

Budget Retreat

April 22 & 23, 2021



Welcome and Overview





Retreat Protocol



- Think high level
- Complex process with multiple components
- No problem solving, but rather building framework
- Inclusive but succinct



Budget Overview



- Annual process
- Integration of policy and administration
- Spans several months in preparation
- Living document
- More than numbers ... a comprehensive snapshot of the City's structure and priorities
- Shift toward priority-based resource allocation



Budget Document Components



- Transmittal
- Budget Overview
- Fiscal Policies
- Issues and Updates
- Division Detail
- Capital Improvement Plan



Transmittal



- Transmittal Letter
- City Manager's Budget Message
- Key Community Priorities



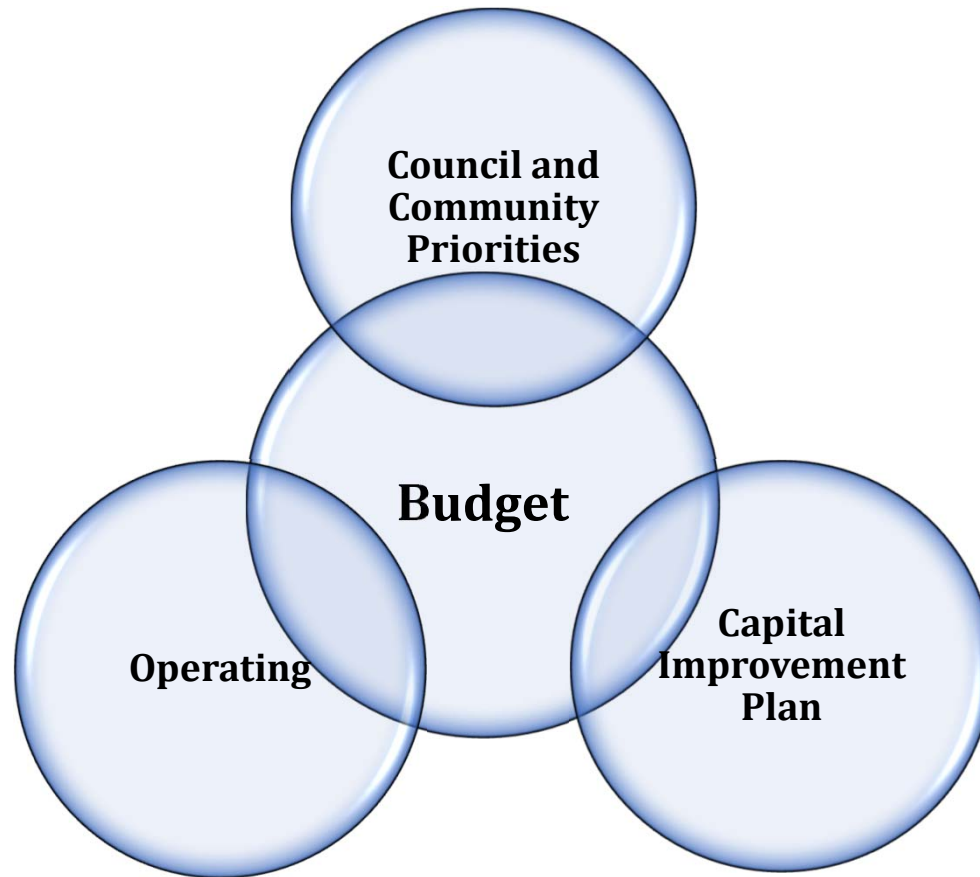
Budget Overview Section



- Operating Expenditures
- Process
- Fund Summaries
- Revenues
- Debt



Budget Overview





Current/Emerging Issues



- Update on Recession Plan
- Federal Relief Funding
- Recreational Marijuana
- Public Safety Alternate Response Model
- November 2022 Election Planning
- Emergency Declarations – Climate and Housing
- Broadband Connectivity and Redundancy

Agenda

Day 1:

- Budget Timeline and Approach
- Revenue Projection Updates
- Recession Plan Update
- Pension Update
- Compensation and Benefits
- New Budget Appropriations
- Fun Thing
- Division Updates



Agenda

Day 2:

- Capital Improvement Program
- Federal Relief
- Recreational Marijuana Sales and Excise Tax
- Public Safety Alternate Response Model
- November 2022 Ballot Measures
- Council Parking Lot / Adds and Deletes Discussion



Budget Timeline and Approach





Budget Timeline



December



**Council
Retreat**

February



**Council
Retreat**

**City Manager's
Balanced Budget**



**Divisions
Review
Meeting**

COVID-19



**American
Rescue Plan**

April



**Council
Retreat**

June



**Budget
Adoption**



Budget Approach: Original Focus

- Personnel as the Primary Focus
 - Compensation study
 - Restoring annual merits
- Basic services and operational needs
- Council Priorities and Objectives (PBB)
- Climate Action and Adaptation Plan (CAAP)



Priority Based Budgeting in Division Reviews



Program Reports

Fire Suppression

User Group: 051-Fire Operations
 Total Cost: 4,604,933
 FTE: 25.25
 Personnel: 3,934,933
 NonPersonnel: 670,000
 Quartile: 1
 Final score (out of 100): 84.4

Description: All management processes, associated fees, fleet, training, equipment for extinguishment and special skills/operations to protect lives and to prevent the destruction of property
Comment: none
Insight: Training continues to be cut due to budget constraints. We need to support professional development due to known leadership attritional vacancies in the next several year. Getting people training for next levels also allows for decreased OT costs due to Acting capacity increases.

Basic Program Attributes:		
Score	BPA	Definition
4	Capacity to Serve	The program has the capacity to serve more than 50% of the intended population
4	Demand	Increasing Demand
2	Mandate	Self mandate (City ordinance or voter-approved tax)
2	Recovery/Cost	1% - 50% cost recovery
4	Reliance	City is sole provider of service (including contracting out services)

Results:	
Score	Result
3	Environmental Stewardship
4	Inclusive & Engaged Community
4	Livable Community
3	Robust Resilient Economy
3	Safe & Healthy Community
	Sustainable, Innovative Infra.

Priority Based Budget Program Memo
 FY 2021-2022
 (Please complete one form for each program)

Division: Fire Department
 Section: Fire Operations

Priority Based Budget (PBB) Program:
 New
 Existing

PBB Program Number: 161
 PBB Program Name: Fire Suppression

Total PBB Program Request Amount: \$ 1,341,312

How does the request impact the PBB program's service level?
 Maintains service level
 Enhances service level
 No impact

Will the request improve the City's ability to achieve the Key Community Priorities?
 Yes
 No

If funded by program revenues?
 If yes, what revenues are anticipated?
 Yes
 No

If funded will the request increase relevance to Key Community Priorities?
 If yes, which priority? (select all that apply)
 High Performing Governance
 Inclusive & Engaged Community
 Robust Resilient Economy
 Environmental Stewardship
 Safe & Healthy Community
 Sustainable, Innovative Infrastructure
 Livable Community

Are there partnership opportunities available to provide this service?
 Yes
 No

Additional information related to the request:
 Suppression efforts are a primary focus within the Fire Department. We continue to be one of the highest call volume (per capita) departments in the State (pushing 16,000 calls last year) and have not increased the number of available units in decades. We have an aging FLEET and our infrastructure is showing extreme wear from high call volumes and 24/7 - 365 use. About \$500k is for a 24/7 All-Risk Rescue. Many of these are repeat requests that have been 1x funded in the past and are needed to continue business to meet our mission and expected service levels within the community. Increased funding requests (many familiar) that are not part of the base that we are showing volumes and workload continues to increase. Others are for equipment maintenance needs that we can't choose whether or not to fix. We have safety related requests to keep our members protected and support succession planning for retention.



Climate Action and Adaptation



- Each request required the following information
 - What CAAP strategy does this request help achieve?
 - How does this request increase community equity?
 - Provide additional information to support your climate action response.
- Sustainability staff reviewed the entire list of requests and discussed with the Budget Team



Color of Money



- **Special Revenue, Enterprise, Debt Service and Capital Project Funds**
 - The revenues in these funds are restricted on how they can be spent
 - Voter approved
 - State Statute
 - Ordinance
- **General Fund – mostly unrestricted revenues**

Revenue Update





Revenue Update – General Fund

Sales Tax

Category	FY 2020-21 Budget	FY 2020-21 Estimate	Change from Budget	% Change
Sales Taxes				
Utilities	\$ 1,076,250	\$ 1,026,000	\$ (50,250)	-4.7%
Telecommunications	235,750	150,000	(85,750)	-36.4%
Restaurant/Bars	3,075,000	2,660,000	(415,000)	-13.5%
Amusements	108,650	38,700	(69,950)	-64.4%
Commercial Rental	1,050,000	1,098,000	48,000	4.6%
Personal Property Rental	732,875	630,000	(102,875)	-14.0%
Contracting	1,700,000	2,096,000	396,000	23.3%
Retail	10,385,000	11,702,000	1,317,000	12.7%
Marketplace Retail (outside AZ)	480,000	818,000	338,000	70.4%
Hotel/Motel/STR	1,640,000	1,309,000	(331,000)	-20.2%
Miscellaneous	99,600	102,300	2,700	2.7%
Use Tax	1,471,545	1,789,000	317,455	21.6%
Sales Taxes Total	\$ 22,054,670	\$ 23,419,000	\$ 1,364,330	6.2%



Revenue Update – General Fund



State Shared Revenues

Category	FY 2020-21 Budget	FY 2020-21 Estimate	Change from Budget	% Change
State Shared Revenues				
State Shared Sales Tax	\$ 7,486,395	\$ 8,174,000	\$ 687,605	9.2%
State Shared Urban Revenue	10,669,590	10,723,980	\$ 54,390	0.5%
Auto Lieu Tax	3,540,863	3,703,300	\$ 162,437	4.6%
State Shared Total	\$ 21,696,848	\$ 22,601,280	\$ 904,432	4.2%

- Excludes State Shared Excise Tax
- Future impacts to Urban Revenue (Income Tax)
 - Legislative budget
 - Census data



