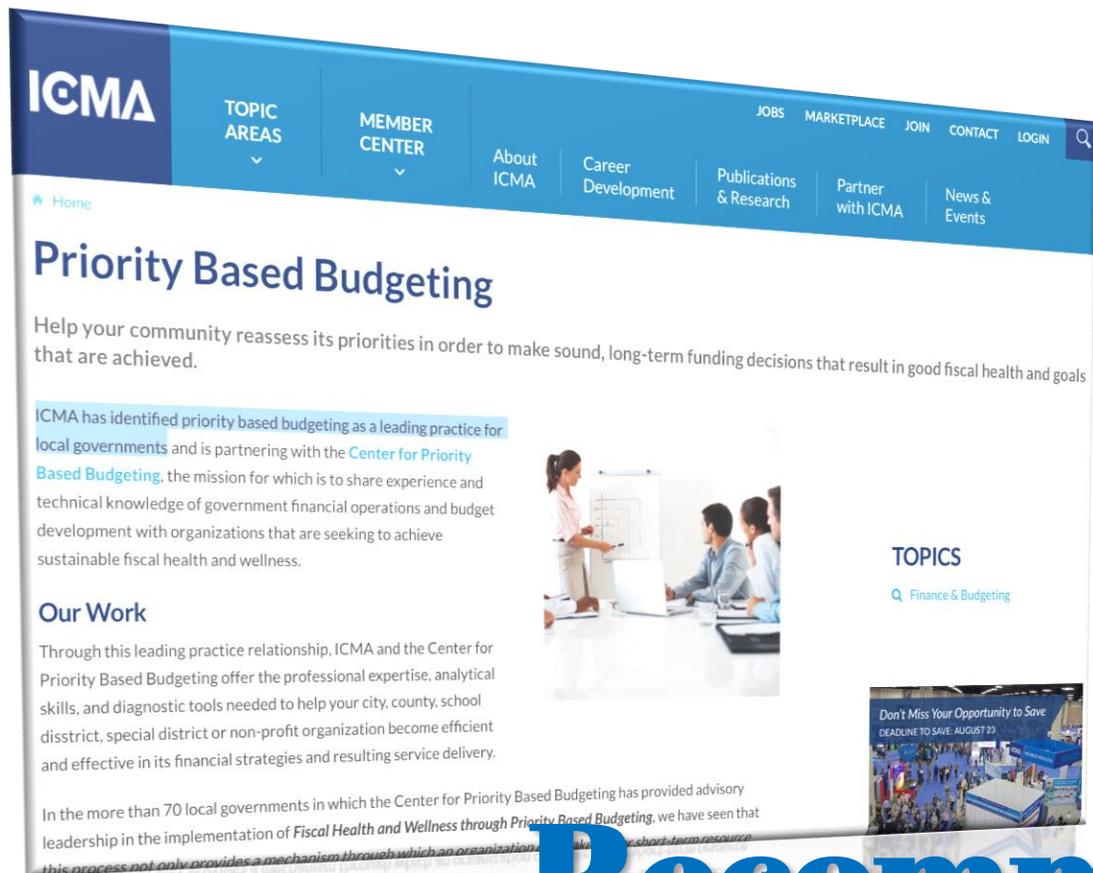
**Nearly 300
Implementations of Priority
Based
Budgeting
(PBB)**

Select Org, Model Year, Map Options

User: admin

Organization: Alexandria, MN

- Edmonton, AB - POLICE
- Englewood, CO
- Fairfield, CA
- Finney County, KS
- Fort Collins, CO
- Fruita, CO
- Gaston County, NC
- Carter County, NC - 2015



RECOMMENDED PRACTICE

Budgeting for Results and Outcomes (2009) (BUDGET)*

Background. The US National Advisory Council on State and Local Budgeting (NACSLB) has identified four essential principles of effective budgeting. The specific principles include: (1) set broad goals to guide decisions, (2) develop strategies and financial policies, (3) design a budget supportive of strategies and goals and (4) focus on the necessity of continually evaluating a government's success at achieving the goals that it has set for itself (i.e., performance). The adopted the recommended practices documents underscore measurement as part of

Consistent with the US budgeting for results and budgeted programs and consideration of desired and programs can best incrementalism often cl

Recommendation. The Government Finance Officers Association (GFOA) recommends that governments consider budgeting for results and outcomes as a practical way to achieve the US NACSLB objective of integrating performance into the budgetary process. GFOA believes that the following steps should help a government in making this successful transition:

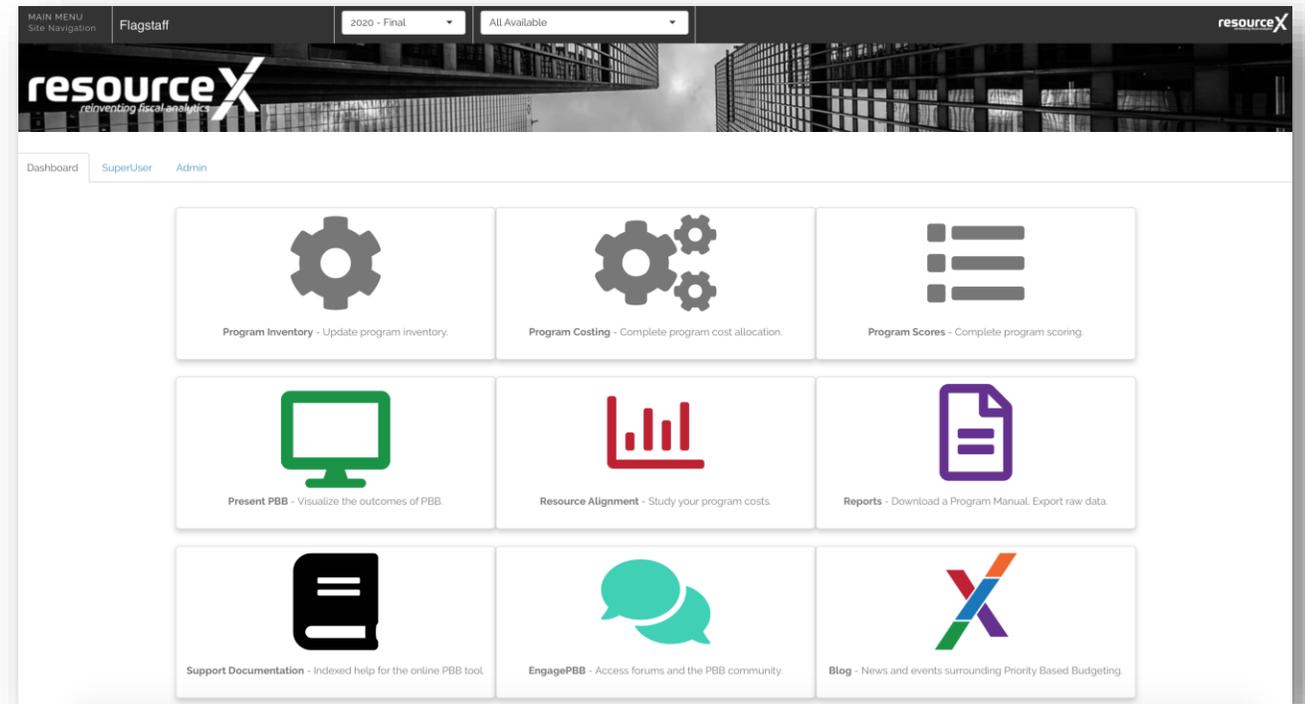
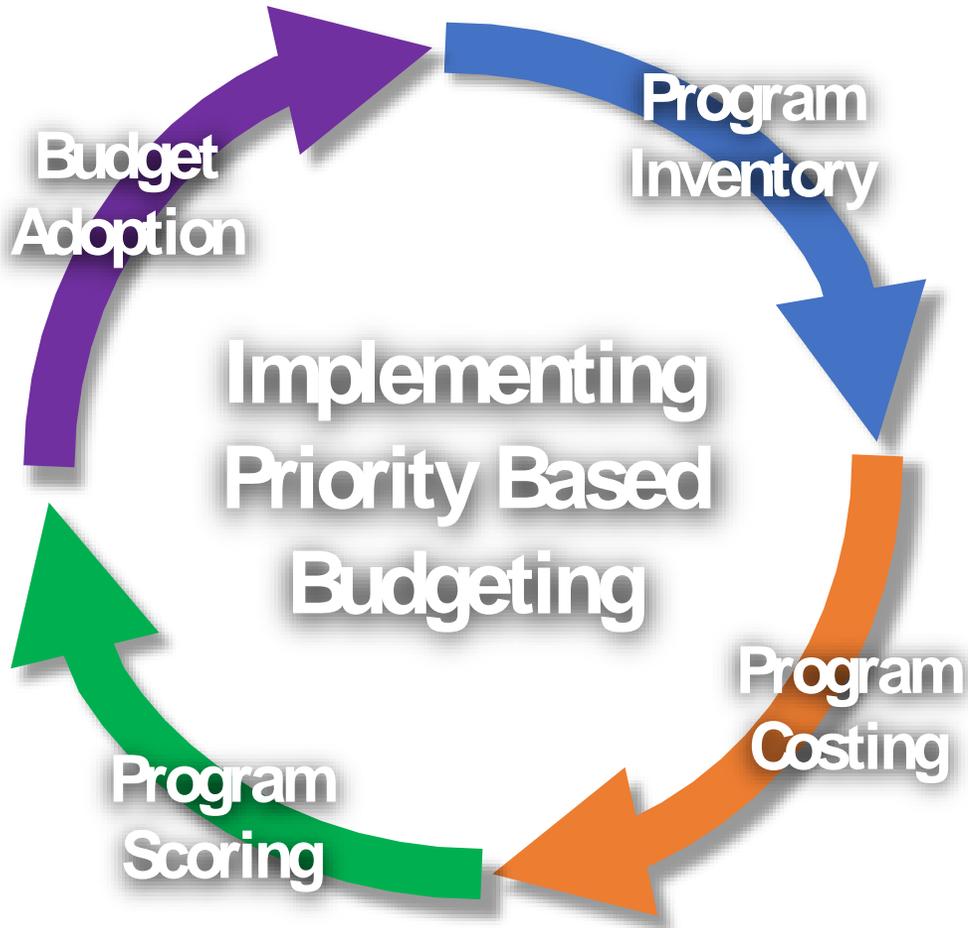
- (1) *Determine how much money is available.* The budget should be built on expected revenues. This would include base revenues, any new revenue sources, and the potential use of fund balance.
- (2) *Prioritize results.* The results or outcomes that matter most to citizens should be defined. Elected leaders should determine what programs are most important to their constituents.
- (3) *Allocate resources among high priority results.* The allocations should be made in a fair and objective manner.

Recommended Best Practice

ICMA, GFOA, NLC, Alliance for Innovation

I. Project Recap

Priority Based Budgeting

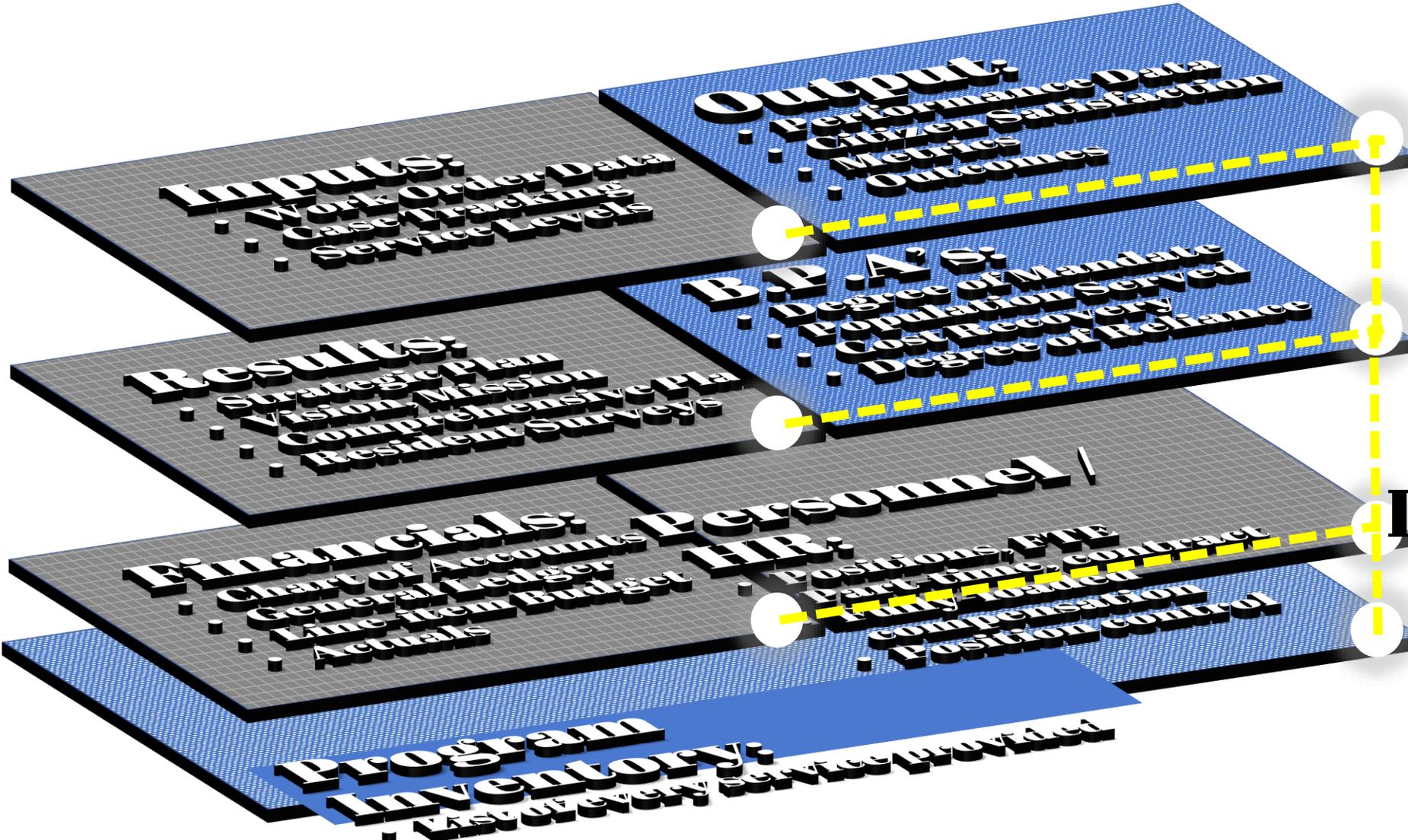


Data Layers

To Create (or Collect) and Connect

Process Technique

For Connecting Data Layers



Performance Measurement

Program Scoring And Peer Review

Line-item Budget

Program Cost (and Revenue) Allocation



Program Inventory - Update program inventory



Program Costing - Complete program cost allocation.



Program Scores - Complete program scoring.



Present PBB - Visualize the outcomes of PBB.



Resource Alignment - Study your program costs.



Reports - Download a Program Manual. Export raw data.



Support Documentation - Indexed help for the online PBB tool.



EngagePBB - Access forums and the PBB community.



Blog - News and events surrounding Priority Based Budgeting.

Program Inventory

Program Inventory

Edit Program Inventory Add a Program from SEARCH Combine Programs

ADD PROGRAM DOWNLOAD

Show 100 Search:

Option	Section	ProgNum	Program	Description	ProgID	
Update Delete		292	Adult Learning Programs	Provide a variety of lifelong learning programs to adults	972	
Update Delete		291	Adult Sports and Fitness Programs	Provide adult sports and fitness programs. Provide exercise classes	971	
Update Delete		85	Affordable Housing Unit Creation	Manage incentive policy and related zoning code. Manage requests for proposal, the Low-Income Housing Tax Credit Program, and the Rental Assistance Demonstration Program.	765	
Update Delete	Community	07-Economic Vitality	120	Aircraft Hangars	Maintenance and repair of structural mechanical and electrical aspects of hangars	800

- All Available
- Airport
- City Attorney Division
- City Manager Division
- Community Development
- Economic Vitality
- Fire
- Housing

402 Programs



Program Inventory - Update program inventory.



Program Costing - Complete program cost allocation.



Program Scores - Complete program scoring.



Present PBB - Visualize the outcomes of PBB.



Resource Alignment - Study your program costs.



Reports - Download a Program Manual. Export raw data.



Support Documentation - Indexed help for the online PBB tool.



EngagePBB - Access forums and the PBB community.



Blog - News and events surrounding Priority Based Budgeting.

