

MINUTES

1. Call to Order

Mayor Deasy called the Budget Orientation Retreat of the Flagstaff City Council held December 17, 2020, to order at 8:33 a.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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

2. Pledge of Allegiance and Mission Statement

The Council and audience recited the pledge of allegiance and Councilmember McCarthy read the Mission Statement of the City of Flagstaff.

MISSION STATEMENT

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

3. **ROLL CALL**

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

PRESENT:

ABSENT:

MAYOR DEASY (virtually)
VICE MAYOR DAGGETT (virtually)
COUNCILMEMBER ASLAN (virtually)
COUNCILMEMBER MCCARTHY (virtually)
COUNCILMEMBER SALAS (virtually)
COUNCILMEMBER SHIMONI (virtually)
COUNCILMEMBER SWEET (virtually)

Others present: City Manager Greg Clifton; City Attorney Sterling Solomon.

4. Introductions and Welcome

Julie Lancaster welcomed everyone and provided a quick overview of the budget retreat.

COUNCIL BUDGET RETREAT
WELCOME
AGENDA

5. Budget Introduction

Finance Director Brandi Suda continued the presentation.

BUDGET INTRODUCTION
BUDGET TEAM
BUDGET TEAM MEMBERS
BUDGET PROCESS
FY 2021-2022 BUDGET TIMELINE
FISCAL POLICIES AND COLOR OF MONEY
FISCAL POLICIES
THE CITY BUDGET
THE COLOR OF MONEY
FUND ACCOUNTING
COLOR OF MONEY
ENTERPRISE FUNDS
SPECIAL REVENUE FUNDS
CAPITAL PROJECT FUNDS
DEBT SERVICES FUNDS
GENERAL FUNDS
GENERAL FUND REVENUES

6. Recession Plan

Mr. Clifton continued the presentation.

RECESSION PLAN
THE CITY RECESSION PLAN
FIVE STAGES OF THE RECESSION PLAN
SIGNIFICANT STAGE

Councilmember McCarthy offered his gratitude for the leadership and forethought in developing a recession plan.

7. Revenue Updates

Management Services Director Rick Tadder continued the presentation.

INTRODUCTION/FORECASTING

8. General Fund

GENERAL FUND BBB FUNDS

Mayor Deasy asked when the BBB tax was up for reauthorization by the voters. Ms. Suda stated that the BBB tax expires on March 31, 2028. Mr. Tadder added that staff is looking at the possibility of a 2024 ballot question.

Mr. Tadder continued the presentation.

OTHER FUNDS REVENUES IMPACT

Councilmember Shimoni asked if there are additional details about online retail and the impacts on local retailers. Mr. Tadder explained that staff has not been able to dive into location-based sales tax reporting. With the state collecting the local sales tax it is extremely difficult to extract that specific information.

Councilmember Shimoni asked about the status of short-term rentals. Mr. Tadder stated that the state mandated that all short-term rentals register and have a sales tax license with the state of Arizona. Flagstaff is getting those registration fees and they will be remitting sales taxes on their activity. The helpful thing is that the official online marketplace manages the collection of the taxes for owners, and it has streamlined the process. A large focus will be targeting the people who are not using the online marketplace platforms to ensure they are paying their share of the taxes.

A break was held from 10:00 a.m. through 10:15 a.m.

Mr. Clifton continued the presentation.

GENERAL FUND IMPACTS

Mr. Tadder continued the presentation.

PUBLIC SAFETY (PSPRS)

Ms. Suda continued the presentation.

PUBLIC SAFETY (PSPRS) NUMBERS

Management Analyst Jack Fitchett continued the presentation.

MINIMUM WAGE ASSESSMENT

Vice Mayor Daggett stated that the assessment has been in the budget in previous years, and she asked if it would be included for the upcoming year. Mr. Tadder stated that the current assessment is in the current budget but only with one time funding. There is not an ongoing resource to budget the assessment in future years. It is unknown at this time if there will be an attempt to assess back billings.

Mr. Fitchett added that the way that the bill reads is that the state would have to assess the City by August 2020 and the City would be expected to make the payment in December. Because the assessment has not yet been issued we can possibly assume that they will not be assessing but

we are not entirely sure what they will do or attempt to change with the new legislation.

Grants and Contracts Manager Stacey Brechler-Knaggs continued the presentation.

CARES/COVID FUNDING

Human Resources Director Jeanie Gallagher continued the presentation.

COMPENSATION FUNDING

Vice Mayor Daggett asked if the five-year plan for employee compensation has been started. Ms. Gallagher stated that they are just entering into the budget process and the goal is to include employee compensation funding into the budget

Mr. Tadder added that there is a five-year plan for all funds, but they have not been able to provide ongoing resources for compensation. It is difficult to fund on an ongoing basis with limited resources but there is a plan to include funding this year.

Vice Mayor Daggett stated that compensation and benefits should be top of the priority list. Councilmember Shimoni agreed and stated that he would like to have the recent compensation survey discussed at a future Council meeting. Councilmember McCarthy also agreed stating that it is more efficient to take care of existing employees than have to continually replace and retrain new employees.

9. Priority Based Budget

Deputy City Manager Shane Dille continued the presentation.

OVERVIEW AGENDA ROADMAP TO HIGHER PERFORMANCE PBB PUBLIC VIDEO

Ms. Langley continued the presentation.

WHAT IS PBB? KEY COMMUNITY PRIORITIES KEY COMMUNITY PRIORITIES AND OBJECTIVES PBB COMMUNITY ENGAGEMENT

Mr. Dille continued the presentation.

PBB TOOL DELIVERABLE PBB TOOL PUSHES POLICY DISCUSSION COUNCIL BUDGET EXPECTATIONS

Mayor Deasy expressed his excitement about the PBB tools and how combining data with input from the community is a great approach to the budget process. Councilmember Shimoni agreed and added that he would like to see a component of participatory budgeting where the community is allocated a certain amount of funds to determine where they are allocated.

Ms. Lancaster concluded the presentation asking Council for their expectations with the budget.

COUNCIL BUDGET EXPECTATIONS

Mayor Deasy stated that he would like to begin working with the PBB tools to see how the system works. He would also like to have a discussion about establishing an unrestricted, emergency fund that can be used if needed.

Councilmember Shimoni asked for better prioritization of public safety, police, fire, dispatch, and alternative response.

Councilmember Aslan stated that he would like to see employee compensation, housing, and climate needs prioritized in the upcoming budget.

Councilmember Sweet noted that she is taking in all the information she has received and looks forward to future conversations about the development of the budget.

Vice Mayor Daggett asked if it might be possible to sit in on some of the staff meetings concerning the budget to see the process and understand how things are developed for Council consideration.

10. Public Comment and Wrap-up

There was no public comment.

Mr. Solomon offered that he looks forward to working with the new Council and that the last two days of retreats has been a great way to kick things off.

Ms. Lancaster closed the meeting by asking Council to describe in a couple of words the culture they each want to see within the Council.

Mayor Deasy – Visionary

Vice Mayor Daggett – Efficient, Effective, Respectful, Professional

Councilmember Aslan – Electrifying

Councilmember Shimoni – Synergy

Councilmember Sweet – Teamwork

Councilmember Salas – Resilience, Unity, and Diversity

Councilmember McCarthy – Progress and Respect

11. Adjournment

The Budget Orientation Retreat of the Flagstaff City Council held December 17, 2020, adjourned at 11:54 a.m.

MAYOR

ATTEST:

CITY CLERK