Revenue Update – General Fund

Other Revenues

Category	FY 2020-21 Budget	FY 2020-21 Estimate	Change from Budget	% Change
Other Revenues				
Property Taxes	\$ 6,967,500	\$ 6,834,200	\$ (133,300)	-1.9%
Franchise Fees	2,471,500	2,174,500	\$ (297,000)	-12.0%
Building Permits	1,702,500	2,863,000	\$ 1,160,500	68.2%
Other License and Permits	1,183,764	1,164,000	\$ (19,764)	-1.7%
Intergovernmental Revenue	1,257,668	1,257,700	\$ 32	0.0%
Charges for Services	3,280,813	1,670,000	\$ (1,610,813)	-49.1%
Fines and Forfeitures	1,458,855	838,800	\$ (620,055)	-42.5%
Investment Earnings	404,000	350,000	\$ (54,000)	-13.4%
Total Other	\$ 18,726,600	\$ 17,152,200	\$ (1,574,400)	-8.4%
Total General Fund Revenues	\$ 62,478,118	\$ 63,172,480	\$ 694,362	1.1%



Revenue Update – General Fund



Projections for FY 2021-2022

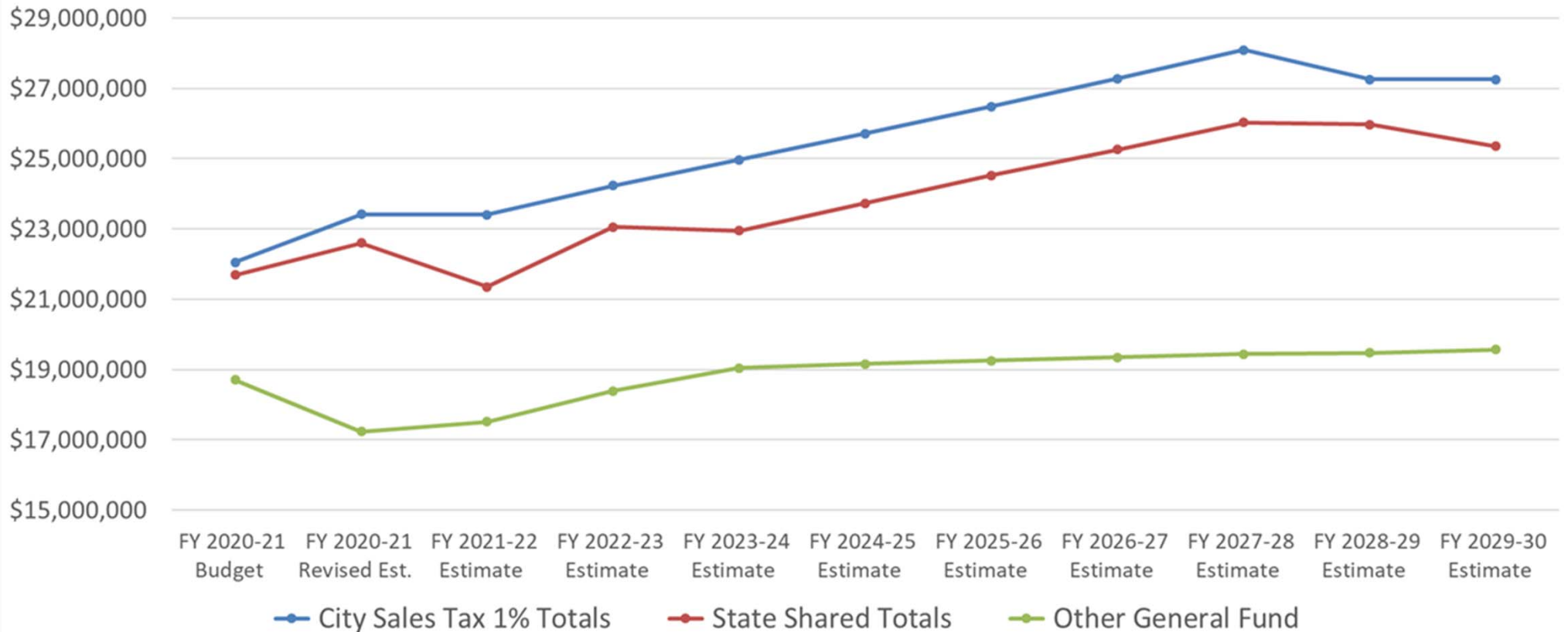
- General Sales Tax – less than 1% growth
 - Strong recovery of restaurant/bars and hotel/motel/short-term rentals
 - Leveling off retail sales
- State Shared Revenues
 - Decline in State Shared Income Tax (due to last year tax deferral)
 - Concern for Legislative budget changes
- Other Revenues
 - Building Permits – conservative estimate, \$1.8M
 - Recreation – slow return, not to FY 2018-2019 levels until FY 2022-2023
 - Fines and Forfeitures – growth due to delayed adjudications



Revenue Update – General Fund



General Fund Revenue Projections





Revenue Update – Special Revenue

Operating Revenues

Fund	FY 2020-21 Budget	FY 2020-21 Estimate	Change from Budget	% Change
Special Revenue Funds				
Library	\$ 3,860,393	\$ 3,832,567	\$ (27,826)	-0.7%
Highway User Revenue	8,976,305	8,384,502	(591,803)	-6.6%
Transportation Tax	26,232,162	27,927,415	1,695,253	6.5%
Beautification	1,882,000	1,624,600	(257,400)	-13.7%
Economic Development	884,654	761,840	(122,814)	-13.9%
Tourism	2,892,381	2,514,926	(377,455)	-13.0%
Arts and Science	696,875	600,400	(96,475)	-13.8%
Recreation BBB	3,049,250	2,624,500	(424,750)	-13.9%
Parking District	1,277,478	325,094	(952,384)	-74.6%
Water Resource Protection Fund	1,120,000	1,120,500	500	0.0%
Total Special Revenue Funds	\$ 50,871,498	\$ 49,716,344	\$ (1,155,154)	-2.3%



Revenue Update – Enterprise



Operating Revenues

Fund	FY 2020-21 Budget	FY 2020-21 Estimate	Change from Budget	% Change
Enterprise Funds				
Water	\$ 17,274,996	\$ 17,211,781	\$ (63,215)	-0.4%
Wastewater	11,206,857	10,810,408	(396,449)	-3.5%
Reclaimed Water	1,044,492	1,045,332	840	0.1%
Stormwater	4,261,117	4,367,151	106,034	2.5%
Solid Waste	12,817,917	12,359,622	(458,295)	-3.6%
Sustainability Fund	1,044,981	1,211,960	166,979	16.0%
Airport	2,068,824	1,009,438	(1,059,386)	-51.2%
Flagstaff Housing Authority	1,447,000	1,300,000	(147,000)	-10.2%
Total Enterprise Funds	\$ 51,166,184	\$ 49,315,692	\$ (1,850,492)	-3.6%



Revenue Update



Forecast for FY 2021-2022

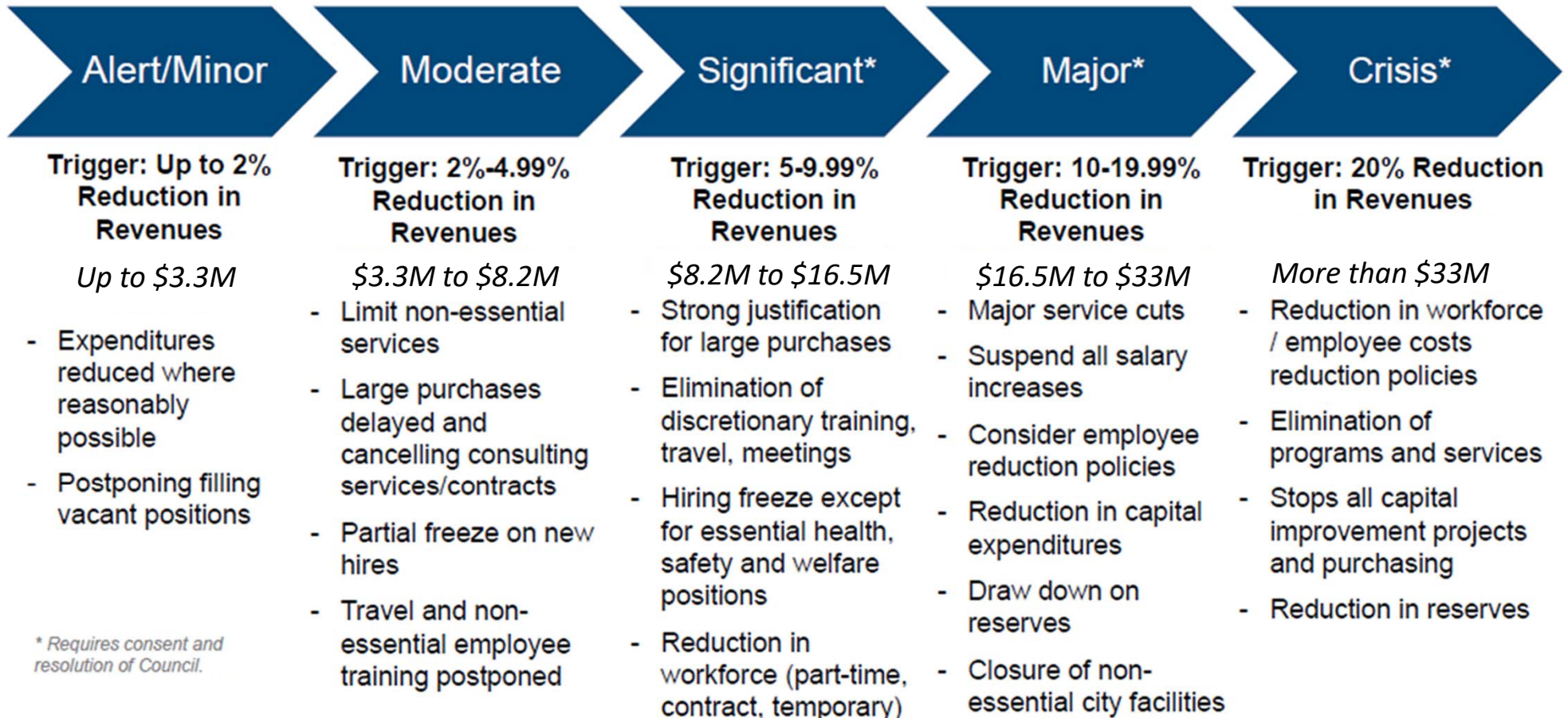
- Special Revenue Funds Highlights
 - BBB Tax Funds – 11% growth, full recovery in FY 2022-2023
 - Highway User Revenue – Slowed growth, 2%
 - ParkFlag – Revenue adjusted to new policy, hours
- Enterprise Funds
 - Water Services – Flat revenues, dependent on tourism/students
 - Solid Waste – Growth related to rate increase
 - Airport – return to pre-pandemic level over next two fiscal years

Recession Plan Update





Recession Plan Update



* Requires consent and resolution of Council.