Program Costing

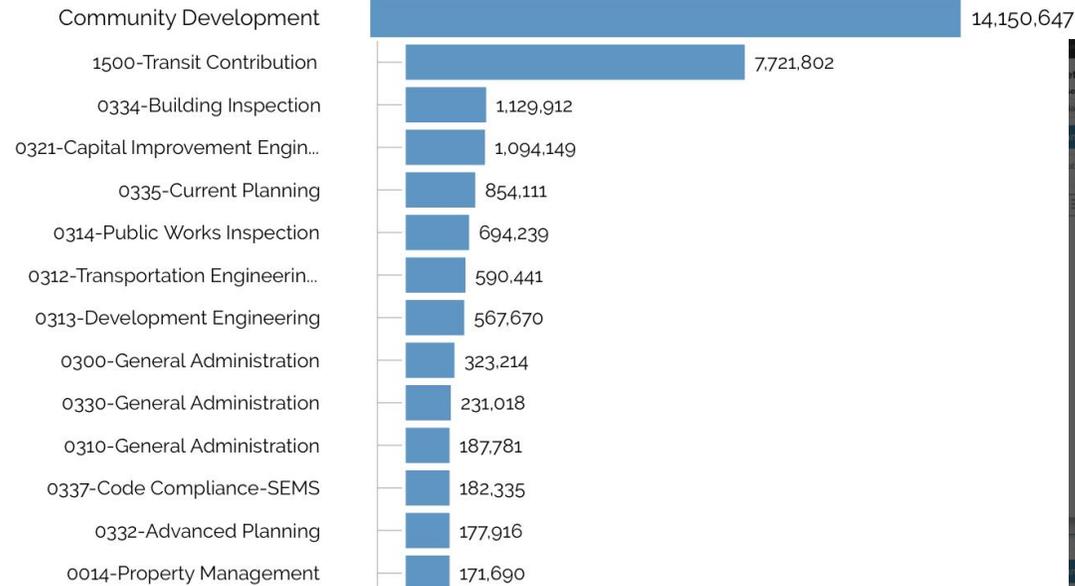
Complete Program Costing using the Online Allocator or Downloadable Template.

Select User Group for Program Costing

All Available

Program Costing - Online Allocator

Allocation Summary



Program Cost Summary - Inspections

Program Description: Perform on-site inspections for all active permits and work within the City, before and after construction. Monitor minor improvement permits, outdoor lighting permits, sidewalk cafe and vending encroachment permits. Also includes inspections for public improvements in the right-of-way to ensure compliance with the engineering standards & contract documents and, to ensure safe work sites including trenching, traffic control, confined spaces and asbestos. Also includes materials testing for soils, concrete, asphalt and water & sewer tests.

Total Cost: 1,346,702

Personnel Cost: 1,071,331 **Program FTE: 13.87**

Current Allocation	Program Cost	Title	Order Number	Obj3	Obj4	Name	Account
5.00	3,883	ADMIN SPCLST LEADWORKER	3550		RS		001-05-101-0300-4-4101
5.88	8,276	PLANNING DIRECTOR	3548		DF		001-05-104-0330-4-4101
45.00	44,145	BUILDING INSPECTION MGR	3710		RS		001-05-104-0334-4-4101
75.00	53,850	BUILDING INSPECTOR	3725		RC		001-05-104-0334-4-4101
75.00	53,971	BUILDING INSPECTOR	3742		MP		001-05-104-0334-4-4101
75.00	59,535	BUILDING INSPECTOR	3767		DC		001-05-104-0334-4-4101
75.00	59,262	BUILDING INSPECTOR	3782		NB		001-05-104-0334-4-4101
75.00	59,922	BUILDING INSPECTOR	3798		JN		001-05-104-0334-4-4101
75.00	55,878	BUILDING INSPECTOR	3821		RF		001-05-104-0334-4-4101
75.00	55,387	BUILDING INSPECTOR	3837		LD		001-05-104-0334-4-4101

NonPersonnel Cost: 275,371

Current Allocation	Program Cost	Account Description	Object Number	Account
3.03	15	Travel, Lodging and Meals	4251	001-05-101-0014-1-4251
3.03	13	Registration	4252	001-05-101-0014-1-4252
3.03	24	Education and Training	4253	001-05-101-0014-1-4253
3.03	3	Postage and Freight	4270	001-05-101-0014-1-4270
3.03	14	Memberships	4274	001-05-101-0014-1-4274
3.03	3	Other Miscellaneous Services	4290	001-05-101-0014-1-4290
3.03	47	Utilities-Telephone	4211	001-05-101-0300-4-4211
3.03	30	Maintenance-Buildings & Structures	4224	001-05-101-0300-4-4224
3.03	242	Maintenance-Equipment	4229	001-05-101-0300-4-4229
3.03	403	Travel, Lodging and Meals	4251	001-05-101-0300-4-4251

Program Revenue: 1,088,500

Current Allocation	Program Revenue	Account Description	Object Number	Account
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Program Inventory - Update program inventory.



Program Costing - Complete program cost allocation.



Program Scores - Complete program scoring.



Present PBB - Visualize the outcomes of PBB.



Resource Alignment - Study your program costs.



Reports - Download a Program Manual. Export raw data.



Support Documentation - Indexed help for the online PBB tool.

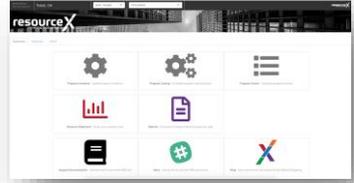


EngagePBB - Access forums and the PBB community.



Blog - News and events surrounding Priority Based Budgeting.

Program Evaluation



Measure Influence on Results



Basic Program Attributes





**ENVIRONMENTAL
STEWARDSHIP**

Actively manage and protect all environmental and natural resources

**INCLUSIVE &
ENGAGED
COMMUNITY**

Provide environmental community outreach education and volunteer opportunities

**LIVABLE
COMMUNITY**

Implement sustainable building practices and alternative energy and transportation options

**ROBUST
RESILIENT
ECONOMY**

**SAFE & HEALTHY
COMMUNITY**

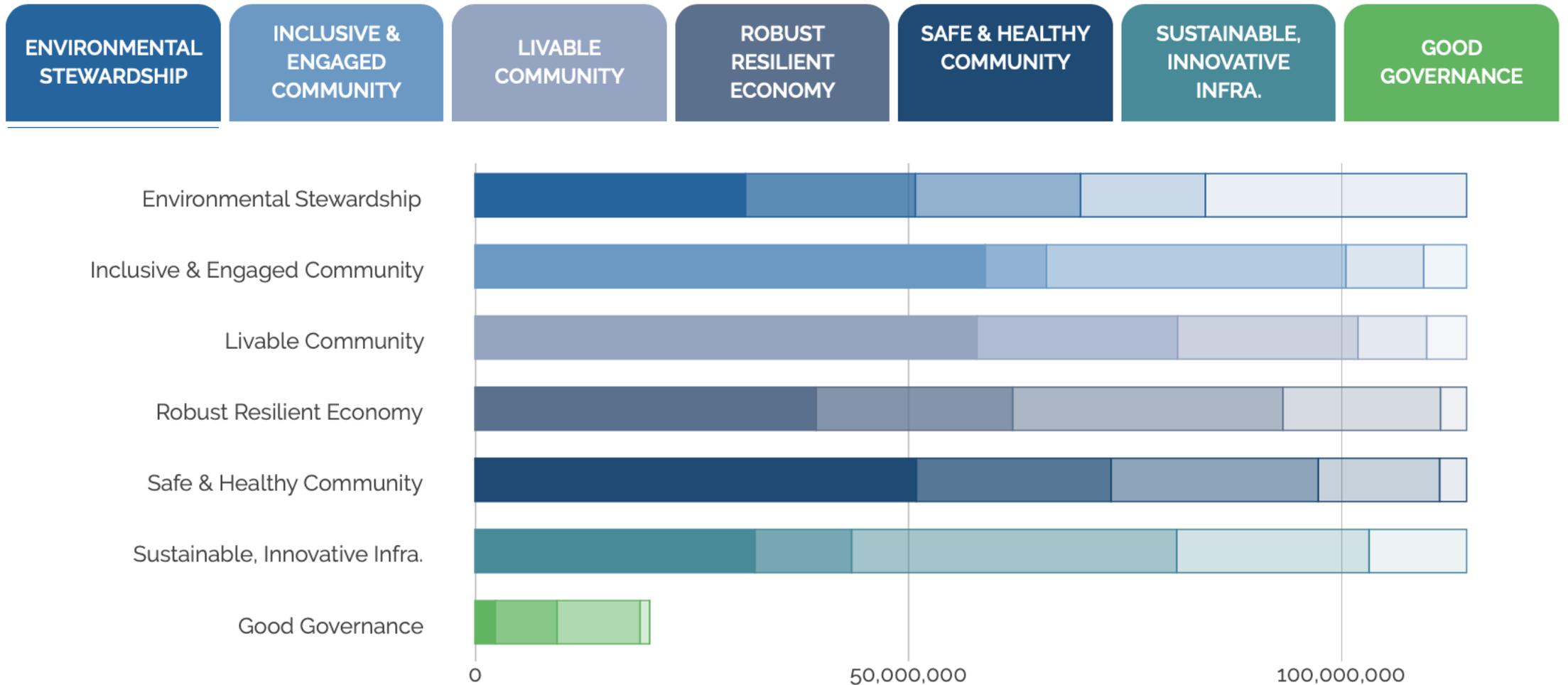
Increase the private sectors participation in environmental stewardship efforts

**SUSTAINABLE,
INNOVATIVE
INFRA.**

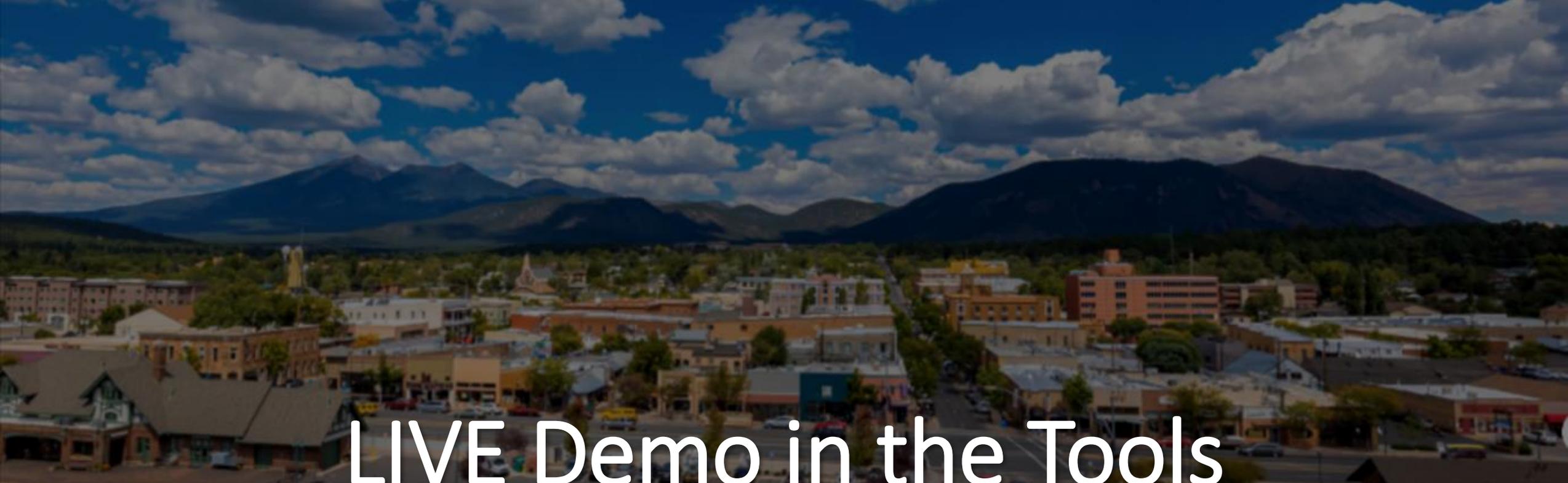
Implement maintain and further the Climate Action and Adaptation Plan CAAP

**GOOD
GOVERNANCE**

Alignment of Resources



II. How to Explore Your Data



LIVE Demo in the Tools

L	INCLUSIVE & ENGAGED COMMUNITY	LIVABLE COMMUNITY	ROBUST RESILIENT ECONOMY	SAFE & HEALTHY COMMUNITY	SUSTAINABLE, INNOVATIVE INFRA.	GOOD GOVERNAN
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and protect all and natural es	Provide environmental community outreach education and volunteer opportunities	Implement sustainable building practices and alternative energy and transportation options	Increase the private sectors participation in environmental stewardship efforts	Implement maintain and fu the Climate Action and Adaptation Plan CAAP
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III. Looking Toward the Future

City of Flagstaff, Arizona



ENVIRONMENTAL
STEWARDSHIP

INCLUSIVE &
ENGAGED
COMMUNITY

LIVABLE
COMMUNITY

ROBUST
RESILIENT
ECONOMY

SAFE & HEALTHY
COMMUNITY

SUSTAINABLE,
INNOVATIVE
INFRA.

GOOD
GOVERNANCE

It's 3-5 years down the road.....

- 1.) What programs/services, among those you offer today, are going to need to grow?
- 2.) What programs will need to undergo some sort of transformation in the way you deliver them?
- 3.) What new programs will you need to launch?

How does it (everything to left) get funded?



Every Program Has a Future...

Increase, Decrease, Status Quo



DATA

Create Data:

- Program Inventory
- Program Costs
- Program Scores
- Program Performance Metrics
- ...and more

DATA

Create Data:

- Program Inventory
- Program Costs
- Program Scores
- Program Performance Metrics
- ...and more

INSIGHT

Identify Opportunity:

- Program Future / Fate
- Increase Service Levels
- Repurpose Resources
 - Efficiency, Sourcing, Service Levels
- Generate Revenue

DATA

Create Data:

- Program Inventory
- Program Costs
- Program Scores
- Program Performance Metrics
- ...and more

INSIGHT

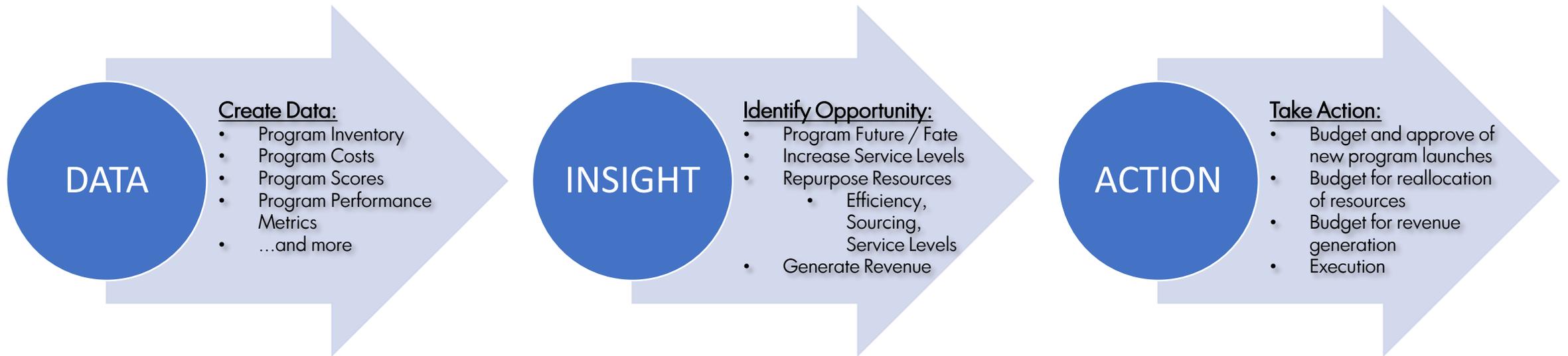
Identify Opportunity:

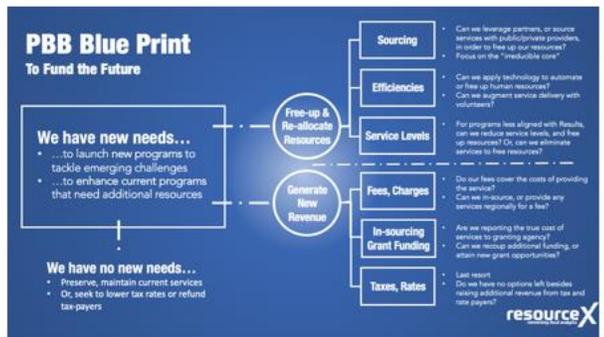
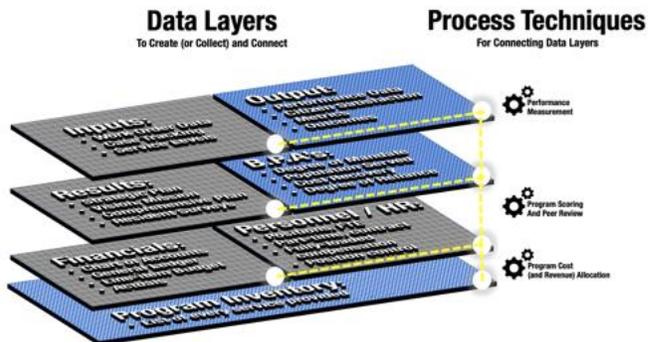
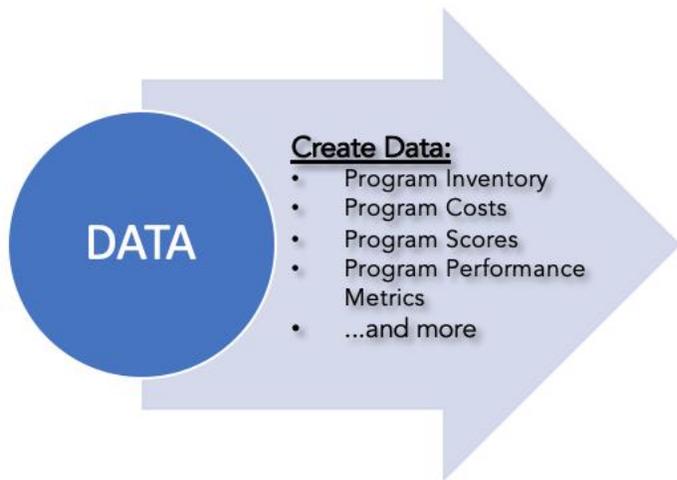
- Program Future / Fate
- Increase Service Levels
- Repurpose Resources
 - Efficiency, Sourcing, Service Levels
- Generate Revenue