Recession Plan Update

- Aggregate of all operating funds less than 2%
- The Budget Team moved to the Alert/Minor Stage
 - Stay in this stage remainder of fiscal year
- Funds with revenue losses have adjusted expenditures
- FY 2021-2022 budgets are based on updated projections

Fund	FY 2020-21 Budget	FY 2020-21 Estimate	Change from Budget	% Change
General Fund	\$ 62,478,118	\$ 63,172,480	\$ 694,362	1.1%
Special Revenue Funds	50,871,498	49,716,344	(1,155,154)	-2.3%
Enterprise Funds	51,166,184	49,315,692	(1,850,492)	-3.6%
All Operating Funds	<u>\$ 164,515,800</u>	<u>\$ 162,204,516</u>	<u>\$ (2,311,284)</u>	<u>-1.4%</u>

Public Safety Pension Update





Results



- 100% funded plans
- Contingency reserve funds: \$14M
- Total interest rate: 2.7%
- Net present value savings estimated: \$76M
- Debt service payments \$8.6M-\$9.2M
 - \$1.4M-\$1.9M annual savings
 - Set aside five years of pension savings for 1X's or replenishment
- Supports the reinstatement of merits
- Supports the SAFER Grant positions



Results



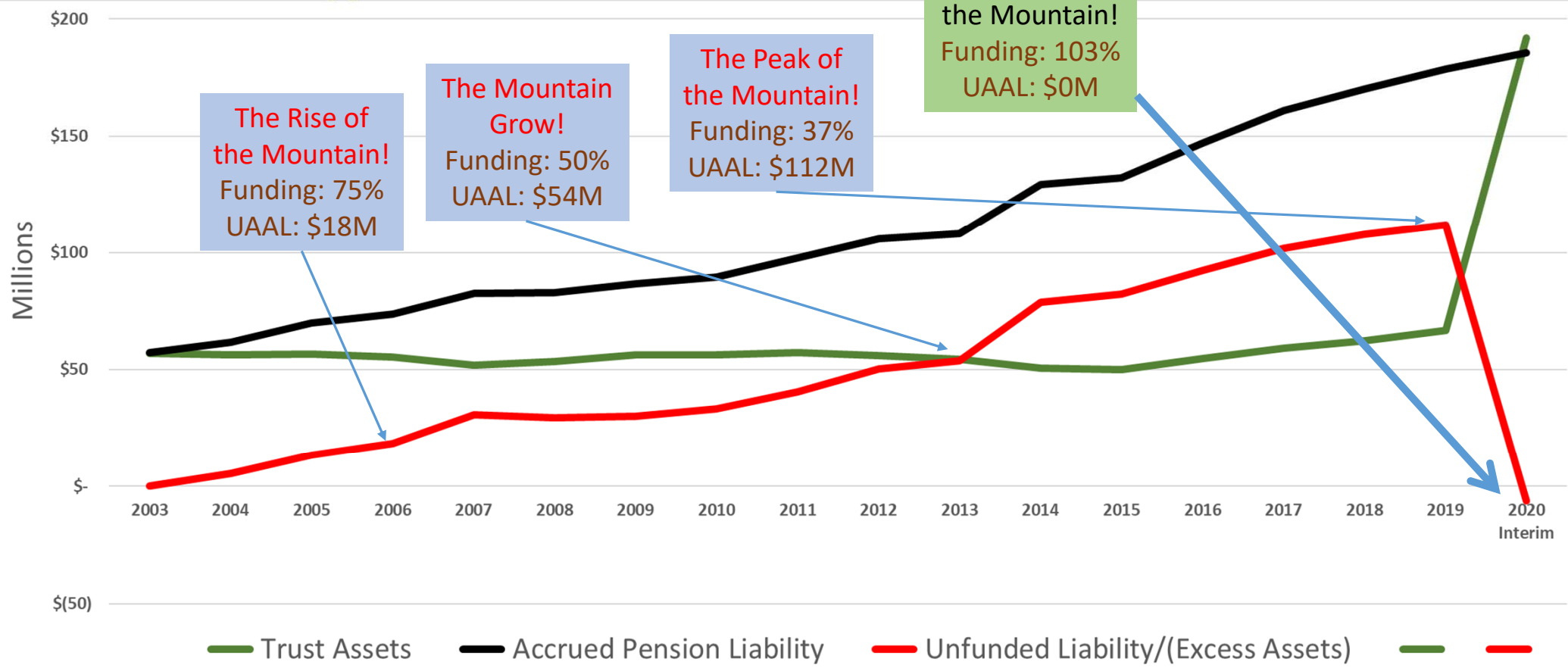
- Pension expense as a percentage of General Fund operations expense is now 7% versus 18%
- Flagstaff success shared in presentations to:
 - Government Finance Officers Association (2X)
 - Public Safety Personnel Retirement System Board of Directors
 - Arizona League of Cities and Towns (available on YouTube)
- Other organizations issuing debt
Gila County, \$17M, Pinal County \$89M, Yuma County \$35M, City of Yuma \$159M, City of Tucson \$658M, Coconino Co \$18M