ACTION

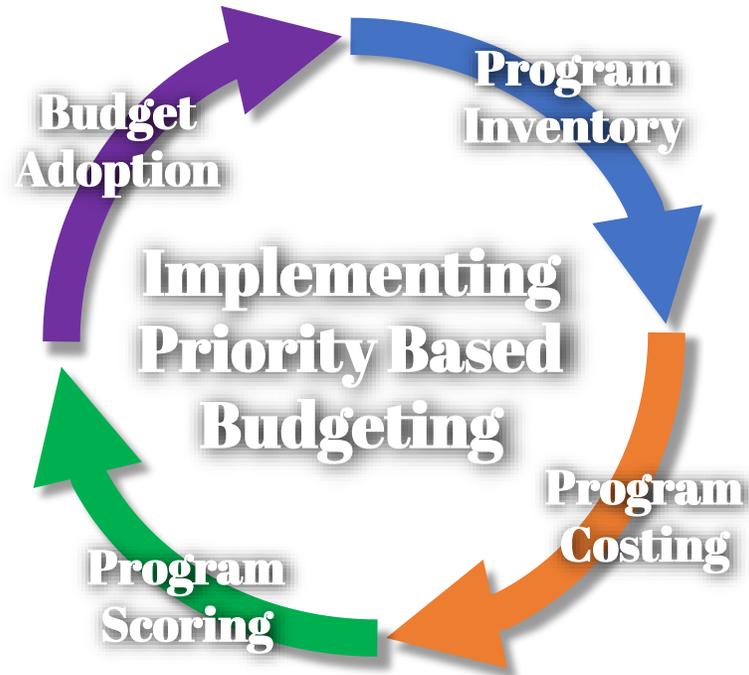
Take Action:

- Budget and approve of new program launches
- Budget for reallocation of resources
- Budget for revenue generation
- Execution



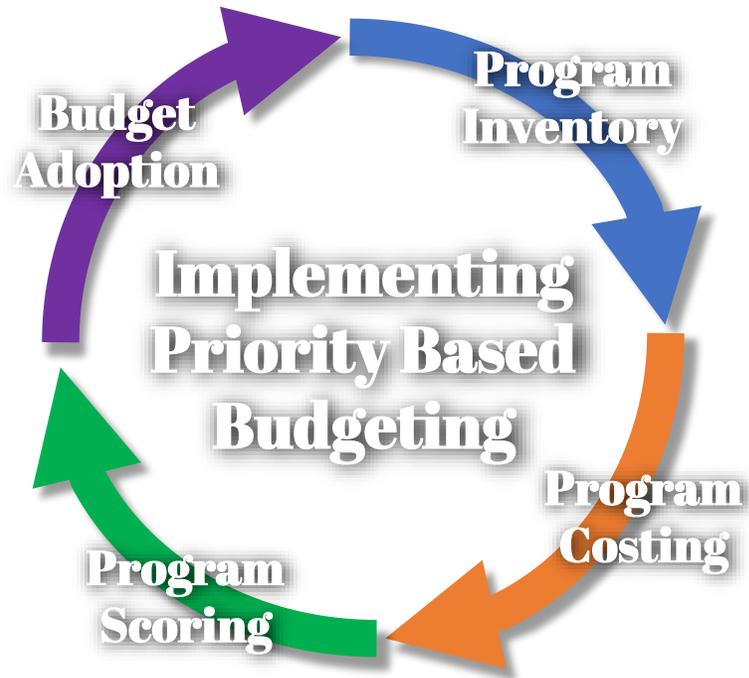


1st Cycle



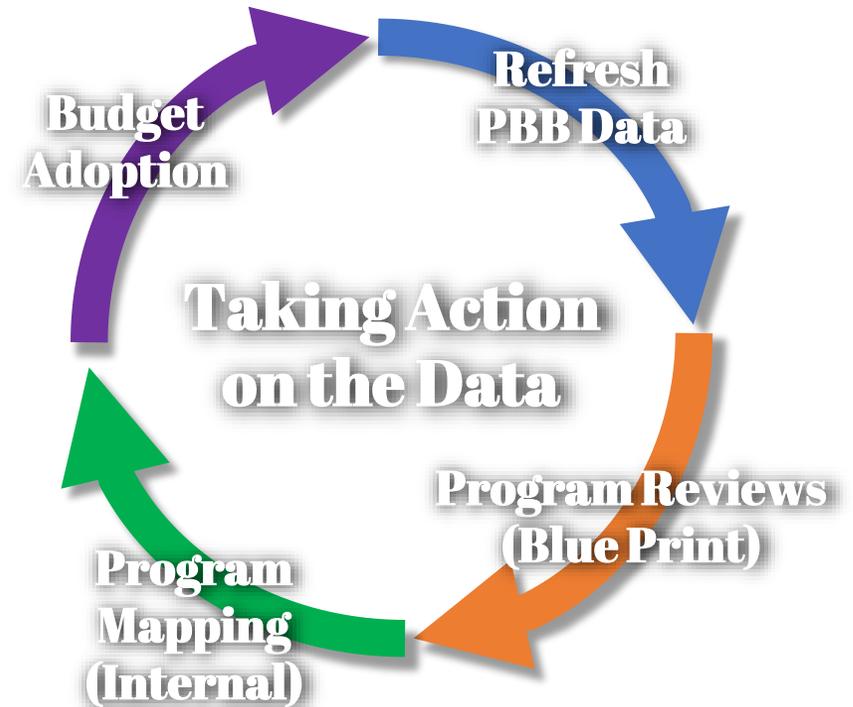
- Focus on Data Creation
- First Attempts at Data Driven Resource Allocation
- Using PBB in as Guide in Budget Recommendations

1st Cycle



- Focus on Data Creation
- First Attempts at Data Driven Resource Allocation
- Using PBB in as Guide in Budget Recommendations

2nd Cycle



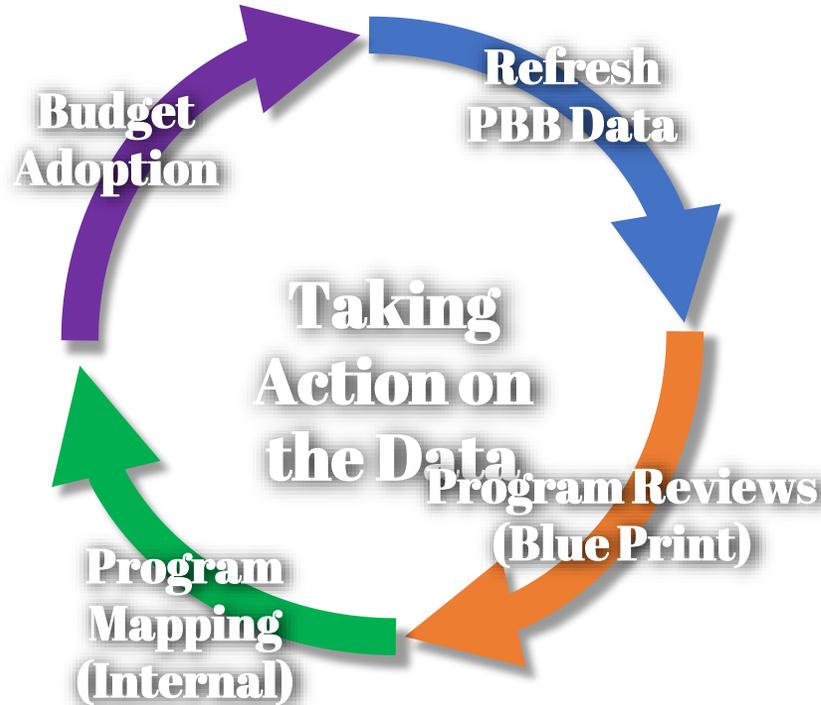
- Focus on Resource Optimization
- Applying the PBB Blue Print
- Recommendations for Resource Reallocation, and Revenue Generation

1st Cycle



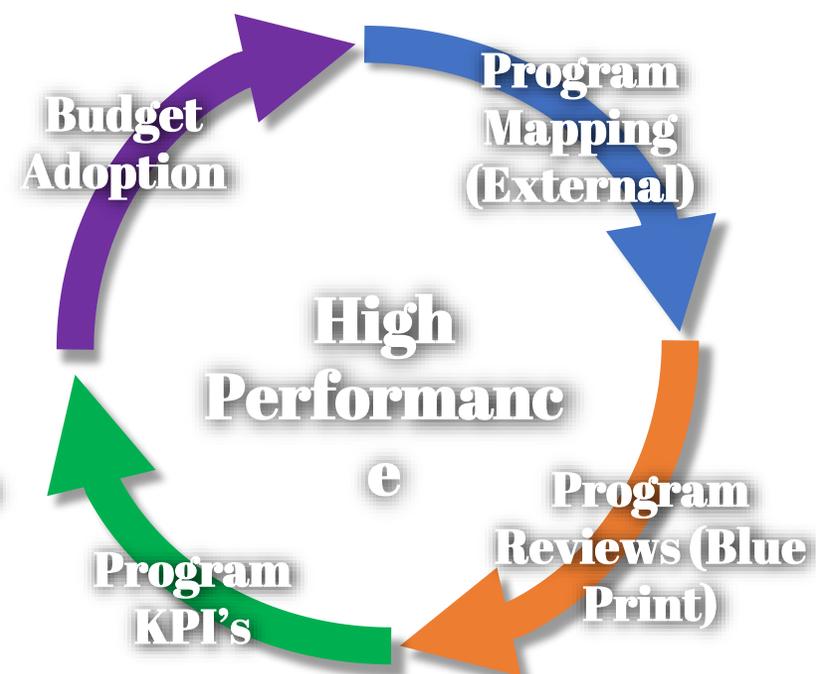
- Focus on Data Creation
- First Attempts at Data Driven Resource Allocation
- Using PBB in as Guide in Budget Recommendations

2nd Cycle



- Focus on Resource Optimization
- Applying the PBB Blue Print
- Recommendations for Resource Reallocation, and Revenue Generation

3rd Cycle



- Continued Focus on Resource Optimization, Taking Action
- Introduce Focus on Performance and Results Achievement
- Key Performance Indicators

Kathie Novak

Kathie Novak is an Assistant Teaching Professor for the Daniels College of Business at the University of Denver. She also serves as the Institute Director for the Colorado Municipal Clerks Institute.

Kathie has almost 19 years of elected public service, 11 as a member of the Northglenn City Council, and an additional 8 years as Mayor. She was term-limited in 2010. During her time in public office, she served as President of the National League of Cities in 2009, and held numerous other leadership positions.

Kathie earned her Master of Science in Management from the University of Colorado at Denver, and has an undergraduate degree in Business Administration from the University of Colorado at Boulder, and has been teaching management at the graduate and undergraduate level since 1991.

Her awards include the 2012 **John V. Christensen Award** for exemplifying the tradition of John V. Christensen in promoting and working for good, strong, representative local government and regionalism in solving mutual problems; “**9NEWS Leader of the Year**” for 2003; “**Businesswoman of the Year**” awarded by the MetroNorth Chamber of Commerce; “**Excellence in Teaching Award**” from Regis University; the 2019 “**Institute Director Excellence Award**” from the International Institute of Municipal Clerks; and was awarded an **American Marshall Memorial Fellowship**, for travel in Summer 2002.

Chris Fabien

Chris Fabian is Founder and CEO of both the Center for Priority Based Budgeting and Resource Exploration. Priority Based Budgeting (PBB) is a leading best practice in local government and a powerful lever for change. PBB is now practiced and applied by nearly 300 organizations across North America. PBB is currently recognized as a leading practice by the International City/County Management Association (ICMA), the National League of Cities (NLC), the Government Finance Officers Association (GFOA) as well as the Alliance for Innovation.

CITY OF FLAGSTAFF STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Brandi Suda, Finance Director
Date: 01/30/2020
Meeting Date: 02/03/2020



TITLE

City Council Fiscal Year 20-21 Budget Retreat

STAFF RECOMMENDED ACTION:

Discuss and provide direction for the Fiscal Year 20-21 budget.

EXECUTIVE SUMMARY:

The budget for the City of Flagstaff is the policy document that reflects the goals and objectives of the City Council. Over the course of several months, the City Council meets to gather input on major budget issues prior to the preparation of the budget.

The February 3rd and 4th retreat will be the first of two City Council budget retreats for the upcoming FY 20-21 budget. This special meeting is set to provide a financial outlook to the Council and to provide additional information and receive City Council on some budget issues. The main goal of the retreat is for the City Council to provide FY 20-21 budget direction to the City Manager.

INFORMATION:

A detailed agenda for the budget retreat is attached. Agenda topics include:

- Retreat Welcome
- Priority Based Budgeting
- Revenue & Fixed Cost Update
- State Assessment
- Compensation Update
- Wildland Fire Management
- Community Share & Service Partner Contracts
- Snow Removal
- Airport Improvements
- Council Forum

Please find attached the following:

- Detailed Agenda
 - Budget Retreat Presentation
-

Attachments: [Detailed Agenda](#)
[Budget Retreat Presentation](#)

City Council Budget Retreat

February 3, 2020

Detailed Agenda

Time	Duration (Min)	Topic	Staff	Packet Page Numbers
8:30am	15	Welcome and Objectives	Greg Clifton	
8:45am	90	Priority Based Budgeting	Greg Clifton/ Shane Dille/ Sarah Langley	
10:15am	15	Break		
10:30am	120	Priority Based Budgeting	Greg Clifton/ Shane Dille/ Sarah Langley	
12:30pm	15	Working Lunch		
12:45pm	45	Revenue Update <ul style="list-style-type: none"> • Sales Taxes • State Shared Revenues • Franchise Fees • Building Permits • BBB Revenue • Highway User Revenues 	Rick Tadder	
1:30pm	60	Fixed Costs and Available Revenues <ul style="list-style-type: none"> • Pension Cost Trends • Fixed Costs Summary - General Fund • Revenue Summary - General Fund • City Employer Minimum Wage Impact 	Brandi Suda/ Rick Tadder	
2:30pm	15	Break		
2:45pm	15	State Assessment for Minimum Wage Mitigation Update	Jack Fitchett/ Greg Clifton	
3:00pm	60	Compensation Update <ul style="list-style-type: none"> • Benefits • Compensation Increase • EAC Recommendation 	Jeanie Gallagher/ EAC Rep	

City Council Budget Retreat

February 4, 2020

Detailed Agenda

Time	Duration (Min)	Topic	Staff	Packet Page Numbers
8:30am	60	Wildland Fire Management <ul style="list-style-type: none"> • Funding Alternatives 	Paul Summerfelt/ Rick Tadder	
9:30am	15	Break		
9:45am	75	Community Share/Service Partner Contracts <ul style="list-style-type: none"> • Current Funding Levels and New Requests • Process • Discretionary funds 	Rick Tadder	
11:00am	60	Snow Removal <ul style="list-style-type: none"> • Level of Service Options 	Andy Bertelsen/ Scott Overton	
12:00pm	15	Working Lunch		
12:15pm	60	Airport Improvements <ul style="list-style-type: none"> • Parking • Revenue Opportunities 	Heidi Hansen/ Barney Helmick/ Adam Miele	
1:15pm	60	Council Forum	Mayor	
2:15pm	15	Wrap Up	Greg Clifton	

Please note: All times are estimates and items could be reordered during the meeting

Budget Retreat

February 3, 2020



Welcome and Objectives



Agenda

- Welcome and Objectives
- Priority Based Budgeting
- Revenue Update
- Fixed Costs and Available Revenues
- State Assessment for Minimum Wage Mitigation Update
- Compensation Update



Priority Based Budgeting



Revenue Update

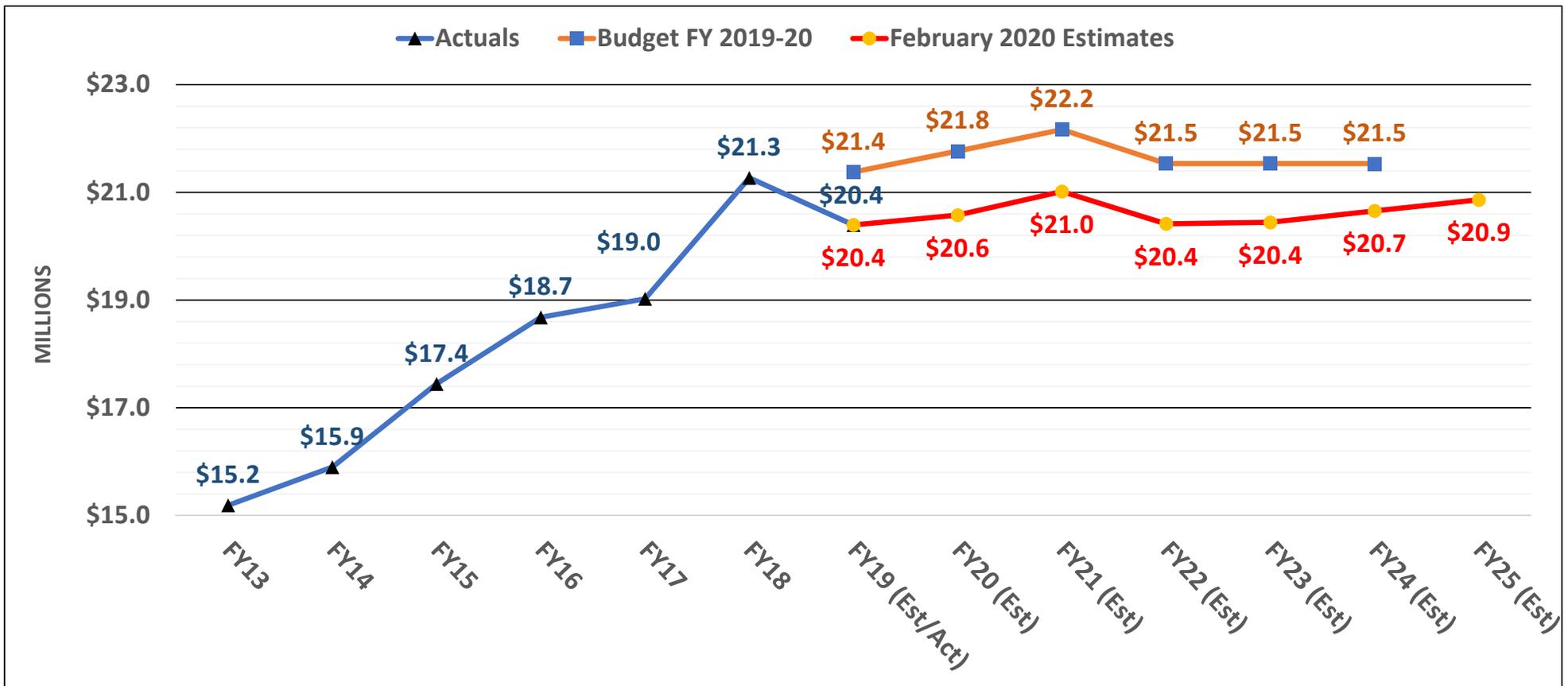




Revenue Update



City Sales Tax - General Fund

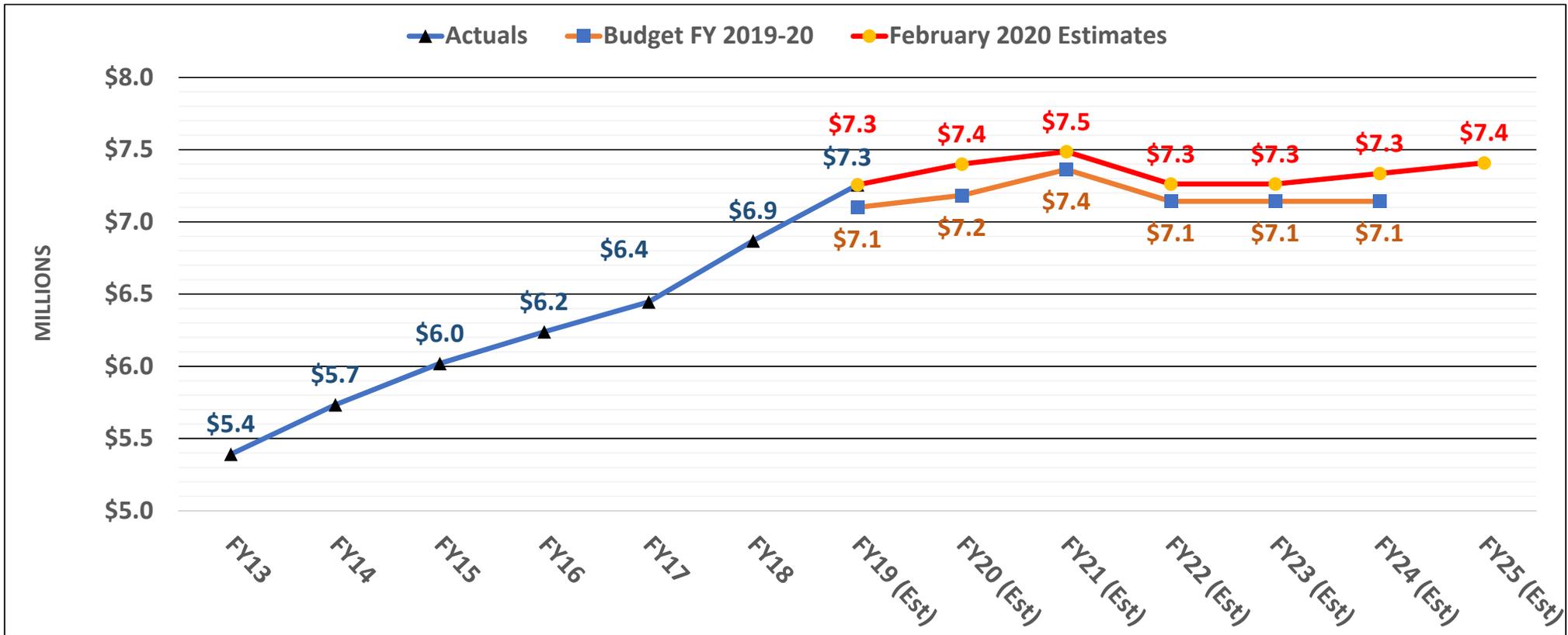




Revenue Update



State Shared Sales Tax

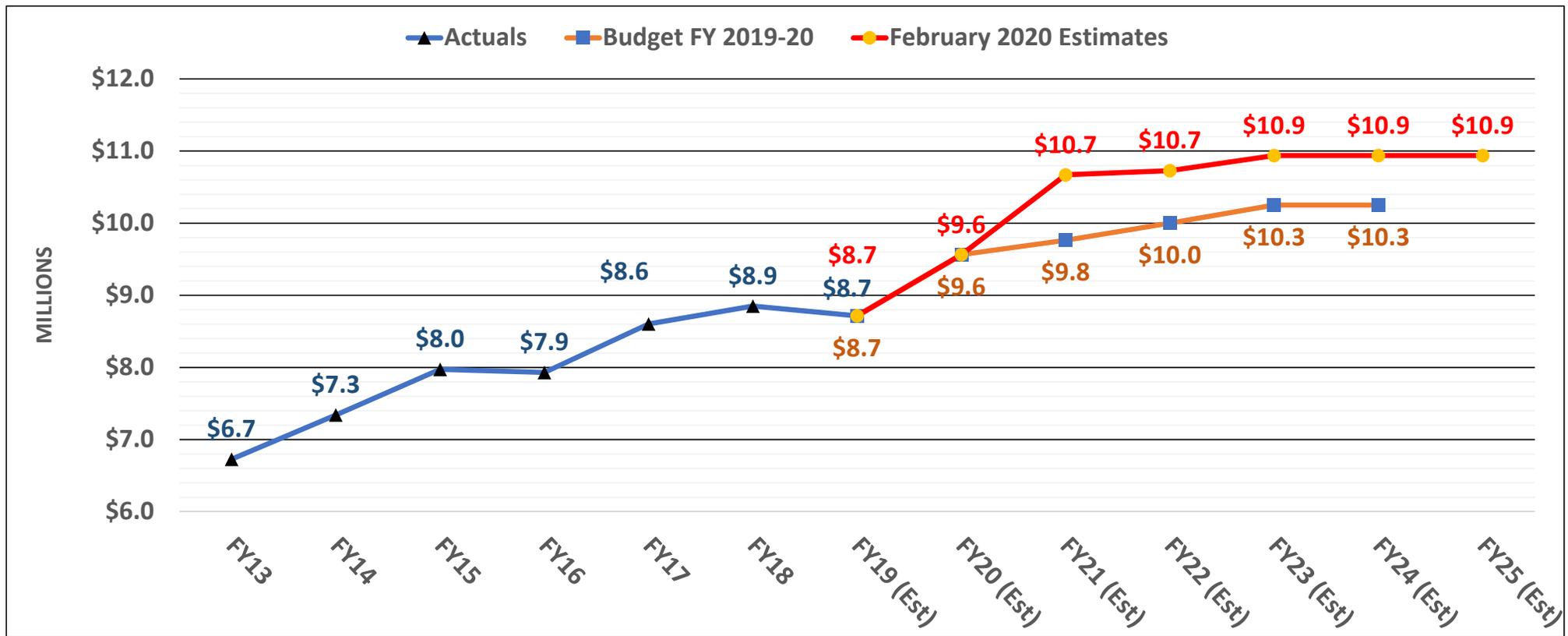




Revenue Update



State Shared Income Tax/Urban Revenue

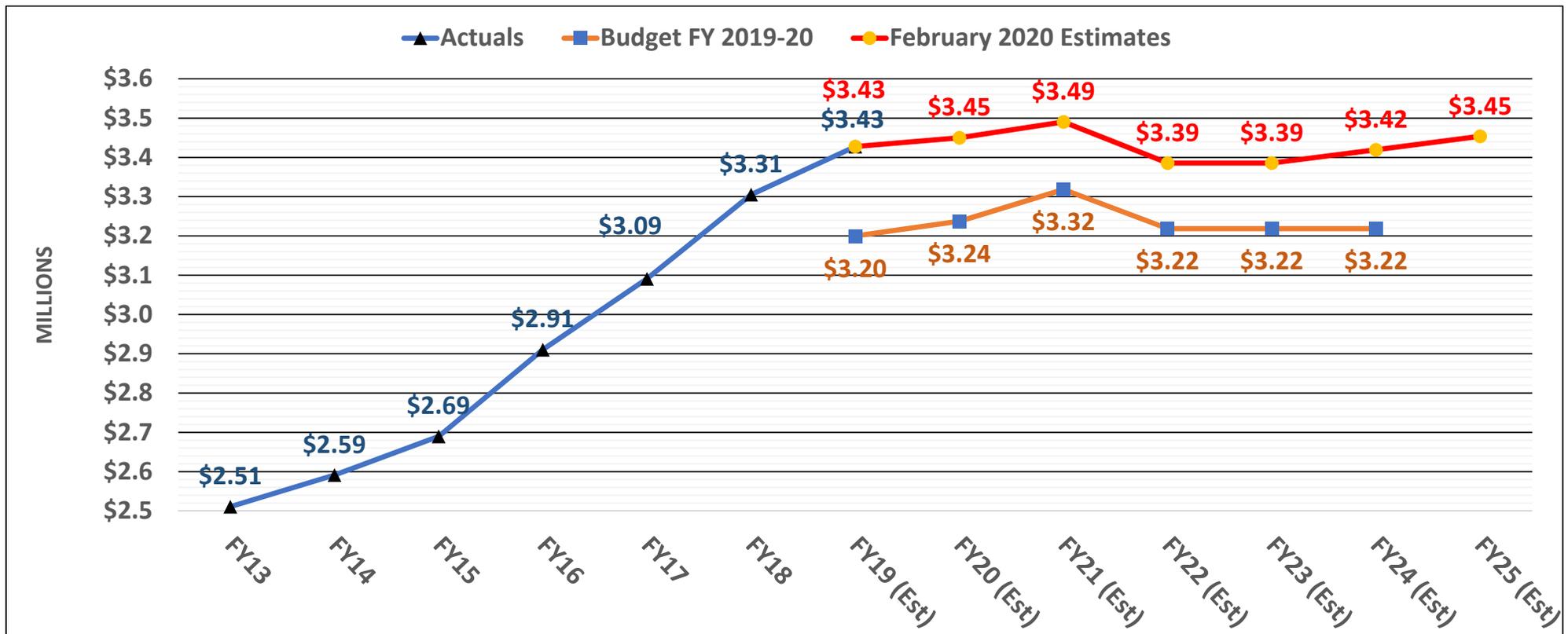




Revenue Update



Auto Lieu Tax (Shared Revenue)