Results

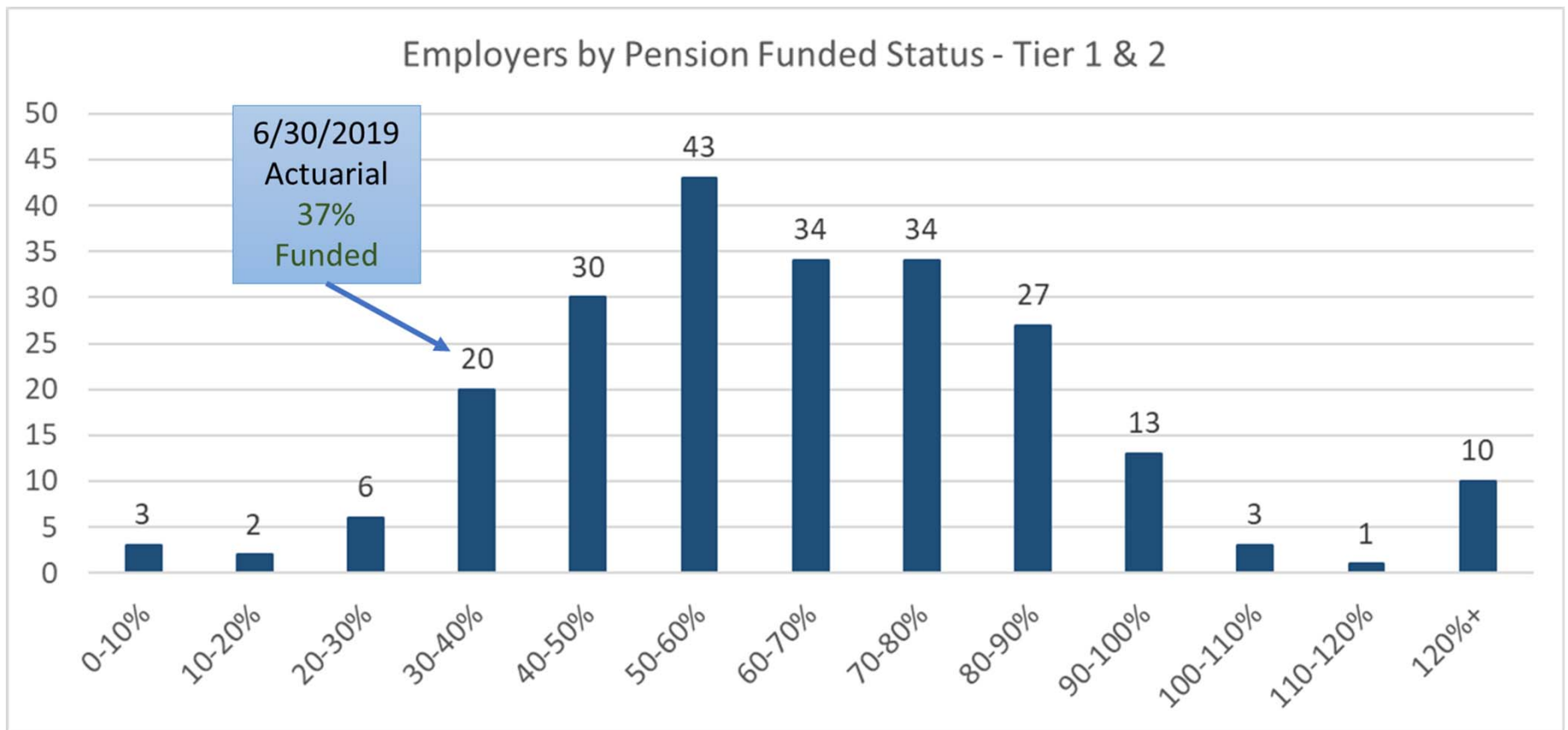


Descending the Mountain



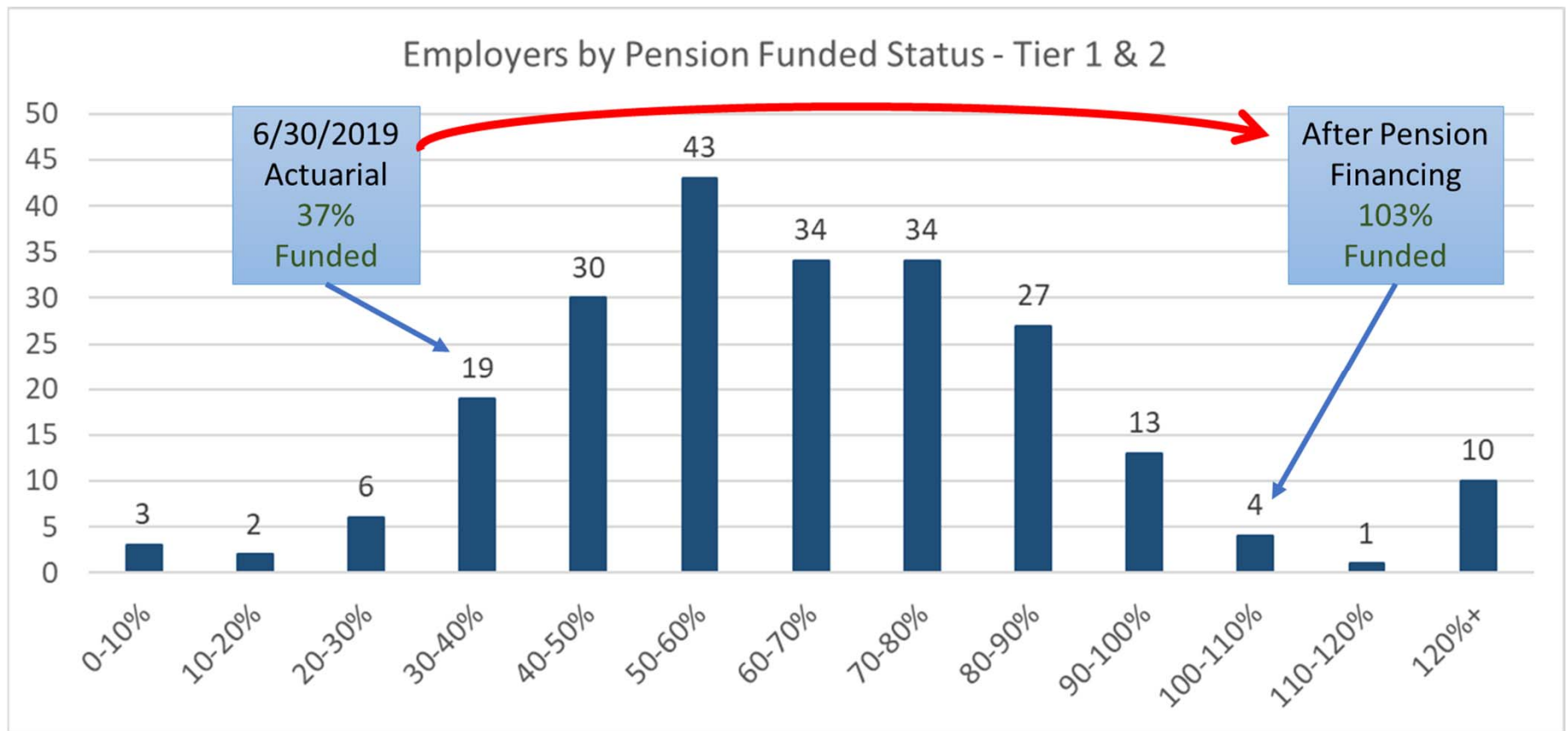


Results





Results





Contingency Reserve Policy



- Adopted by Ordinance 2020-15 on June 16, 2020
- Used to mitigate actuarial and market risks
- Provides guidance on:
 - Rules for investments
 - Rules for draws
 - Rules for Replenishment
 - First five years of savings for one-time budget or replenishment
 - Sizing the reserve funds
- Deposited \$14 million into the reserves



Annual Pension Policy Update

- Cities are required to adopt a PSPRS funding policy annually, per Arizona Revised Statute Title 38-863.01
- Interim report provided by PSPRS

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Flagstaff Police	\$ 91,527,398	\$ 88,817,272	\$ (2,710,126)	103.10%
Flagstaff Fire	\$ 100,259,324	\$ 96,788,614	\$ (3,470,710)	103.60%
City of Flagstaff Totals	\$ 191,786,722	\$ 185,605,886	\$ (6,180,836)	103.30%

- Change in Focus:
 - Paying down unfunded liability → Maintaining 100% funding



Annual Pension Policy Update



Staff Recommendations

- Continue to pay in July based on budget
- Continue to pay the City share of contribution for employees in the Deferred Retirement Option Plan (DROP)
- Annual contribution based on normal costs, required
- Continue the measures until plans are above 105%
 - Prior to 2003 the City took advantage of the overfunded credit
- Utilize the contingency reserve funds when plan falls below 100% funding

Employee Advisory Committee





EAC Budget Recommendations



- **Benefits**

- Maintain cost-sharing ratios (base plan level 90.5%/9.5% single, 63.7%/36.3% family)
 - Maintain focus on compensation funding – commitment in FY 2021-2022 and in the 5-year plans

- **Compensation**

- Commitment to compensation program that supports employees' ability to move through their pay range
- Commitment to the compression adjustment implementation
- Fund merit and step increases

Compensation and Benefits





One-Time to Ongoing Positions

- Moved all remaining ongoing positions funded one-time in previous years to ongoing
 - Regional Training Coordinator (1.0 FTE)
 - Police Aide (3.0 FTE)
 - Real Estate Specialist (1.0 FTE)
 - FHA Administrative Specialist (1.0 FTE)
- Water Resource and Infrastructure Protection
 - Wildland Crew Member (4.0 FTE)
 - Wildland Crew Member Senior (1.0 FTE)
 - Wildland Squad Boss (1.0 FTE)



Staffing Increases



- General Fund
 - Administrative Specialist (1.0 FTE) – City Clerk
 - Community Engagement Specialist (1.0 FTE) – Public Affairs
 - IT Administrator (1.0 FTE) – IT Records/Dispatch
 - IT Analyst (1.0 FTE) – IT Records/Dispatch
 - Buyer (1.0 FTE) – Purchasing
 - Firefighter (6.0 FTE) – 24/7 Rescue Unit (SAFER Grant)
 - Firefighter (3.0 FTE) – Alternate Response Unit
 - Transportation Technician (.48 FTE) - Transportation
- Library
 - Library Clerk Temporary (.48 FTE) – East Flagstaff Community Library



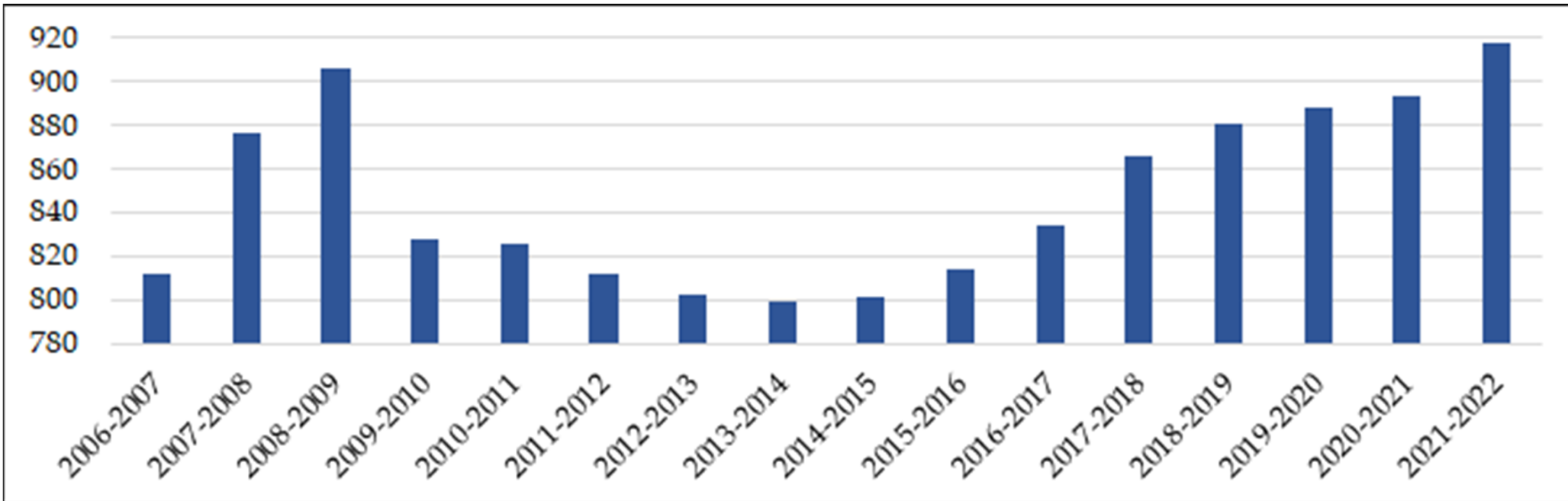
Staffing Increases



- HURF
 - Equipment Operator (2.0 FTE)
 - Traffic Signal Technician (1.0 FTE)
- Solid Waste
 - Program Assistant (.50 FTE)
- Sustainability
 - Climate Engagement Coordinator (.51 FTE)



Staffing History (Full-time Equivalents)

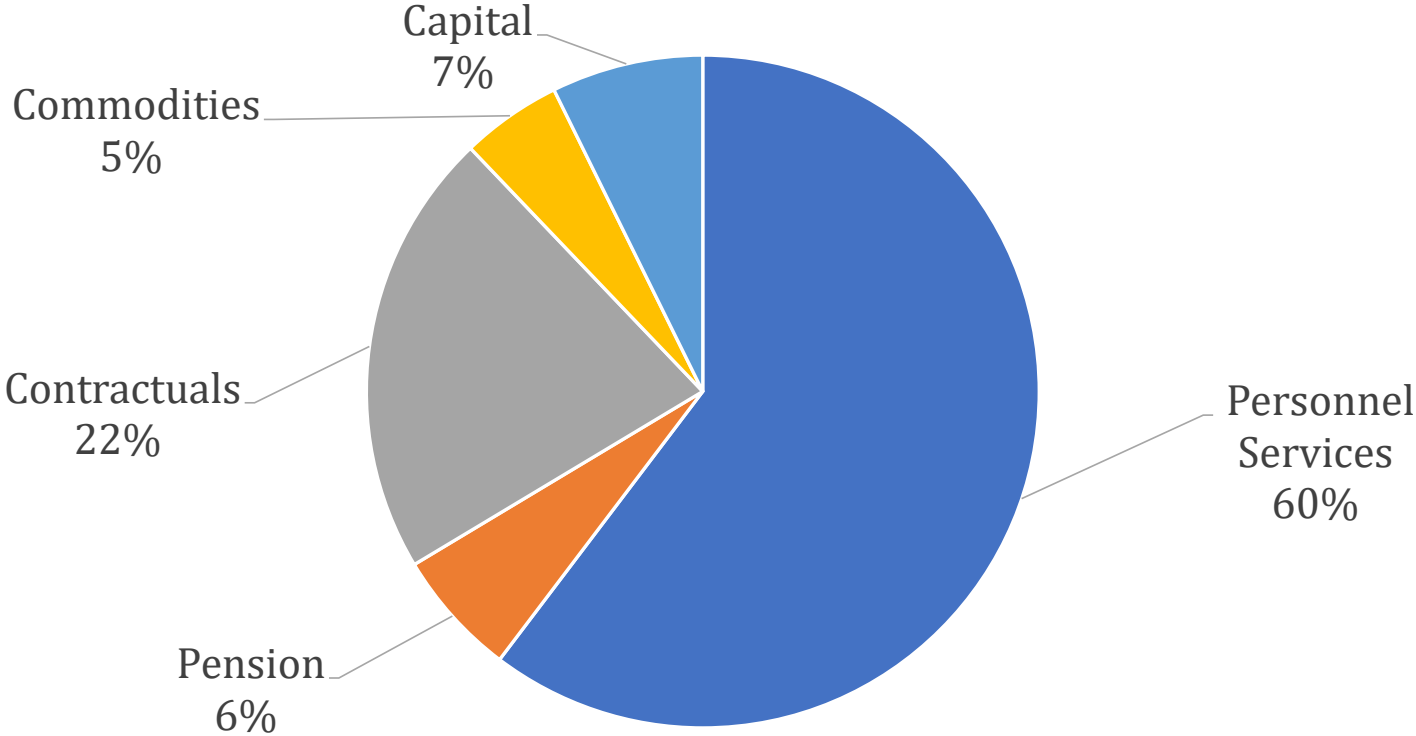




FY 2021-2022 Proposed Budget By Category



General Fund Expenditure Budget





Retention Trends – Turnover Comparison



Calendar 2019

- 108 Total separations
- 25 Retirements
- 74 Voluntary
- 12.16% Total turnover
- 18.0% State and local rate*

Calendar 2020

- 124 Total separations
- 23 Retirements
- 84 Voluntary
- 17.44% Total turnover
- 19.1% State and local rate*
- Additional 211 temporary /contract separations

*Bureau of Labor Statistics

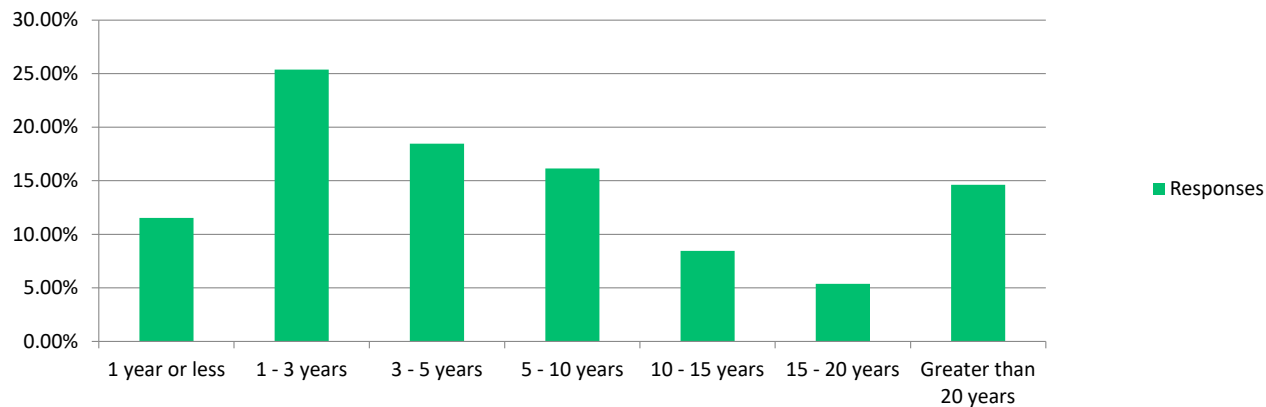


Retention Trends – Exit Interview Summary



- Length of employment
 - 1-3 years continues to be the highest turnover
 - 30% in CY 2018 and 26% in CY 2019 and 25% in 2020

I have been employed with the City for.....

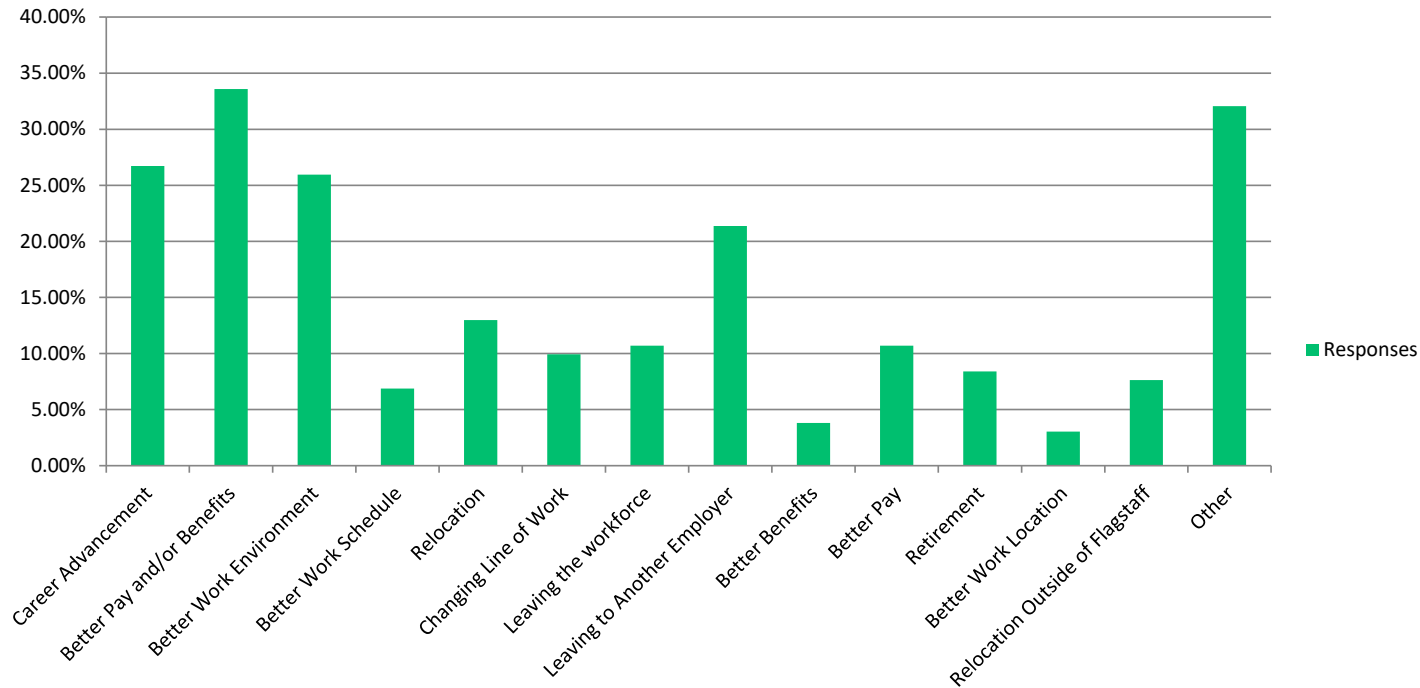


131 Responses in 2020



Retention Trends – Exit Interview Summary

- Primary reason(s) for leaving the City of Flagstaff workforce:
 - Better pay or benefits – 34% in 2020/45% in 2019



131 Responses in 2020



Retention Trends – Exit Interview Summary



- Health insurance satisfaction trend

- Rating of average:

- 2018 49%
- 2019 39%
- 2020 45%

- Rating of poor:

- 2018 15%
- 2019 31%
- 2020 17%

- 2020 Ratings of Excellent

- Health Insurance 31%
- Dental Insurance 39%
- Vision Insurance 32%
- Life Insurance 24%
- Wellness Program 40%
- Employee Assistance 24%
- VERA Clinic 46%