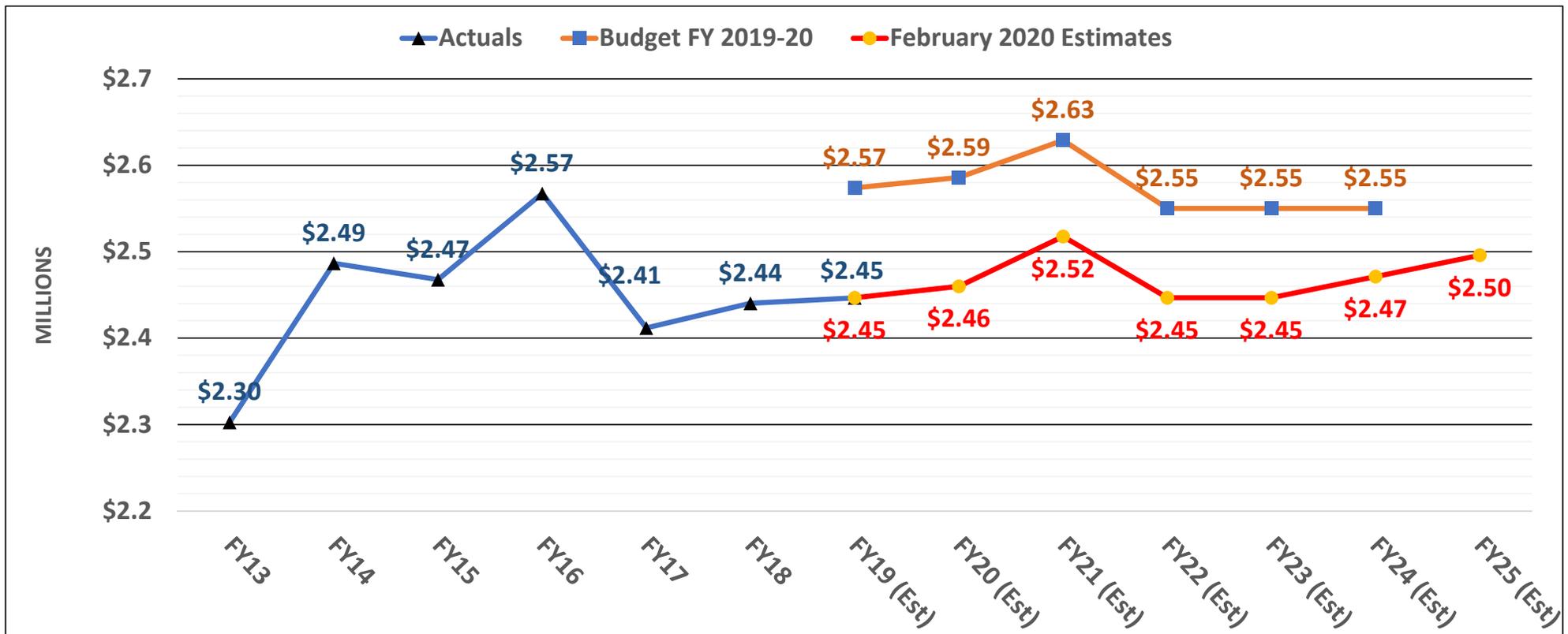




Revenue Update



Franchise Fees

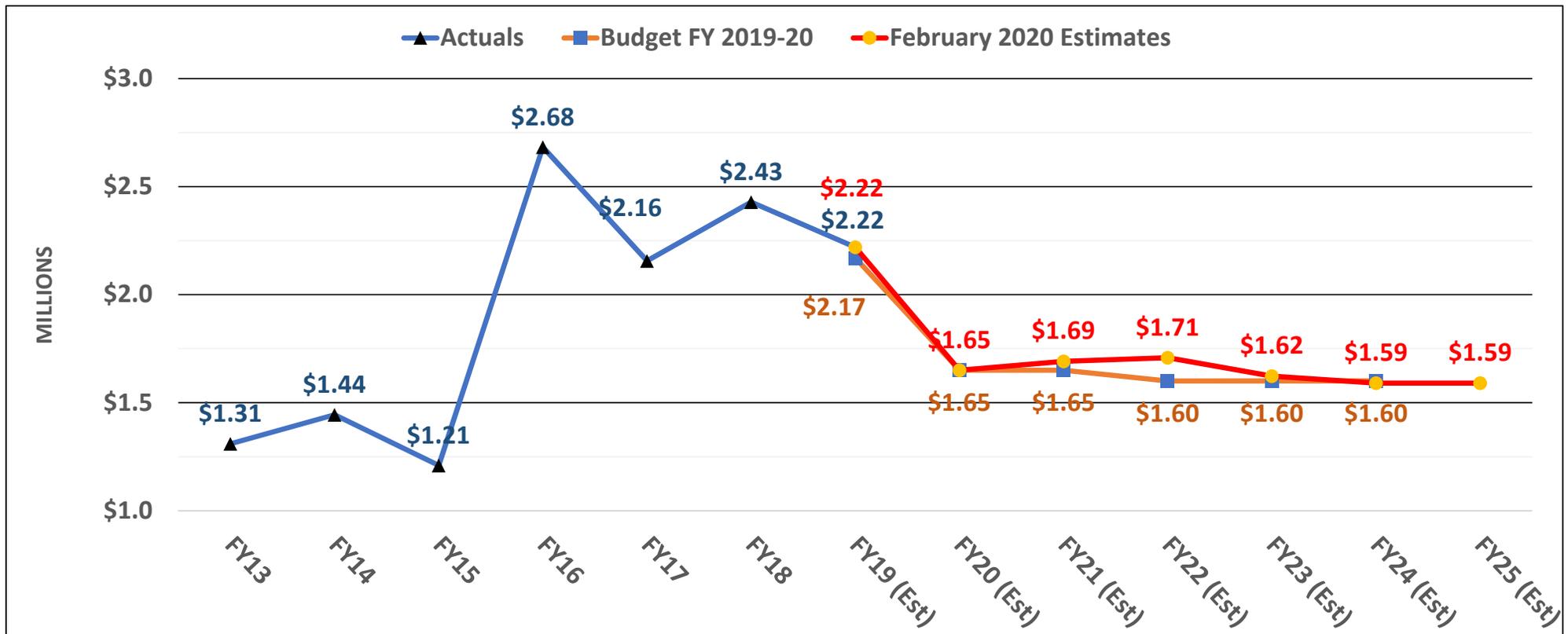




Revenue Update



Building Permits

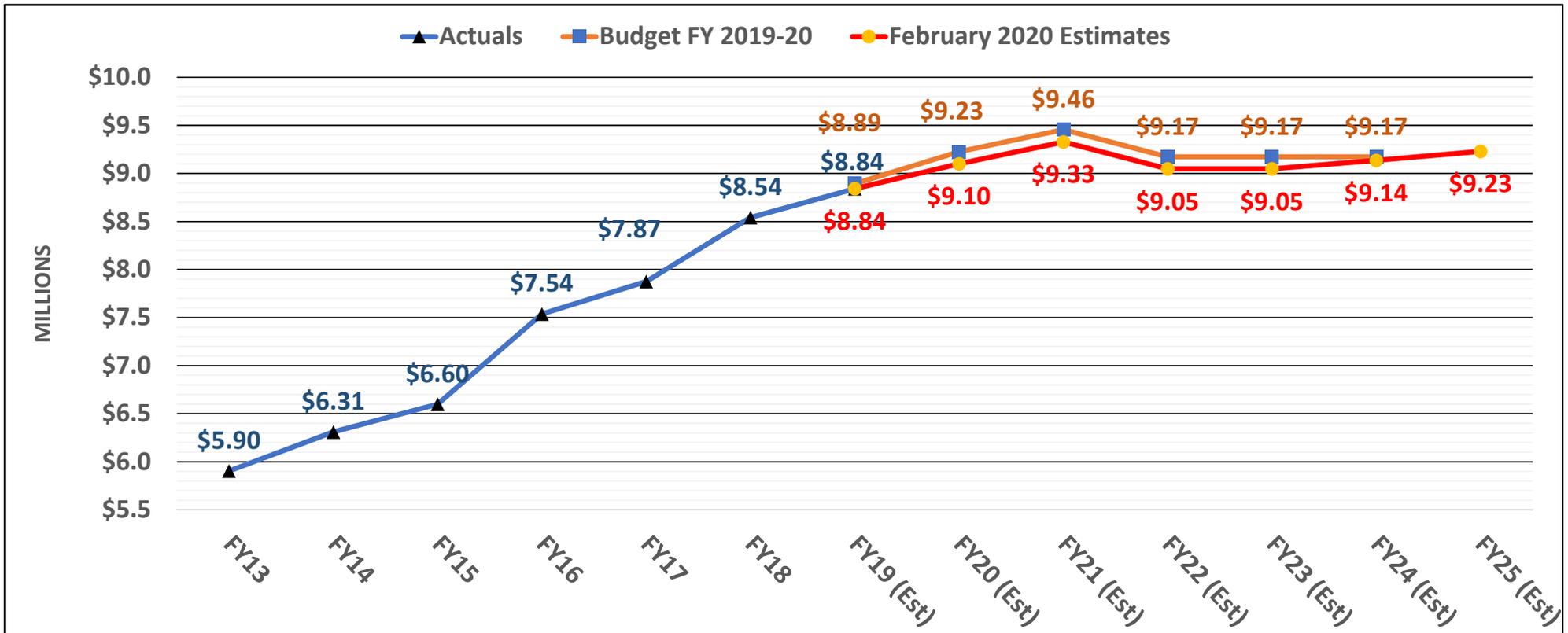




Revenue Update



BBB Revenue

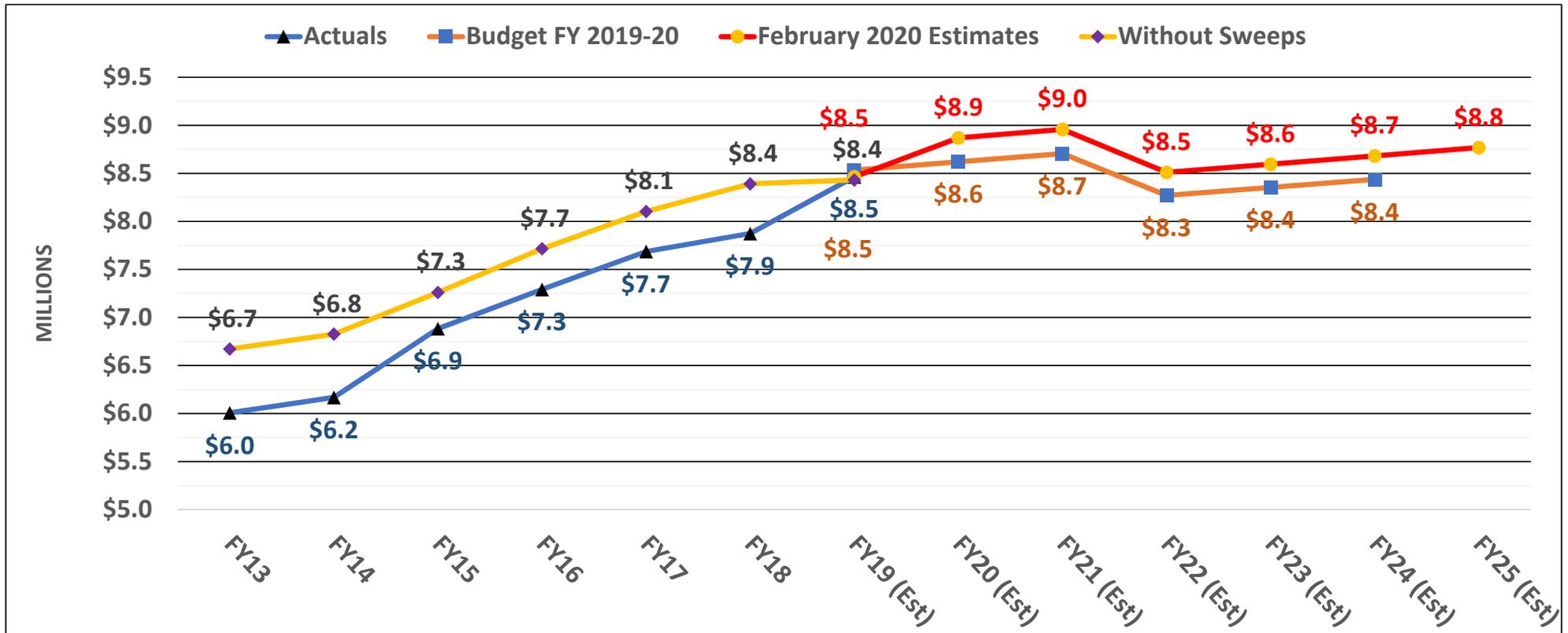




Revenue Update



Highway User Revenue (HURF)





Revenue Update



Questions

Fixed Costs and Available Revenues





Fixed Costs and Available Revenues



- Pension Cost Trends
- Fixed Cost Summary – General Fund
- Revenue Summary – General Fund
- City Employer Minimum Wage Impact

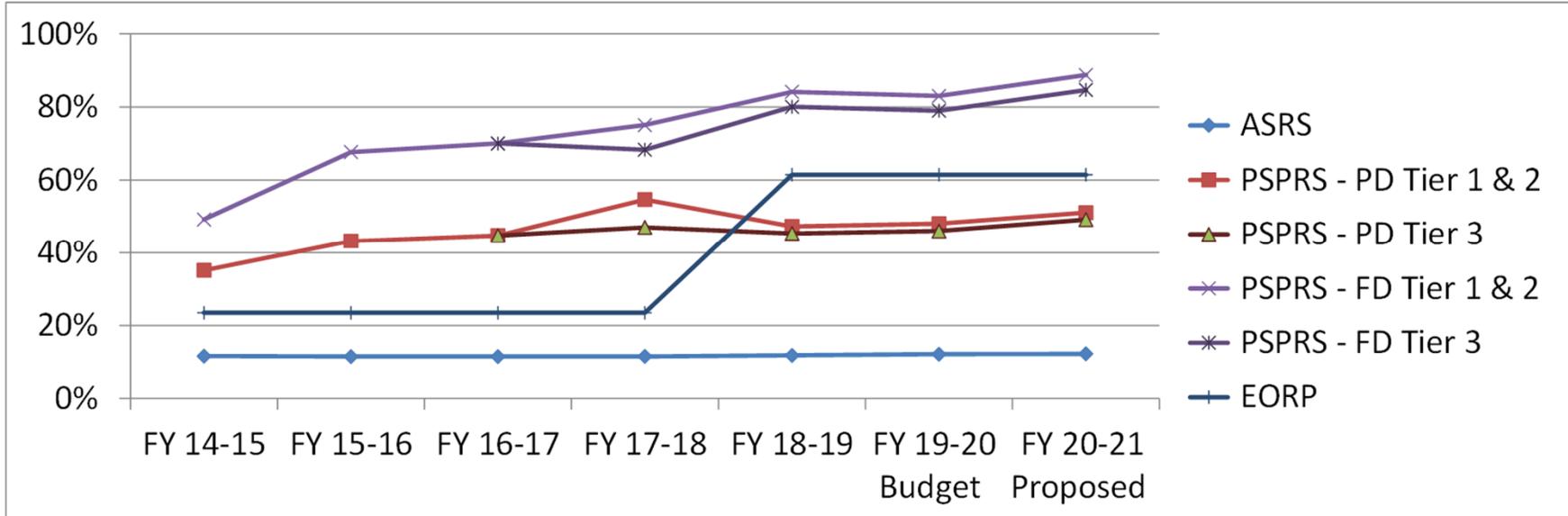


Pension Contribution Rates



Minimum Required Contribution Rates

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20 Budget	FY 20-21 Proposed
ASRS	11.60%	11.47%	11.48%	11.50%	11.80%	12.11%	12.22%
PSPRS - PD Tier 1 & 2	35.16%	43.29%	44.83%	54.73%	47.34%	48.09%	51.12%
PSPRS - PD Tier 3			44.83%	47.11%	45.43%	46.10%	49.22%
PSPRS - FD Tier 1 & 2	49.26%	67.71%	70.05%	75.11%	84.17%	83.03%	88.79%
PSPRS - FD Tier 3			70.05%	68.34%	80.08%	78.99%	84.70%
EORP	23.50%	23.50%	23.50%	23.50%	61.50%	61.50%	61.50%



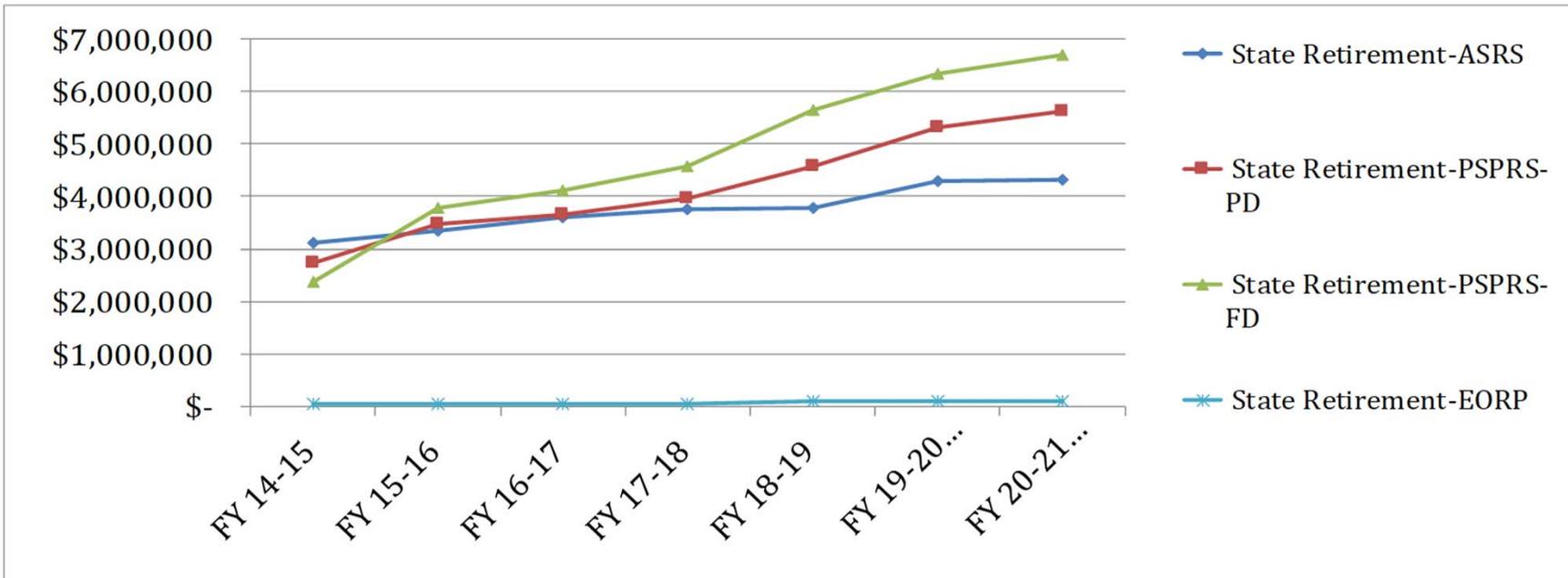


Pension Expenditures



Staff Recommended Funding Levels

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20 Budget	FY 20-21 Proposed
State Retirement-ASRS	3,121,635	3,342,634	3,603,589	3,754,600	3,776,918	4,289,614	4,328,578
State Retirement-PSPRS-PD	2,722,515	3,483,156	3,662,344	3,954,905	4,565,973	5,325,554	5,635,540
State Retirement-PSPRS-FD	2,375,094	3,769,503	4,107,600	4,584,857	5,641,220	6,347,648	6,685,821
State Retirement-EORP	40,950	39,815	40,588	39,679	102,903	107,373	107,373
	<u>8,260,194</u>	<u>10,635,108</u>	<u>11,414,121</u>	<u>12,334,041</u>	<u>14,087,014</u>	<u>16,070,189</u>	<u>16,757,312</u>





Public Safety Pensions



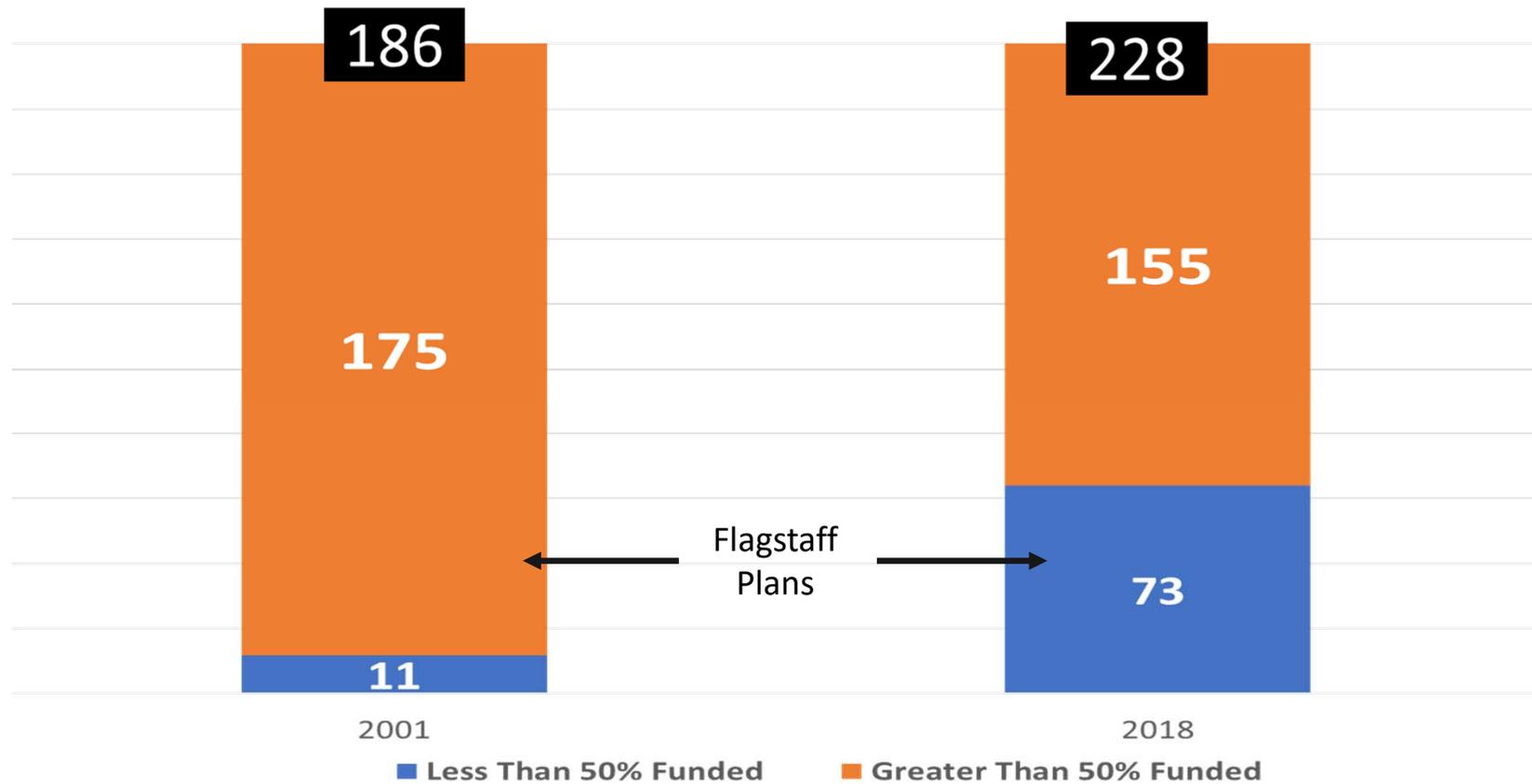
Starting Thoughts

- Critical Financial Issue Facing Employers and Taxpayers
 - Unfunded Pension Liability = \$8.8 Billion at 6/30/18
 - 46% Funded (Flagstaff 37.4%)
- It is debt
- It is not *IF* the unfunded liability will be paid off, it is *WHEN AND BY WHOM*
- Reform *DID NOT* reduce Plan 1 and 2 unfunded pension liability (legacy costs)



Public Safety Pensions

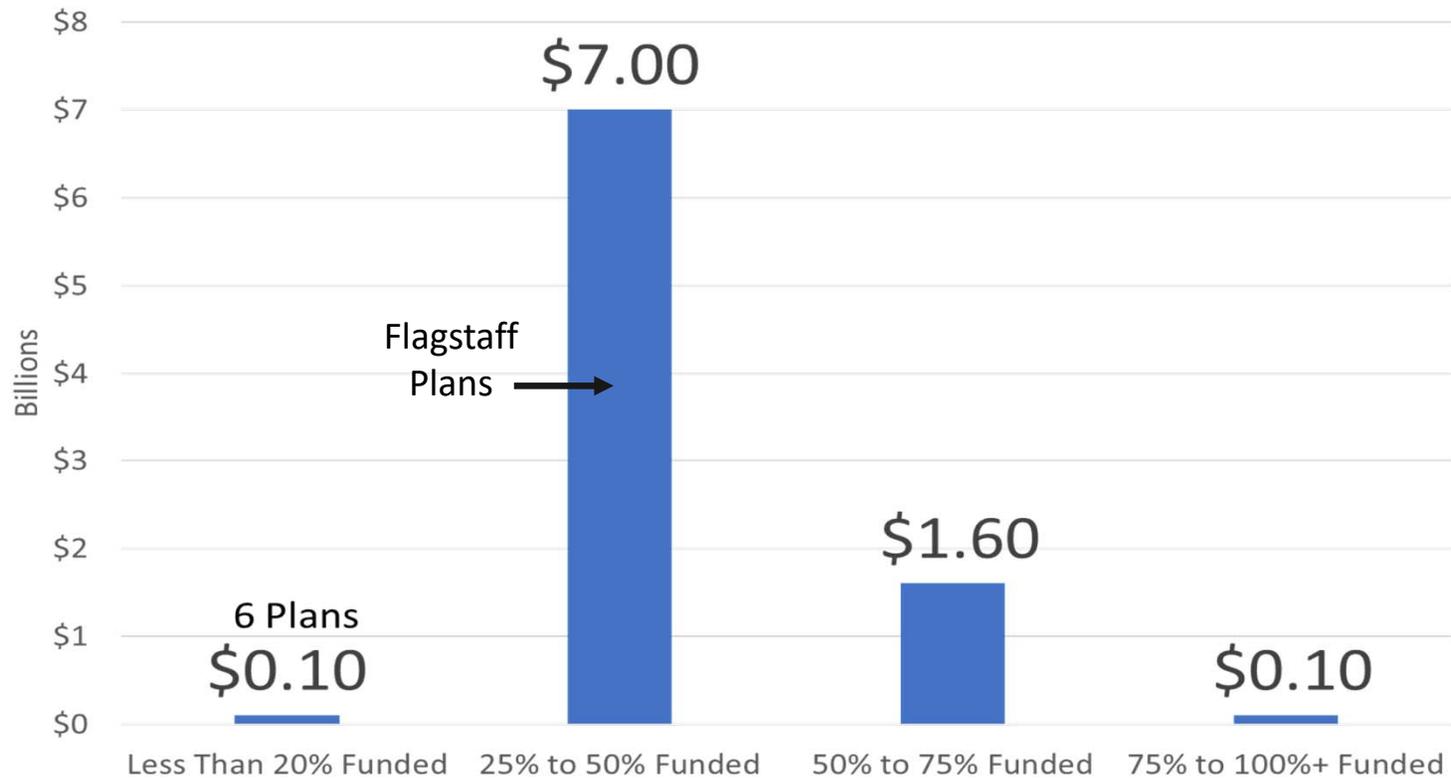
Where Does Flagstaff's Plans Measure Up?





Public Safety Pensions

Where Does Flagstaff's Plans Measure Up?





Public Safety Pensions



Unfunded Liability

- Market value of assets are the assets as of *TODAY!*
- Future liabilities are discounted to a present value estimate (*TODAY!*) using the assumed rate of return as the discount rate
- The difference is the over funded or unfunded liability as of *TODAY!*



Public Safety Pensions



Unfunded Liability (Debt)

- PSPRS liabilities are not pooled (263 plans)
 - Unfunded liabilities have been earned and cannot be diminished or impaired
 - Pension clause and court decisions
 - The amount and timing of your contribution directly impacts the funded status of your plan
- A more appropriate term for unfunded liabilities is debt
- Legislative changes will not reduce your debt



Public Safety Pensions



Pension Funding Equation

$$C + I = B + E$$

Contributions

Income

Benefits

Expenses



Public Safety Pensions



Components of Contributions

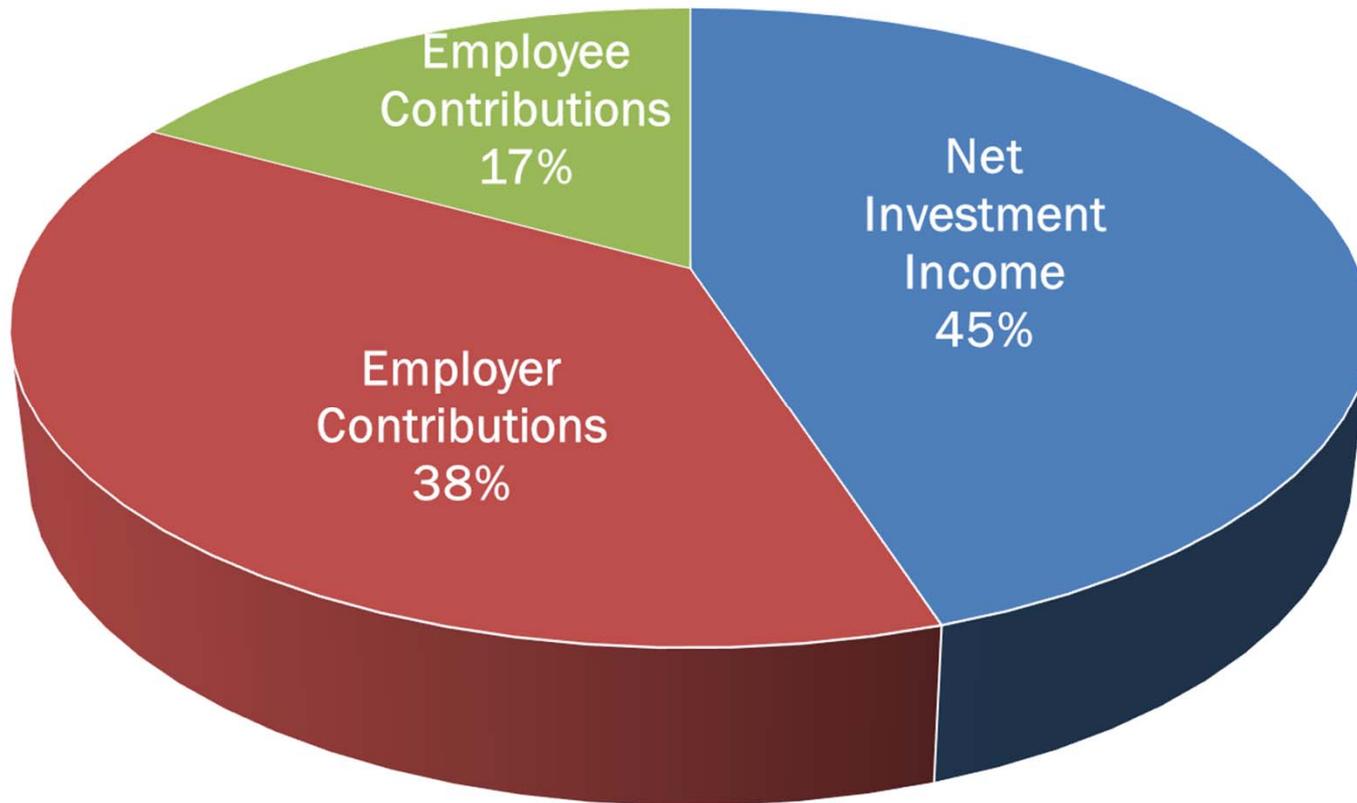
1. Normal Cost: Annual cost of pension benefits “earned” in the current year
2. Unfunded Liability: Cumulative effect of previous normal costs not funded
 - Straight line amortization
 - 27 years for Police
 - 16 years for Fire



Public Safety Pensions



Where Does the Money Come From?





Public Safety Pensions



Is the PSPRS Funding Policy working?

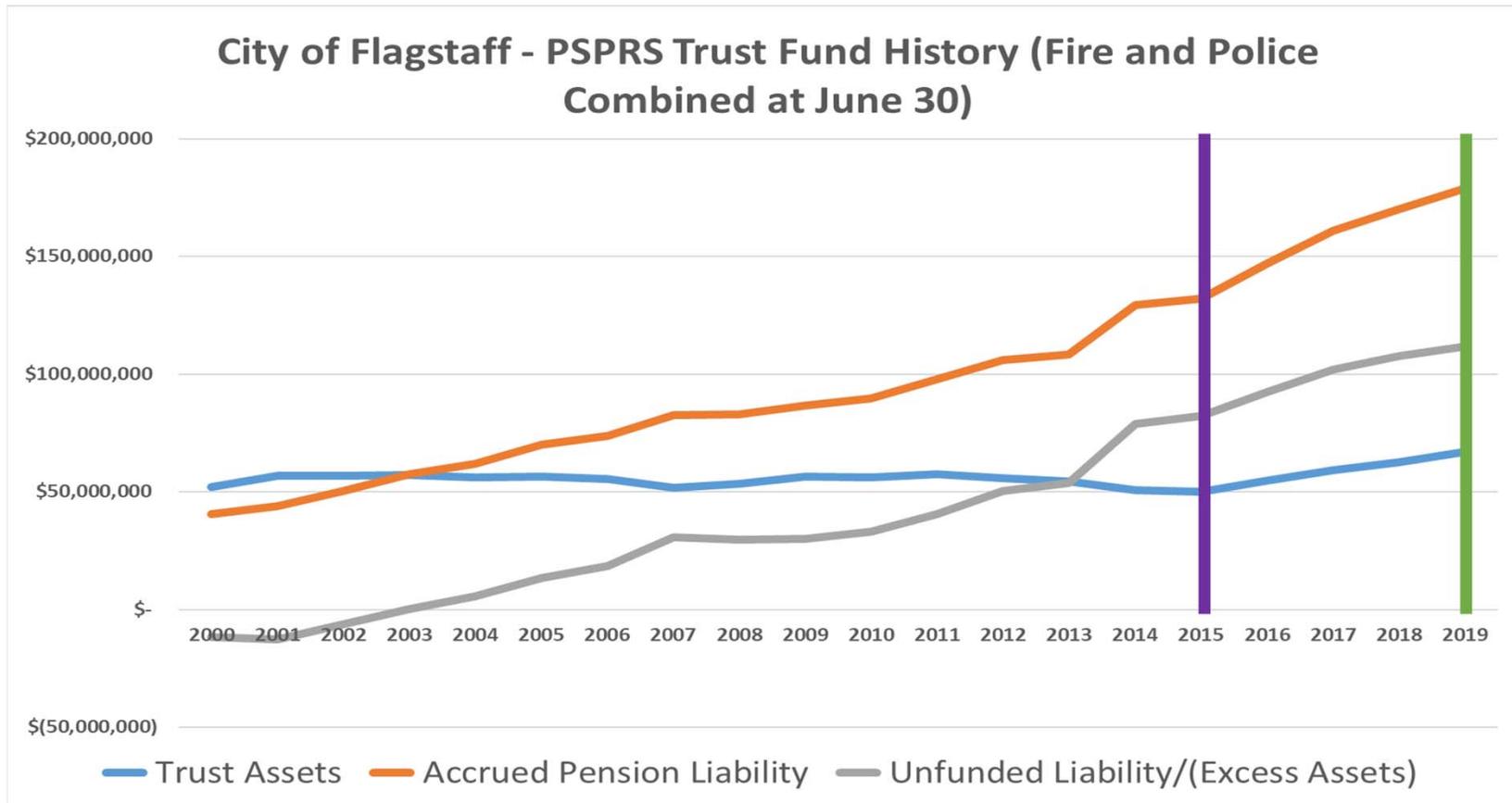
- Yes, but minimal for now
- Council PSPRS Funding Policy is in effect for the current year
- Results will be seen in the 6/30/2020 report (December)
- Every extra dollar helps



Public Safety Pensions



Pension Trends





Public Safety Pensions



Pension Trends

PSPRS - Police Plan Tier 1&2	2015	2016	2017	2018	2019	Change 2018 vs 2019
Trust Assets	23,502,335	26,022,353	28,674,855	30,522,417	32,642,259	2,119,842
Accrued Pension Liability	62,484,536	69,529,857	75,238,736	79,472,686	84,860,189	5,387,503
Unfunded Liability/(Excess Assets)	38,982,201	43,507,504	46,563,881	48,950,269	52,217,930	3,267,661
Funding Ratio	37.6%	37.4%	38.1%	38.4%	38.5%	0.1%

PSPRS - Fire Plan Tier 1&2	2015	2016	2017	2018	2019	Change 2018 vs 2019
Trust Assets	26,439,852	28,711,858	30,462,678	31,950,208	34,260,196	2,309,988
Accrued Pension Liability	69,729,278	77,477,973	85,795,097	90,720,113	93,870,030	3,149,917
Unfunded Liability/(Excess Assets)	43,289,426	48,766,115	55,332,419	58,769,905	59,609,834	839,929
Funding Ratio	37.9%	37.1%	35.5%	35.2%	36.5%	1.3%

PSPRS - City Totals Tier 1&2	2015	2016	2017	2018	2019	Change 2018 vs 2019
Trust Assets	49,942,187	\$ 54,734,211	\$ 59,137,533	\$ 62,472,625	\$ 66,902,455	\$ 4,429,830
Accrued Pension Liability	132,213,814	\$ 147,007,830	\$ 161,033,833	\$ 170,192,799	\$ 178,730,219	\$ 8,537,420
Unfunded Liability/(Excess Assets)	82,271,627	\$ 92,273,619	\$ 101,896,300	\$ 107,720,174	\$ 111,827,764	\$ 4,107,590
Funding Ratio	37.8%	37.2%	36.7%	36.7%	37.4%	0.7%



Public Safety Pensions



Why Does It Seem To Keep Getting Worse?

- An eighteen-year straight line amortization = 5.56%
- The unfunded liability balance will increase by 7.3%
- Pensions become less funded each year that just the required contributions are paid
- Changes in Actuarial Assumptions



Public Safety Pensions



What is Political Will?

- Competing priorities in the government realm
 - Additional compensation, benefits and/or staffing (internal pressure)
 - Cuts/layoffs in recession
 - Reduce taxes (external pressure)
 - Increase taxes in recession
 - Public want for expanded services
 - Increase core services programs without increased rates
 - New cost/programs outside core functions



Public Safety Pensions



What is Political Will?