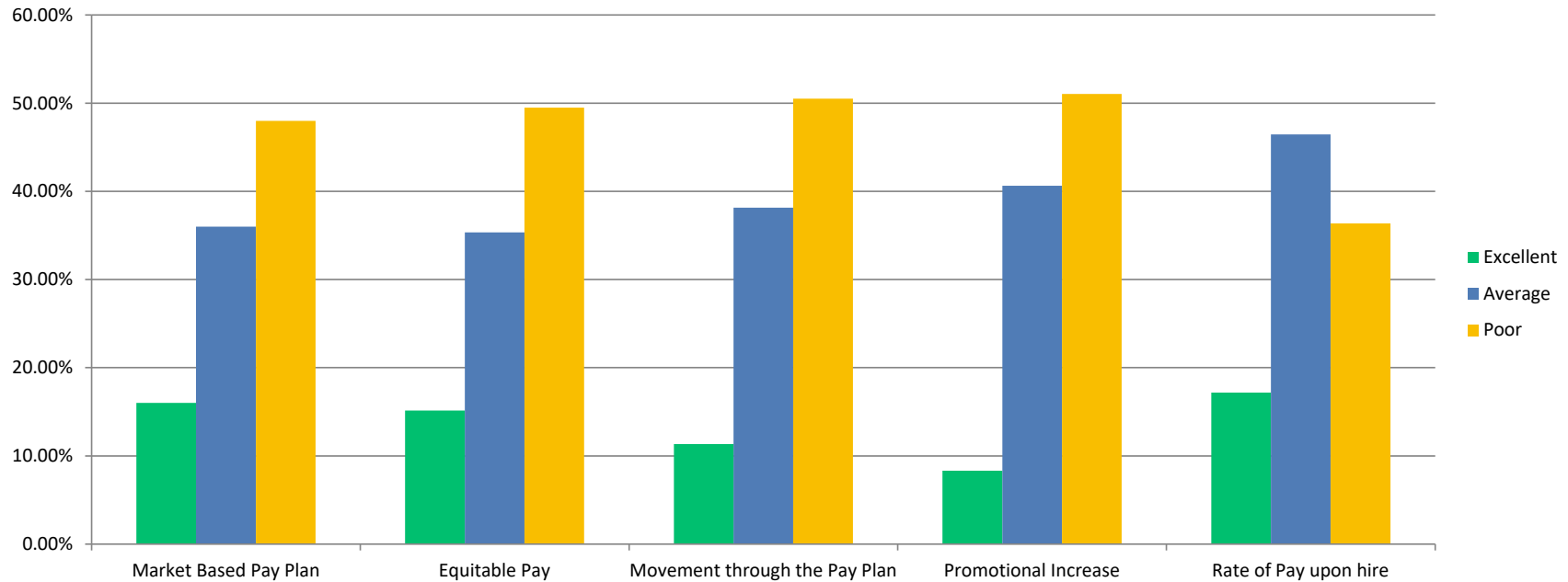
121 responses in 2020



Retention Trends – Exit Interview Summary

2020 Satisfaction with compensation

Employee Compensation



100 Responses



Attraction Trends



- Recruitment

- 2018: 216 Hires 65 internal (30.1%)/151 external
- 2019: 189 Hires 56 internal (29.6%)/133 external
- 2020: 155 Hires 25 internal (16%)/130 external

- Offer Declines:
 - 2018 = 18 (8%) Other Offer 38.8%
 - 2019 = 32 (17%) Other Offer 31.3%
 - 2020 = 17 (11%) Other Offer 3.5%



Benefit Recommendations

- Health insurance premium increase – City maintains current premium sharing at the Base Plan level
 - 3.5% increase for the Buy-Up Plan
 - 3% increase for the Base Plan – cost share 90.5%/9.5% Employee Only, 63.7%/36.3% Family
 - 2.5% increase for the High Deductible Health Plan
 - Employee increases between \$0 and \$7.48/month
- City absorbed 5% dental increase for Employee Only
- Three (3) PTO days to be provided for final phase-out year
- Citywide tuition assistance program - \$35,000 budgeted
- Continued funding for Employer Assisted Housing Program



Compensation Recommendations

Compensation Study

- Collaboration between Divisions and Human Resources has been amazing to develop revised position classifications for current broad band and skill-based pay positions
- The expectation of transparency with impacted employees has been at the forefront of this work
- Proposed Regular Pay Plan **DRAFT** range assignments have been made for all non-public safety positions
- **DRAFT** Step Plans have been developed for Fire and Police public safety positions
- Updated estimates for compression adjustments are being calculated
- Next steps include validating the next file from Evergreen Consulting and reviewing the data with the respective Divisions



Compensation Recommendations



What is included in the compression and market adjustment budget?

- Implementation of the new Regular Pay Plan and Step Plan structures
- Implementation of market-based salary survey recommendations to the pay ranges
- Compression adjustments for employees utilizing tenure- Tier 3 (Regular Pay Plan) and class date parity (Public Safety Step Plans) strategies to advance employees into the new market-based pay plans and ranges



Compensation Budget

- Effective July 1, 2021 (Processed July 11 pay period)
 - Merit – employees eligible for merit increase on their anniversary based on performance evaluation results
 - Regular Pay Plan = 3%
 - Public Safety Step Plans = Step Increase (variable)
 - General Fund: \$1,200,000
 - Special Revenue Funds: \$205,000
 - Enterprise Funds: \$370,000
- Effective July 11, 2021
 - Compression and Market Adjustment
 - General Fund: Pending
 - Special Revenue Funds: Pending
 - Enterprise Funds: Pending

New Budget Appropriations





Total Budget Requests

Total General Fund Budget Requests	One-time	Ongoing
Personnel	\$ 921,581	\$ 2,518,174
Other Budget Requests	9,295,438	4,388,350
Total Requests	\$ 10,217,019	\$ 6,906,524

Total All Other Funds Budget Requests	One-time	Ongoing
Personnel	\$ 75,775	\$ 685,677
Other Budget Requests	4,799,400	3,210,497
Total Requests	\$ 4,875,175	\$ 3,896,174

Total All Funds	\$ 15,092,194	\$ 10,802,698
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Summary – General Fund

Summary – General Fund*	One-time	Ongoing
Available FY 2021-2022	\$ 8,966,000	\$ 2,000,000
Revised revenue projections	2,012,000	940,000
Total Available FY 2021-2022	10,978,000	2,940,000
Approved Budget Requests and Fixed Costs		
Personnel Fixed Costs	0	2,393,777
New Personnel (Net) - Including prior year one-time	193,902	553,774
All Other Approved Budget Requests (Net)	9,457,099	0
Set aside FY 2022-2023 State Minimum Wage Assessment	1,300,000	0
Total Available	\$ 26,999	\$ (7,551)

*Excludes American Rescue Plan Act Funding



Personnel – General Fund



Summary of Personnel Costs – General Fund	Ongoing
Employee Compensation (Merit)	\$ 1,200,000
Compensation Study Implementation	895,000
Pension	40,000
Health Insurance	182,000
Minimum Wage	45,000
Reclasses	31,777
Total Personnel Fixed Costs	\$ 2,393,777



Approved Requests – All Funds



By Priority Based Budget (PBB) Quartiles:

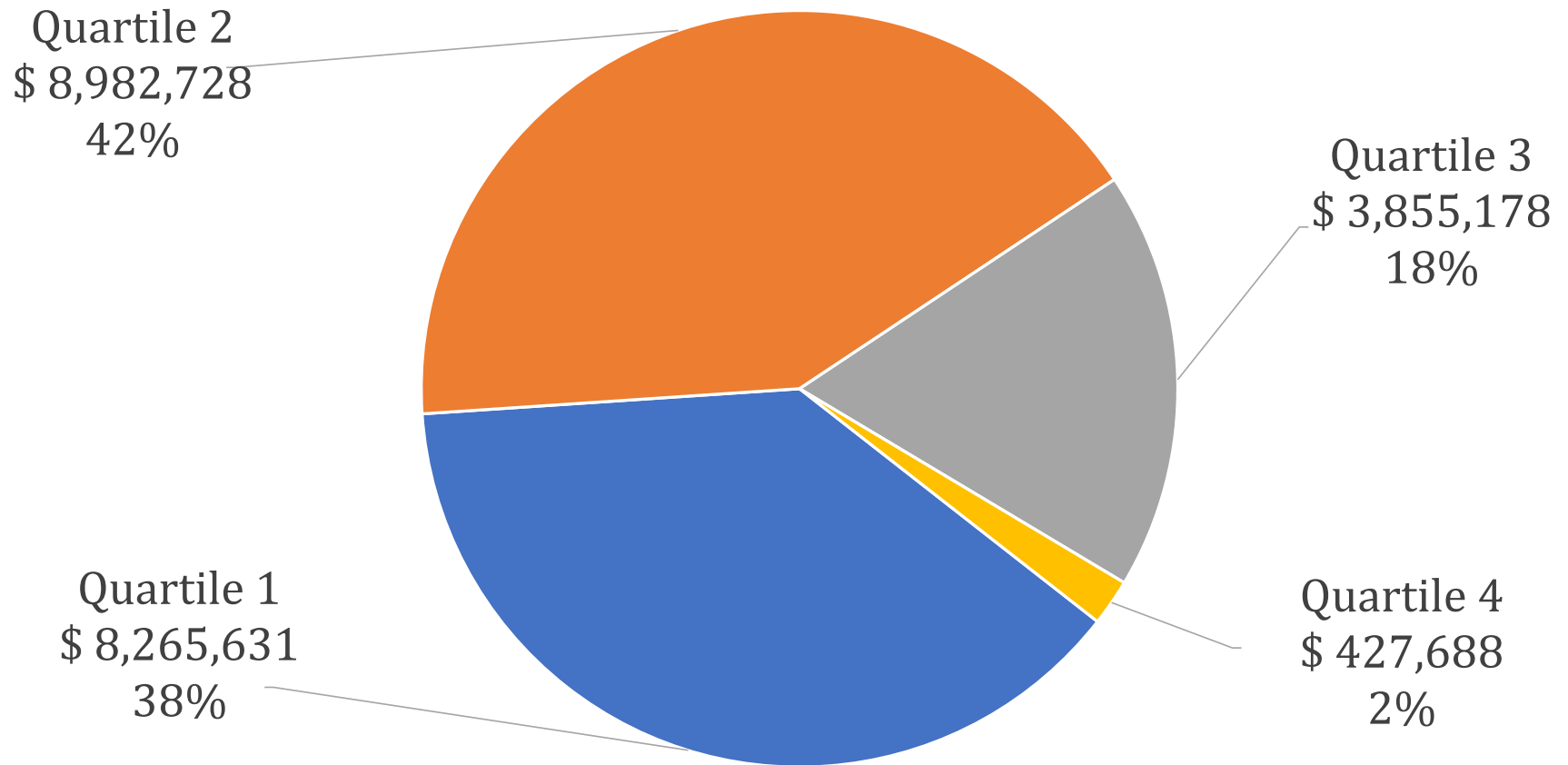
	One-time	Ongoing
PBB Quartile 1	\$ 6,990,495	\$ 1,275,136
PBB Quartile 2	7,306,474	1,676,254
PBB Quartile 3	3,301,413	553,765
PBB Quartile 4	360,600	67,088
Total Approved Requests	\$ 17,958,982	\$ 3,572,243