- Suggested financial best practices
 1. Improving degraded infrastructure
 2. Reduce liabilities
- In basic terms these are addressing long-term costs and not “kicking the can down the road”
- Give your board or council the “talking points”
 - “Our decision will save taxpayers \$15 million!”
 - “This action assures the pensions promised to our public safety employees will be there.”



Public Safety Pensions



What Other Cities/Counties Have Done

- Coconino County
 - Cash balances from Jail District and Capital Facilities Fund
- City of Prescott
 - Dedicated 0.75% sales tax, about 10 years
- Some cities are looking at Pension Bonds



Public Safety Pensions



Some Options For Reducing Our Unfunded Liability

- We only control the contribution part of the equation
- Takes financial resources
- Budget process
- General Obligation Bond
- Sales Tax



Fixed Cost Summary – General Fund



General Fund	Ongoing
Compensation Increase (2%) (100% funded)	\$ 1,000,000
Minimum Wage (\$13 to \$15) (\$145,000 funded)	145,000
Pension Cost - New	690,000
Health Insurance Increase (5.79%) (\$150,000 funded)	375,000
Workers Comp., Liability and Property Insurance	300,000
Total	\$ 2,515,000
General Fund 5 Year Plan Set-Aside (Funded)	(1,300,000)
Unfunded Portion	\$ 1,215,000



Revenue Update Summary – General Fund



General Fund	One-Time	Ongoing
City Sales Tax	\$ 280,000	\$ 280,000
Franchise Fees	(105,000)	(120,000)
State Shared Sales Tax	(75,000)	(75,000)
State Shared Income Tax	-	900,000
State Shared Auto Lieu	(50,000)	(50,000)
Other Revenues/Adjustments	350,000	(50,000)
FY 2018-2019 Year End	500,000	-
Total Capacity	\$900,000	\$ 885,000
Option: Primary Property Tax (2% Increase)	-	130,000
		\$1,015,000



City Employer Minimum Wage Impact



- January 1, 2021 - \$15.00/hour
 - Total employees impacted - 173
 - Temporary employees - 140
 - City wide Financial impact - \$180,000
- January 1, 2022 - \$15.50/hour
 - Total employees impacted - 178
 - City wide Financial impact - \$70,000
- Compaction issues and concerns

State Assessment for Minimum Wage Mitigation Update





Minimum Wage Mitigation



- Staff has been working closely with both our State Lobbyist and with the League of Cities and Towns so as to provide the City Council with the most current and accurate update at your retreat regarding the anticipated State's assessment

Compensation Update





Benefits - Pension



- Elected Officials Retirement Plan – No increase
- ASRS Increase
 - FY 2019-2020 (Effective 7/1/19) – 12.11%
 - Pension and Health Insurance 11.94%
 - Long Term Disability 0.17%
 - FY 2020-2021 (Effective 7/1/20) – 12.22%
 - Pension and Health Insurance 12.04%
 - Long Term Disability 0.18%
 - \$40,000 increase to General Fund
- PSPRS Police Increase
 - \$310,000
- PSPRS Fire Increase
 - \$340,000



Benefits - Health



- No increase to dental and vision
- Medical Insurance
 - 5.79% increase
 - \$375,000 increase to General Fund if fully paid by the City
 - Budget: \$150,000
 - Shortfall: \$225,000
- Total pension and health increases impact to General Fund
 - Budgeted: \$150,000
 - Unbudgeted: \$915,000



Compensation



Pay Increase Terminology

- Cost of Living Adjustment (COLA)
 - All eligible employees receive at the same time
 - All eligible employees receive the same percentage
 - Employees at top of range are eligible (if one-time bonus approved)
 - Tenure or performance are not taken into consideration
- Market Adjustment
 - All eligible employees receive on their anniversary date of hire (or promotion anniversary date)
 - Eligibility and amount received based on market
 - The pay range increases by the approved amount (example: 2%)
 - Employees at top of range are eligible since the pay range increases



Compensation



Pay Increase Terminology

- Merit – or Performance Based
 - Eligibility and amount received based on performance
 - All eligible employees receive on their anniversary date of hire (or promotion anniversary date)
 - Employees in Skill Based Pay Grades not eligible



Compensation



- Compensation study underway for FY 2021-2022 budget planning
 - A contingent budget should be set aside for urgent identified adjustments
- Recommend 2% COLA increase for FY 2020-2021
 - All eligible employees receive July 1, 2020
 - All eligible employees receive the same percentage
 - Employees at top of range are eligible (if one-time bonus approved)
 - Tenure or performance are not considered



City-Wide Pay History 2009-2019



FY 2008-09	Average of 3.2% merit increase and 2% market increase (1.2% pay decrease on 5/1)
FY 2011-12	1.2% pay decrease restored
FY 2013-14	3.2% market increase
FY 2014-15	Merit increase 0.4%-2% and longevity lump sum pay \$100-450 based on years of service
FY 2015-16	2% market increase
FY 2016-17	Minimum of 2% market increase (Phase I Market Based Pay Plan*)
FY 2017-18	Minimum of 2% market increase (Phase II Market Based Pay Plan*)
FY 2018-19	Minimum of 2% market increase (Phase III Market Based Pay Plan*)
FY 2019-20	Merit increase 1%-3% based on years of service

*Actual employee increases varied based on upward adjustment of the pay plans



EAC Budget Recommendations

- City to cover 5.79% increase to health insurance
 - Stop going backwards
 - A 2% COLA will not cover the total cost of the increase for all employees if the entire unfunded increase is passed on to the employee (\$225,000)
 - Current premium sharing
 - Employee Only 90/10
 - Family 62/38
 - Sample: $\$45,000 \times 2\% = \$45,900$ (taxes not considered)
 - Premium Increase Impact
 - Employee Only: \$142.01 to \$237.35 annually (depending on plan)
 - Family: \$718.20 to \$960.03 annually (depending on plan)
- Impact does not include increases in pension contributions, inflation or other cost of living factors



EAC Budget Recommendations



Cost of Living Adjustment (COLA) Effective July 1st

- Stop going backwards
 - Pay increases have not kept up with cost of living changes
 - Many City employees are not keeping pace with cost of living increases
 - Insurance and pension premiums to the employee have increased
- Increases begin at fiscal year rather than evaluation date
 - Fair to all employees - all get raise on same date versus when evaluation is due
 - Changes in expenses do not wait to kick in until evaluation date
 - Evaluation date could be months after the increase in expenses



Sample Employee Pay Check 1

- Annual salary \$39, 829.50
- Base family plan
- Future includes 2% COLA and retirement increase

CURRENT SAMPLE		FUTURE SAMPLE	
Regular Pay	1531.92	Regular Pay	1562.56
Retirement ASRS & LTD	185.51	Retirement ASRS & LTD	190.95
Taxes	197.01	Taxes	195.20
Base Family Medical	302.17	Base Family Medical	337.34
Family Dental Buy up	28.84	Family Dental Buy up	28.84
Family Vision Buy up	7.31	Family Vision Buy up	7.31
Life Insurance	4.50	Life Insurance	4.50
Short Term Disability	5.95	Short Term Disability	5.95
Other Deductions (Personal)	53.50	Other Deductions (Personal)	53.5
Net Take Home	747.13	Net Take Home	738.97



Sample Employee Pay Check 2

- Annual salary \$40,533.17
- Base family plan
- Future example includes 2% COLA and retirement increase

CURRENT SAMPLE		FUTURE SAMPLE	
Regular Pay	1559.00	Regular Pay	1590.10
Retirement PSPRS & 3%	228.39	Retirement PSPRS & 3%	232.95
Taxes	174.16	Taxes	178.51
Base Family Medical	302.17	Base Family Medical	337.34
Family Dental Buy up	28.84	Family Dental Buy up	28.84
Family Vision Buy up	7.31	Family Vision Buy up	7.31
Basic Life/ AD & D	6.97	Basic Life/ AD & D	6.97
Short Term Disability	5.08	Short Term Disability	5.08
Long Term Disability	5.04	Long Term Disability	5.04
Net Take Home	801.04	Net Take Home	788.06



EAC Budget Recommendations



- Future Considerations
 - Plan now for the future to avoid falling further behind
 - Establish a mechanism to move employees through the pay plans
 - Pay scale top end looks good, but current employees have not been able to keep pace and advance through the pay range
 - 15-20+ years in grade - still not topped out
- Compaction issues across the organization
- Summary of recommendations
 - City to cover 100% increase to health insurance premiums
 - 2% Cost of Living Adjustment (COLA) effective July 1st



Compensation



Questions

Budget Retreat

February 4, 2020



Agenda

- Wildland Fire Management
- Community Share/Service
Partner Contracts
- Snow Removal
- Airport Improvements
- Council Forum
- Wrap Up



Wildland Fire Management





Wildland Fire Management (WFM)



Continuity of *Program*

*Forest Health/Water Resource Infrastructure
and Watershed Protection,
Firewise Community,
Effective Response*





Wildland Fire Management (WFM)

The Cycle of Success



Requires:

- Wildland Fire Manager
- Forest Health Supervisor
 - Firewise Specialist
 - Interns/Volunteers
- Crew Supervisor
 - Squad Boss
 - Seasonal Crew Members

The Flagstaff Model



Wildland Fire Management (WFM)



Background

- #1 fire threat
- Forest health and resilience
 - Climate Action and Adaptation Plan - CAAP
- Firewise properties/homes/neighborhoods make a difference
 - Insurance availability/rates
 - Community health and well-being
- Effective response
 - Safety of first responders and the public
 - Treated versus non-treated outcomes



Wildland Fire Management (WFM)



History

- WFM began in 1996-1997
 - Fire occurrence, frightened community, alignment of science (NAU), environmental (GCT), land management (USFS) and political (City)
- General Fund
 - Supported by grants and donations
 - Augmented later by contract revenue
- FY2008-2009 recession resulted in the loss of two positions
- 2012 FWPP bond passage
 - Shift of expenses/resources to bond
 - FY 2016-2017 re-engaged staff/Council on projected need



Wildland Fire Management (WFM)



The Progress

1st Step Toward Relief :

FY 2019-2020 Budget – Program operating and Forest Health Supervisor position moved to General Fund - EMF



The Need

2nd Step Required:

- 50% of Fire Manager
- 100% of seasonal crew





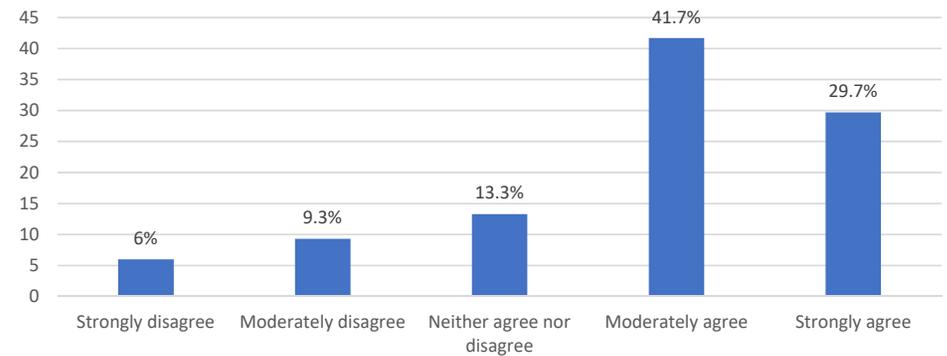
Wildland Fire Management (WFM)



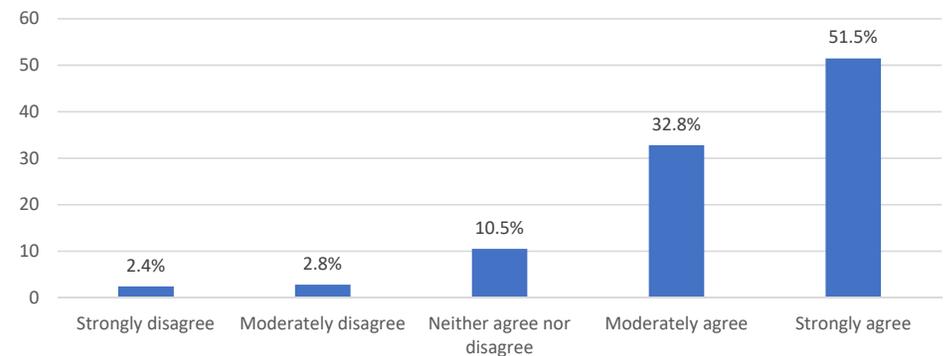
Community Support

- City Surveys
 - 2001-2013 (5 surveys)
- Willingness to Pay
 - 2012: NAU survey
 - 2019: TPL Flagstaff Focus Groups
- 2020 NAU Survey
 - 98% fire - 53% home loss
 - 85% expressed protection of forest health, watersheds, property as very important

Forest management has decreased the likelihood of a wildfire impacting my home



Forest management should be a priority for Flagstaff officials





Wildland Fire Management (WFM)



The Urgency

- Grants are less certain, contracts are static
- Bond projected to be expended by December 2020
- Funding replacement required to be in place FY 2020-2021 to continue operations uninterrupted (including ability to have seasonal crew summer 2021)

The Reality

- Our program – continuation of City's 22-year investment
- Partners do not fund a program





Wildland Fire Management (WFM)

Successful WFM - \$1.2M

- Personnel – \$828,500
 - Wildland Fire Manager, Crew Supervisor, Firewise Specialist, Forest Health Supervisor, Seasonal Crew
- Contractuals and Commodities – \$288,500
 - Operational/safety expenditures, training, outreach and engagement, grant match

Funding the Program

	Amount
Successful WFM Program Funding	\$ 1,200,000
General Fund Support	\$ 255,500
Environmental Management Fee	\$ 286,700
Funding Gap/Need	\$ 577,800



Wildland Fire Management (WFM)

Municipal Bill Rates – Equal Rates

	Each \$100,000	Gap Funding \$577,800	Full Funding \$1.2M
Residential Rate per 1,000 gallons	\$ 0.04	\$ 0.22	\$ 0.43
Residential Impact – 3,500 gallons monthly	\$ 0.14	\$ 0.77	\$ 1.51
Commercial Rate per 1,000 gallons	\$ 0.04	\$ 0.22	\$ 0.43
Commercial Impact – 10,000 gallons monthly	\$ 0.40	\$ 2.20	\$ 4.30



Wildland Fire Management (WFM)

Municipal Bill Rates – Commercial at 50% of Residential

	Each \$100,000	Gap Funding \$577,800	Full Funding \$1.2M
Residential Rate per 1,000 gallons	\$ 0.07	\$ 0.39	\$ 0.77
Residential Impact – 3,500 gallons monthly	\$ 0.25	\$ 1.37	\$ 2.70
Commercial Rate per 1,000 gallons	\$ 0.03	\$ 0.17	\$ 0.34
Commercial Impact – 10,000 gallons monthly	\$ 0.30	\$ 1.70	\$ 3.40



Wildland Fire Management (WFM)



Environmental Management Fee (EMF)

- Environmental Management fee supports WFM with \$286,700
- Does Council want to increase the fee to eliminate this transfer?
 - The rate increase would be approximately $\frac{1}{2}$ the rate of the WFM Gap funding
 - This would free up funding for the Sustainability and Environmental Management Fund
- Or is Council interested in changing the existing Environmental Management Fee to be more equitable and increase revenues



Wildland Fire Management (WFM)



Council Direction

- Does Council want to implement a Municipal Statement Fee to support the ongoing cost of the WFM program
- If YES,
 - Support a rate based on consumption
 - Maintain General Fund and EMF support
- If NO,
 - Fund program until bond funds depleted (followed by associated reductions in Fire Department service)
 - Wait for potential other funding sources to emerge



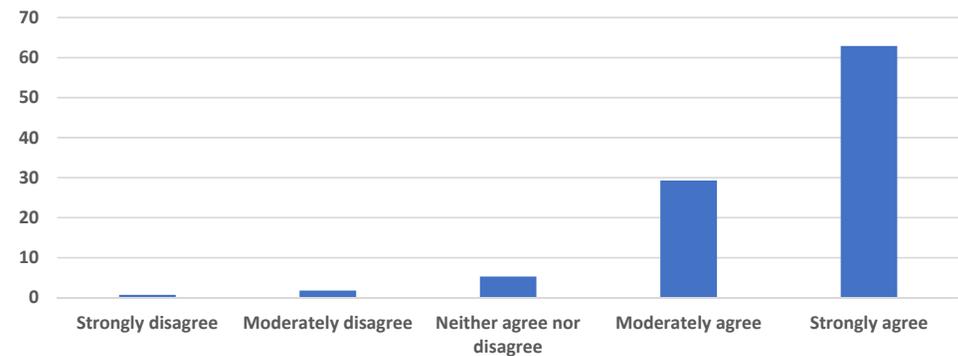
Wildland Fire Management (WFM)



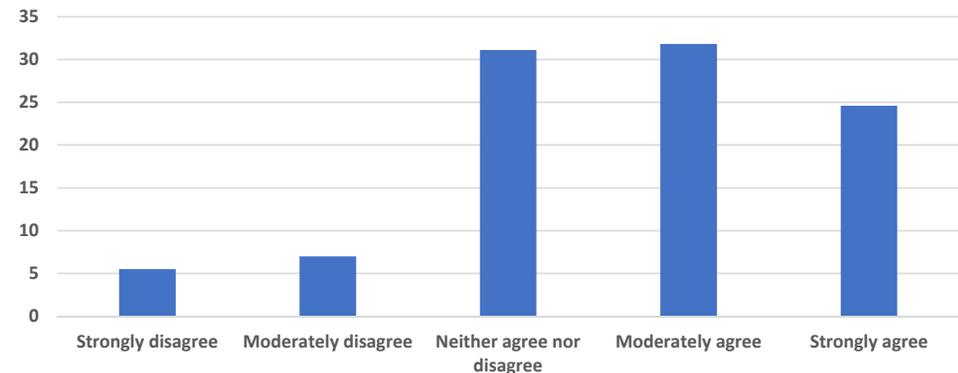
FWPP - A Project . . .

- Leverage - \$8.4M (1:1)
- Phase II: Funded, on-track
 - Projected completion - 2023-24
 - WIFA Award - \$1M forgivable principal
- Phase III: Est Cost - \$7M
 - DOD REPI opportunity
 - Planned Timeline -
 - 1st unit - Summer 2020
 - Prep remainder - 2021
 - Initiate operations - 2022

Partnerships between City-USFS-Others Best Way to Address Fire Risk to Flagstaff



More money should be invested in FWPP



Community Share and Service Partners





Community Share/Service Partners



Current Service Partner Contracts

- Contracts to provide service based on scope of work the City desires
- Follows procurement requirement
- Annually appropriated
- Changes to contracts require justification
- If the change in contract is +\$50K or increases the contract over \$50K, Council approval required



Community Share/Service Partners



City of Flagstaff FY 2019-20 Service Partners Budget

General Fund	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20		
	Total	Total	Total	Total	Ongoing	One-Time	Total
AGENCIES							
United Way	293,750	293,750	293,750	293,750	222,750	71,000	293,750
FACTS	247,319	272,319	272,319	272,319	247,319	25,000	272,319
Humane Society	199,985	299,985	249,985	249,985	161,985	130,890	292,875
Alcohol Stabilization Unit	74,250	74,250	74,250	74,250	74,250	-	74,250
Victim Witness	41,304	41,304	41,304	41,304	41,304	-	41,304
Emergency Housing	20,000	20,000	20,000	20,000	-	20,000	20,000
Coalition for Children and Youth	19,669	19,669	19,669	19,669	19,669	-	19,669
NACASA	15,627	18,627	18,627	18,627	15,627	3,000	18,627
Weed & Seed	5,503	5,503	5,503	5,503	5,503	-	5,503
Boys & Girls Club	-	50,000	50,000	25,000	-	25,000	25,000
Housing Relocation Assistance	-	-	-	100,000	-	84,562	84,562
Shelter Overflow	-	-	-	-	-	25,000	25,000
Launch Flagstaff	-	-	-	-	-	70,000	70,000
<i>Grand Total</i>	<i>937,132</i>	<i>1,115,132</i>	<i>1,065,132</i>	<i>1,140,132</i>	<i>788,407</i>	<i>454,452</i>	<i>1,242,859</i>



Community Share/Service Partners



Current Service Partner Contracts - Budget

General Fund FY 2019-20 Budget	Ongoing	One-time	Total	Notes	FY 2014-15
United Way	222,750	71,000	293,750		293,750
FACTS	247,319	25,000	272,319		247,319
Humane Society	161,985	130,890	292,875		199,985
Alcohol Stabilization Unit	74,250	-	74,250	Contract not renew	74,250
Victim Witness	41,304	-	41,304		41,304
Emergency Housing	-	20,000	20,000	Carryover	20,000
Coalition for Children and Youth	19,669	-	19,669		19,669
NACASA	15,627	3,000	18,627		15,627
Weed & Seed	5,503	-	5,503		5,503
Boys & Girls Club	-	25,000	25,000		-
Housing Relocation Assistance	-	84,562	84,562	Carryover	-
Shelter Overflow	-	25,000	25,000	New in FY 2019-20	-
Launch Flagstaff	-	70,000	70,000	New in FY 2019-20	-



Community Share/Service Partners



Potential FY 2020-2021 Requests

- United Way – \$30,000 Step up for Youth
- Launch – \$70,000
- High Country Humane Society – \$79,750 (\$26,500 this FY)
- Boys and Girls Club – \$25,000-\$50,000
- Shelter Overflow – \$25,000
- Front Door – Shelter Services/Catholic Social Services - \$50,000
- Others?



Community Share/Service Partners



Process for Requesting Funding

- Currently no formal process in place
- Staff will develop a process for agencies to request funding
 - Scope of service justification

Discretionary Fund Budget Consideration

- Proposed to budget funds for mid-year request
- Staff will discuss balance and process for use

Snow Management





Snow Operations Level of Service Budget Discussion



Snow Operations - Overview



- Review of Streets section winter storm events
- Current policy and level of service
- Proposed adjustments to Streets section FY 2020-2021 Budget
- Additional considerations
- Questions and discussion



Streets Statistics



700 lane miles

16 miles of alleys

131 miles of bike lane

270 miles of sidewalk

55 miles of FUTS

27,000 driveways



Snow Operations



Three critical considerations with all weather events:

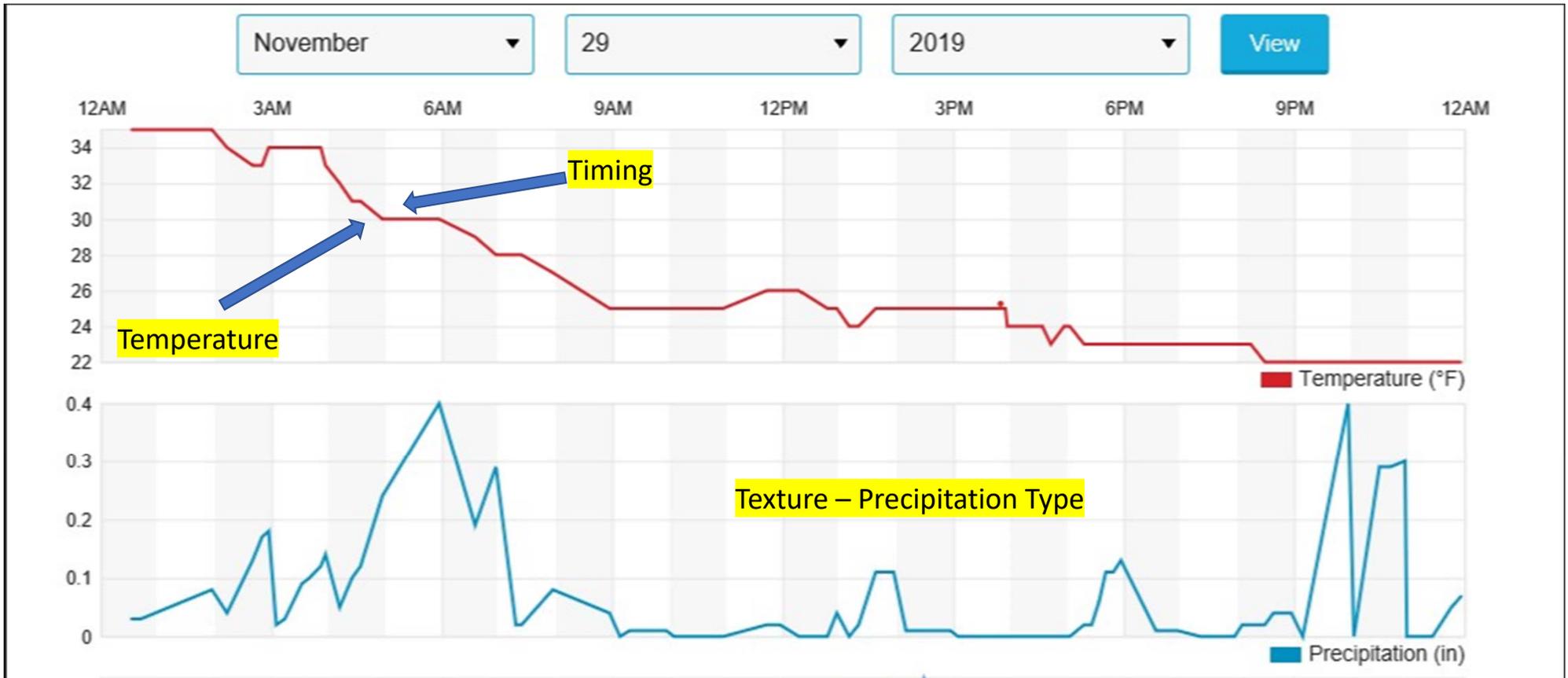
Timing

Texture

Temperature



Thanksgiving Event





Snow Operations - Overview



- **Storm Monitoring**
 - Weather reports and operations readiness
- **Equipment Preparation**
 - Snow plow/cinder truck fleet
 - Grader and loader fleet
- **Operator Availability**
 - Full-time staff of 18 operators, 3 supervisors and 1 acting supervisor
 - Temp staffing if available (4-12 typical)
 - 12-hour shifts for duration of storm event



Snow Policy



First Priorities – Always open and passable

Main roadways, hills, downtown FUSD and NAIPTA routes

Second Priorities – Residential areas with accumulation greater than 3"-4"

Once first priorities are manageable, residential plowing begins and policy benchmarks are met and often exceeded



Best Practices and Operations

Plowing Procedures

Plow it right the first time, from the center working out,
multiple passes required for all road sections

Snow Placement

Adjacent to the curb and as wide as possible without
compromising the sidewalk

Ice Traction Control

Ice cinders distributed and used extensively, effective but
require multiple applications; used throughout the duration of
the storm and days following



Best Practices and Operations

Sidewalks

City owned sidewalks cleared by Parks section using skid steer equipment and shovel crews; sidewalks adjacent to private property maintained by property owner

FUTS and Alleys

Plowed by Parks section and maintained with support of Streets

Sweeping and Cleanup

Streets sweeping crews address and provide service year-round, winter emphasis is on bike lanes and intersections; increased use of ice cinders or multiple ice condition days adds significant clean-up



Urban Snow Operations Challenges



- Winter weather event and road conditions
- Traffic congestion and travel difficulty
- Attention to different modes; vehicle, bike, ped and transit
- Density and compact land use, topography
- CDL operator shortage and experienced operators

Time is the most important element in providing efficient and safe snow operations



2020-2021 Streets Budget



Current Proposed Budget Considerations to Improve Service

1. Base Budget Reallocation – \$200K of ongoing resources identified
2. Additional Equipment Resources – One additional AWD road grader
3. Staffing to address the balancing of multiple work programs – 3 FTE
Snow operations, striping and markings

**Ordered and anticipating soon -*

(1) 10-Wheel Plow Truck and (2) 6-wheel Plow Trucks (FY 2019-2020)



Additional Considerations



Alternative or Advanced Equipment

Road Grader Gates –

Pros – Reduce the snow berm amounts at driveways

Clean up of intersections is improved

Cons – Increased operation time and narrowing of road

Eliminates the wing, reducing plow width capacity

Less effective in amounts greater than 6” or wet snows

Driveway spacing is critical

Often requires tandem operation (2nd grader)

Cost - Unknown, but estimated at \$70,000-\$100,000



Road Grader with Gate





Additional Considerations



Alternative or Advanced Equipment

Loader with plow and wing

Pros – Fairly new, limited use in the states

Versatile and good for dense locations

Non-CDL, lower training and skill set requirements

Likely good in downtown area

Off-season use as traditional loader

Cons – Needs room to operate and maneuver, limited traffic

Better on flatter locations without topography

Cost - Loader \$215,000 plus plow and wing \$55,000



Loader with Wing





Additional Considerations



Additional Fleet Equipment

Road Grader with wing

Pros – Excellent performance and results

Efficient in urban setting and versatile

Good in significant depth events

Cons – Limited year-round need

Advanced operator skills and training required

Costs - \$430,000



Road Grader with Wing





Additional Considerations



Additional Fleet Equipment

Skid steer or tractor equipment

Pros – Excellent performance and results for sidewalks and ADA

Efficient in urban setting and versatile

Good in downtown, FUTS and sidewalk locations

Great year-round machine with attachment capability

Cons – Can cause damage to curbs and landscaping

Limited in significant event and slow at times

Costs - \$60,000



Additional Considerations



Staffing Levels

- Continue to cross train all Streets Operators and Maintenance Workers in Snow Operations
- Recruit and retain qualified operators year-round (FT and Temp)
- Continue to fund Snow Operations Incentive pay and maintain with market (Coconino County and ADOT)
- Increase base FTE's to balance multiple work programs and the growing demand on the Streets section
- Expand the snow berm relocation program and assistance efforts



Additional Considerations



Chemical De-Icer Programs

Pros – Excellent performance and results for fast drying

Eliminates the need for cinders

Improved air quality

Significant reduction in community sweeping/clean up

Cons – Corrosive damage to equipment, steel and concrete

Environmental concerns and vegetation mortality

Indoor storage required

Heightened community concerns of Env. Impacts

Costs – Neutral



Additional Considerations



Contracting and Intergovernmental Agreements

Pros – Lower on-going cost to the city

Increases capacity to fund other programs

Demonstrates good governance

Cons – Reliance on 3rd parties and creates delivery unknowns

Need to establish resource availability and desire

Lead time and planning for events with no predictability

Accountability and management is essential

Costs – Unknown, would depend on structure and services

SO1



Questions and Discussion

Airport Improvements





Airport Improvements



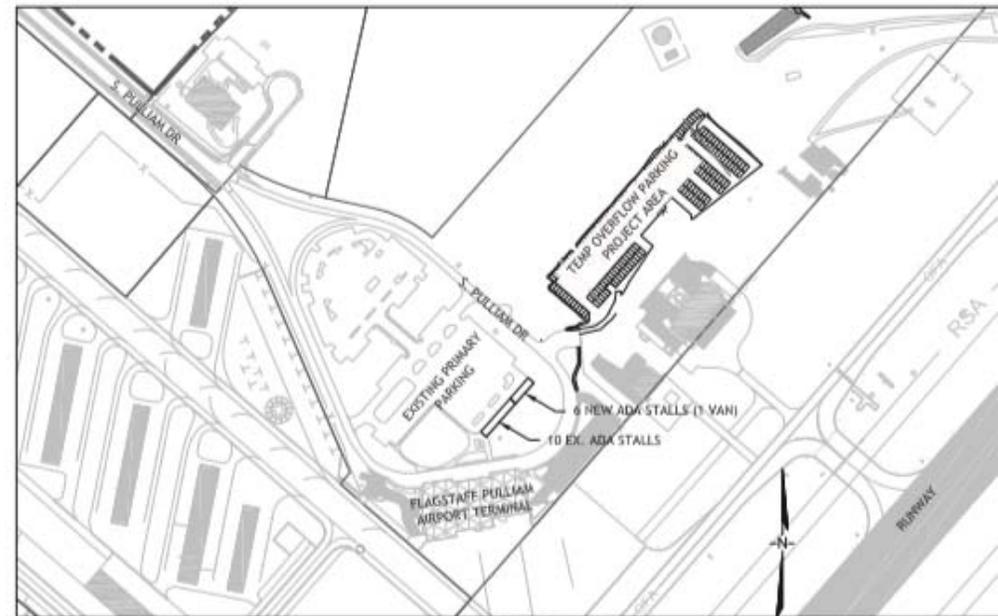
- Temporary Airport Parking
- Additional Permanent Parking
- Airport 32-Acre Parcel
- Future Considerations



Temporary Overflow Parking



- Additional parking spaces (staff/public)
 - 130 traditional
 - 7 ADA stalls at existing parking lot
- Additional parking spaces for rental car lot (striped or assigned)
 - 112 stalls
- Additional Outstanding Items
 - Permanent lighting in the staff/overflow lot
 - Concept design has been drafted and revisions are being incorporated





Additional Permanent Parking



New Parking Lot:

- Design team and staff attended a Pre-Application Meeting (PAM) to review a basic concept design and establish the City's design requirements
- Staff met with the design consultant (Peak Engineering) to review multiple concept designs
 - Following the development of the concept drawings staff will convene to review and prepare to present to stakeholders and Council for input
 - Following the acceptance of a single design, the consultant will prepare a plan set for formal staff review and develop a plausible construction cost for staff to consider next steps



Airport 32-Acre Parcel



- Completed a master plan for development alternatives for the 32-acre parcel at Flagstaff Airport
- Received a report summary with four development concept ideas
- Coming before Council on April 7, 2020 to discuss the concept ideas and to get a recommendation to move forward





Other Airport Plans



- Looking at revenue streams for the airport that are not a burden to the General Fund or only feasible with grants
- Use the five-year plan to keep funding allocated to ongoing maintenance of hangars, terminal and more
- Hire more airport staffing to help with daily business needs and to continue to secure additional routes
- Look at sustainability best practices as noted from our sustainability airport master plan and align them the Climate Action and Adaptation Plan

Council Forum



Budget Retreat

- Additional budget direction
- Closing remarks