*Excludes American Rescue Plan Act Funding



Approved Requests by Quartile - \$21,531,225

*Excludes American Rescue Plan Act Funding



Division Updates





Division Updates



- Summary of approved budget requests and new personnel
- Highlights of a few approved requests
- Key Community Priorities



Key Community Priorities



City Manager

Total Approved Budget Requests
and New Personnel:
\$838,527
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Climate Action	2	\$ 40,135	\$ 361,000
Communications	2	67,088	11,500
Council Support and Preparation for Public Meetings	3	53,097	10,000
Intergovernmental Affairs	2	0	50,030
Rethink Waste	2	0	33,000



Key Community Priorities



High Performing Governance

- Launched the City's first online and on-demand course for residents, Home Energy Efficiency 101, which teaches about home energy efficiency measures they can take in their home, resulting in lower energy use
- City Clerk Administrative Specialist position to provide support to the City Clerk's Office and improve workflow and operations
- Successfully completed the second year of Priority Based Budgeting (PBB) implementation, establishing an official baseline for years to come, and our first public-facing online PBB portal

Safe & Healthy Community

- Expanded available space at community gardens for residents that may not have access to garden space in their backyard, following an uptick in demand at the start of the COVID-19 pandemic



Key Community Priorities



Inclusive & Engaged Community

- Added thirteen sections to the Adopt An Avenue Program in underserved neighborhoods, providing an opportunity for engagement and inclusivity with the community
- Engaged community members to participate in the peer review scoring process in this year's Priority Based Budgeting effort.
- Trained sixty residents to speak to their neighbors and networks about climate change and climate action through the Climate Ambassador program.
- Community Engagement Specialist position that will improve engagement and outreach to our community through social media and the website
- Establishment of an Indigenous Commission to provide feedback to Council on issues relevant to Flagstaff's Indigenous Community



Key Community Priorities



Sustainable, Innovative Infrastructure

- Installed four electric vehicle charging stations through the APS Take Charge grant at City Hall to serve the employee fleet, personal employee vehicles, downtown visitors and community members and received further APS grant funds for fourteen more charging stations at the Aquaplex, Flagstaff Airport and the Downtown Library
- Partnered with APS to install a solar carport at NACET which will generate 125 kilowatts of AC power (kWac), in addition, APS will provide the City with monthly bill credits for the next twenty years for participating in the program, saving the City nearly \$5,000 annually

Robust Resilient Economy

- Launched the first Northern Arizona Solar Co-op which helps consumers join to bulk purchase solar panel installations in conjunction with the City of Sedona and Coconino County with a local vendor chosen by the cooperative, which represents more than 200 members



Key Community Priorities



Livable Community

- Secured \$22,000 in grant funds to launch the Resilient Neighborhoods Network and provide HEPA Air Purification Distribution Program which provides systems to community members, to increase their capacity to deal with unhealthy air

Environmental Stewardship

- Established community composting sites at community gardens, which will allow Flagstaff residents to compost their food scraps for free through a drop-off program at the gardens.
- Continued a partnership with NAU to divert City organic waste through NAU's composting operation and have diverted 159.24 tons of green waste from City parks, residents and businesses

City Manager



Council Discussion

Human Resources

Total Approved Budget Requests
and New Personnel:

\$110,099

(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
HR Technology Systems Management (HRIS)	3	\$ 0	\$ 51,316
Employee Development and Training	2	0	50,483



Key Community Priorities



High Performing Governance

- High quality customer service
- Increase efficiency and effectiveness
- Providing employees with the necessary tools, training and support
- Accessibility
- Innovative local government programs
- Employer of Choice

Human Resources



Council Discussion

Information Technology

Total Approved Budget Requests
and New Personnel:
\$3,089,594
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Network Management	1	\$ 0	\$ 1,446,479
Desktop Management and Support	2	0	925,902
Enterprise Application Management	1	0	375,000
IT Security Management	2	0	150,000
Audio/Visual Services	1	0	98,000



Key Community Priorities



High Performing Governance

- Transitioning Flagstaff Police to centralized IT support
- Overhaul of our aging network infrastructure
- Emphasis on fiber buildout
- Overhaul of conference room technology to further support remote meetings

Information Technology

Council Discussion



City Attorney

Total Approved Budget Requests
and New Personnel:
\$13,962
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Misdemeanor Prosecutions	3	\$ 0	\$ 9,500
Records and Data Management	3	0	1,000



Key Community Priorities



High Performing Governance

- Draft, negotiate, and/or review all City contracts, deeds, easements, leases, etc., for approval
- Assist with public records requests and records production
- Provide legal advice to City staff, City Council, and boards and commissions
- Assist divisions in drafting new ordinances and administrative policies, as well as revising and amending existing ordinances and policies
- Negotiate, mediate, and litigate in-house when able, and as required, any claims and litigation by or against the City (may be in conjunction with outside counsel)
- Represent City in Section 1983 claims/litigation in-house when able (may be in conjunction with outside counsel)



Key Community Priorities



Safe & Healthy Community

- Prosecute violations of city ordinances, state statutes, and civil traffic matters
- Collaborate with Veteran's Administration and mental health providers to conduct Veteran's Court and Mental Health Court
- Pre-Rule 11 Diversion - collaborate with jail, mental health providers, and public defender to reduce jail days and recidivism
- Actively participate in the Criminal Justice Coordinating Council (CJCC)
- Provide victims' rights notifications per state statutes and comply with Attorney General's Office of Victim Services for grant funding
- Provide public safety legal advice and ongoing legal training to officers on legal issues and developments in the law

City Attorney



Council Discussion

Municipal Court

Total Approved Budget Requests
and New Personnel:
\$439,286
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Court Support Services	2	\$ 0	\$ 147,200
Judicial Services	1	0	130,636
Court Appointed Counsel – Public Defender	1	0	117,890
Court Case Processing	1	0	43,560



Key Community Priorities



High Performing Governance

- Court Support Services
 - Funding for bailiff positions and increased facility costs
- Judicial Services
 - Funding for use of on-call magistrates to address case backlog due to Covid-19 pandemic
- Public Defender Contract
 - Legal representation for indigent clients
- Court Case Processing
 - The Criminal Justice Integration Project

Municipal Court

Council Discussion



Management Services

Total Approved Budget Requests
and New Personnel:

\$572,765

(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Payroll Processing and Reporting	2	\$ 0	\$ 327,500
Procurement	1	67,088	14,677
Cash Receipting	3	0	60,000
Business Licensing Policy and Compliance	3	0	40,000
Transaction Privilege Tax Monitoring	3	0	26,000



Key Community Priorities



High Performing Governance and Environmental Stewardship

- Currently implementing an automated time entry system
- All formal procurements are managed electronically
- Municipal Billing and Miscellaneous Accounts Receivable customers may receive electronic billing and pay online
- Meter reading system upgrade

High Performing Governance

- Extremely successful Grants Management Program
- Successful Pension Financing
- Budget and financial report awards for 26 consecutive years
- 10 consecutive year for the national procurement award

Management Services

Council Discussion



Fire Department

Total Approved Budget Requests
and New Personnel:
\$2,354,987
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Fire Suppression	1	\$ 574,009	\$ 855,717
Medical Response	1	232,798	180,000
Wildfire Management	1	305,264	15,000
Standard of Cover and Quality Assurance	2	93,435	0
Incident and Patient Care Report Management	3	0	50,000



Key Community Priorities

Safe & Healthy Community

- Regional Training Coordinator, peak call volume rescue unit six months of the year, equipment replacement, increased funding for EMS equipment, special operations certification training

High Performing Governance

- Increased overtime, added cancer initiative testing, acting pay, facility repair funding, increased fund for apparatus maintenance and repair, updated reporting and analytics software platform

Inclusive & Engaged Community

- Alternative response mobile unit, Lexipol training and policies software, recruit academy funding

Environmental Stewardship

- Approved new fee-based process to sustain the wildfire management section ongoing, funding for hazard tree removal

Fire Department



Council Discussion

Police Department

Total Approved Budget Requests
and New Personnel:
\$1,243,619
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Emergency and Non-Emergency Uniform Response	2	\$ 0	\$ 299,086
Police Records Management	3	0	268,000
911 Communications Regional Call Taking Dispatch	2	0	175,388
Police Aide Program	3	172,207	0
Police Training	3	0	152,100



Key Community Priorities



High Performing Governance

- Emergency and non-emergency uniform response
 - Increased overtime budget, replacement of ballistic helmets and vests
- Police records management
 - Replace aging equipment and network infrastructure
- Police Aide program

Sustainable, Innovative Infrastructure

- 911 communications regional call taking dispatch
 - Radio system maintenance

Inclusive & Engaged Community

- Police training
 - Lexipol training and policies and recruit training costs

Police Department



Council Discussion

Community Development

Total Approved Budget Requests
and New Personnel:

\$2,987,772

(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Public Housing: Residential Property Maintenance	2	\$ 730,000	\$ 0
Affordable Housing Unit Creation	2	0	620,000
Section 8 Recertifications*	2	594,000	0
Plan/Permit/Project Review	2	0	302,500
Community Development Block Grant Management	1	0	241,487
Zoning and Subdivision Code Management	1	0	176,350
Regional Plan Update and Management	1	0	93,500



Key Community Priorities



High Performing Governance

- Contract for third party plan review

Safe & Healthy Community

- Building plan review and inspections
- Code compliance and Dark Sky Specialist

Inclusive & Engaged Community

- Regional Plan update and Zoning Code amendments

Livable Community

- Housing Authority and housing programs

Community Development



Council Discussion

Public Works

Total Approved Budget Requests
and New Personnel:
\$2,226,596
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Capital Project Delivery - Parks	1	\$ 0	\$1,500,000
Park Grounds Maintenance	2	0	302,154
Fitness and Aquatic Center Operation/Maintenance	2	0	302,000
Commercial Recycle Collections	3	0	136,200
Residential Recycle Collections	2	0	136,200



Key Community Priorities



Environmental Stewardship

- Installed pollinator gardens in civic spaces as well as a recreation center and park grounds to educate the community regarding pollinator plants, the importance and life cycle

Sustainable, Innovative Infrastructure

- Support of the City's Climate Action and Adaptation Plan (CAAP).
- Landfill able to reduce long-term projected soil deficit with the benefit of extending the life of the landfill

Safe & Healthy Community

- Lead core services and outdoor recreation interest during a global pandemic by providing safe opportunities to recreate and provided resources for the enhancement of facilities in managing the pandemic spread

Public Works

Council Discussion



Economic Vitality

Total Approved Budget Requests
and New Personnel:
\$2,007,869
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Airfield Maintenance	2	\$ 0	\$ 360,000
Aircraft Hangars	4	0	285,000
Domestic Markets	3	0	270,000
Parking Infrastructure Management	2	0	246,510
Facility Equipment and Repair	3	0	110,000
Public Relations and Airport Promotions	4	0	50,000
Business Attraction	3	0	35,000



Key Community Priorities



Robust and Resilient Economy

- Economic Development Master Plan
- Airport second parking lot
- Sister Cities outreach
- Analytic platform for stats on hotel bookings

Sustainable, Innovative Infrastructure

- Airport drainage study
- Library window replacement
- Expansion and beautification of outdoor spaces – expanded use of right of way (EUROW)

Economic Vitality

Council Discussion



Water Services

Total Approved Budget Requests
and New Personnel:

\$1,510,293

(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Oversight and Facility	1	\$ 0	\$1,350,000
Computerized Remote Control and Monitoring	1	6,500	86,000
Stormwater Infrastructure Maintenance	1	0	25,000
Rio de Flag WRP - Operations and Maintenance	1	0	15,000
Potable Water Distribution System	1	10,000	0



Key Community Priorities



High Performing Governance

- Legal representation to protect water rights for the City of Flagstaff
- Separate servers and vulnerability management system to protect water system

Safe and Healthy Community

- Watershed investment and stormwater maintenance are added protections to community

Inclusive and Engaged Community

- Strong water conservation ethic; communications program efforts



Key Community Priorities



Sustainable, Innovative Infrastructure

- Infrastructure and water resource planning, technology investments, Regional Plan and CAAP
- Water quality sampling and compliance, distribution and collections, highly trained staff

Environmental Stewardship

- Wastewater treatment and compliance to the highest State standard; stormwater protections

Water Services



Council Discussion

Engineering and Capital Improvements

Total Approved Budget Requests
and New Personnel:

\$37,699

(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Traffic Systems Management	1	\$ 0	\$ 28,699
Engineering Plan/Permit Review	2	0	9,000



Key Community Priorities



High Performing Governance

- Well trained, team centered staff
- Adhere to budget/program
- Consistent objective communication
- Records retention

Inclusive and Engaged Community

- Authentic community outreach
- Inter-agency relationships
 - ADOT, NAU, MetroPlan, Mountain Line, Flagstaff Unified School District, Coconino County and BNSF Railway



Key Community Priorities



Safe and Healthy Community

- Electronic plan review and permitting
- 345 permits issued
- 11,965/5,183 inspections/tests performed
 - Very low amount of warranty work required
- Coordinate with Police Department for neighborhood traffic safety enforcement
- Fair and consistent administration of the Engineering Standards
 - Ensures well built, long lasting infrastructure

Robust Resilient Economy

- Work with consultants and contractors to improve our Engineering Standards



Key Community Priorities



Sustainable, Innovative Infrastructure

- 56 City signals and pedestrian actuated crossings
- 18 traffic studies and 15 work orders
- Working to identify Intelligent Traffic Systems grant opportunities
- Capital projects

Environmental Stewardship

- Multi-modal focus
- Rio de Flag flood control project
- Dark Skies street lighting



Key Community Priorities



Livable Community

- Water Shut-Off Policy
- Capital projects
 - Road repair and street safety
 - Replacement of aging infrastructure
- Transportation Commission
 - Bicycle Advisory Committee
 - Pedestrian Advisory

Engineering and Capital Improvements

Council Discussion



Non Departmental

Total Approved Budget Requests
and New Personnel:
\$1,750,407
(Plus Compensation, Merit and
Benefit Increases)





Highlights of Approved Budget Requests



Highlights of Approved Requests by Priority Based Budget Program	Quartile	Ongoing	One-Time
Office of Labor Standards	3	\$ 0	\$1,100,000
Service Partner Contracts – Non-Departmental	3	0	479,105
Community Relations	2	0	51,900
Budget Development and Monitoring	1	0	30,000
Communications	1	0	25,000

Non Departmental

Council Discussion



Capital Improvement Program



Capital Improvement Program

- Capital Improvement Program Summary
- Detailed Programs
 - General Government
 - Streets/Transportation
 - Bed, Board and Beverage (BBB)
 - Water Services
 - Solid Waste
 - Airport
- Unfunded Projects List





Capital Improvement Program



- Delivered in 5-year increments
- Projects may span multiple years
- Program Year 1 is appropriated/programmed
- Program Years 2-5 are projected/planned and can be adjusted by Council with the adoption of each annual budget
- Financial planning
- Plans are fluid and may require adjustments



Capital Improvement Program

Program:	FY 2020-21	FY 2021-22	FY 2023-26
	<u>Estimate</u>	<u>Budget</u>	<u>Projection</u>
General Government	\$19,074,448	\$ 30,886,591	\$21,256,308
Streets/Transportation	43,196,968	35,744,882	123,034,438
BBB	4,512,674	1,790,000	5,157,300
Water Services	45,788,173	34,492,750	53,130,000
Solid Waste	4,103,420	2,150,000	7,805,000
Airport	<u>5,850,000</u>	<u>9,275,000</u>	<u>46,325,000</u>
Total:	\$122,525,683	\$114,339,223	\$256,708,046



General Government





General Government



FY 2020-2021 Estimate

\$19,074,448

- John Wesley Powell Study
- Parking Property Acquisition
- Sweeper Bay Expansion
- Court Facility
- USGS Buildings

Total Plan: \$71,217,347

FY 2021-2022 Budget

\$30,886,591

- Fiber Projects
- New Park Development
- USGS Buildings

FY 2023-2026 Projected

\$21,256,308

- USGS Buildings
- FHA General Improvements



Streets/Transportation





Streets/Transportation



FY 2020-2021 Estimate

\$43,196,968

- Butler Avenue Widening
- Beulah Boulevard/University Drive
- Coconino Estates Phase 1
- West Flag Improvements

FY 2021-2022 Budget

\$35,744,882

- Coconino Estates Phase 1 and 2
- West Flag Improvements
- Butler Avenue Widening
- Lone Tree Overpass

FY 2023-2026 Projected

\$123,034,438

- Pavement Overlay
- Lone Tree Overpass
- Bike and Pedestrian Projects

Total Plan: \$201,976,288



BBB





BBB



FY 2020-2021 Estimate

\$4,512,674

- New Courthouse Art Piece
- Buffalo and Thorpe Park Restrooms
- Joel Montalvo Park Enhancements

FY 2021-2022 Budget

\$1,790,000

- Indigenous Representation
- Moon Landing Sculpture/Art

FY 2023-2026 Projected

\$5,157,300

- Indigenous Representation
- Artwork – Transportation Center
- Rio de Flag Artwork

Total Plan: \$11,459,974



Water Services



Water Services Capital Improvement Projects 2021

Overview Water Wastewater Reclaimed Water Stormwater Admin/Planning

View McAllister Well & Pumphouse Project, from start to finish, and other Capital Project story maps at:
flagstaff.az.gov/4183/Story-Maps

esri McAllister Well & Pumphouse Project October 2020 - February 2021

14 14

Contractors install piping and footer to complete the cleanwell and pumphouse.

Get up-to-speed on Capital Improvement Projects happening around Flagstaff with our interactive map at:

flagstaff.az.gov/4237/Capital-Improvement-Map



Drinking Water



FY 2020-2021 Estimate

\$18,971,530

- New Well and Pumphouse
 - McAllister Wellhouse
 - Fort Tuthill #2 Well Drilling
- Lake Mary Sedimentation Basins Design
- Switzer Canyon – Phase 4
- Woody Mountain Clarifier Rehab
- Aging Water Infrastructure Replacements
 - Fir, Industrial, Summit, Phoenix, Route 66, Coconino Estates - Phase 1

Total Plan: \$54,251,530

FY 2021-2022 Budget

\$7,655,000

- Well and Pumphouse – Fort Tuthill #2
- Coconino Estates Waterline
- Switzer Canyon - Phase 4

FY 2023-2026 Projected

\$27,625,000

- Coconino Estates Waterline
- Switzer Canyon - Phase 4 & 5
- JW Powell Oversizing
- Construct Lake Mary Sedimentation Basins



Wastewater



FY 2020-2021 Estimate

\$4,918,570

- Aging Sewer Infrastructure Replacements
- Wildcat Digesters – Design

FY 2021-2022 Budget

\$5,300,000

- Wildcat Digesters - Design
- Rio Clarifier Rebuild

FY 2023-2026 Projected

\$20,380,000

- Wildcat Digester - Construction
- Wildcat Solids Solar Drying and Dewatering Facility
- Headworks Bar Screens & Flumes Upgrades

Total Plan: \$30,598,570



Reclaimed Water



FY 2020-2021 Estimate

\$340,000

- 8" Bottleneck Line - Design
- Reclaim Water Meters and Vaults

FY 2021-2022 Budget

\$1,000,000

- 8" Bottleneck Line - Design

FY 2023-2026 Projected

\$1,025,000

- 8" Bottleneck Line - Construction

Total Plan: \$2,365,000



Stormwater



FY 2020-2021 Estimate

\$21,558,073

- Rio de Flag Project
- Steves Boulevard Wash at Soliere – Design

Total Plan: \$46,195,823

FY 2021-2022 Budget

\$20,537,750

- Rio de Flag Project
- Steves Boulevard Wash at Soliere
- Spruce Avenue Wash Dortha Inlet

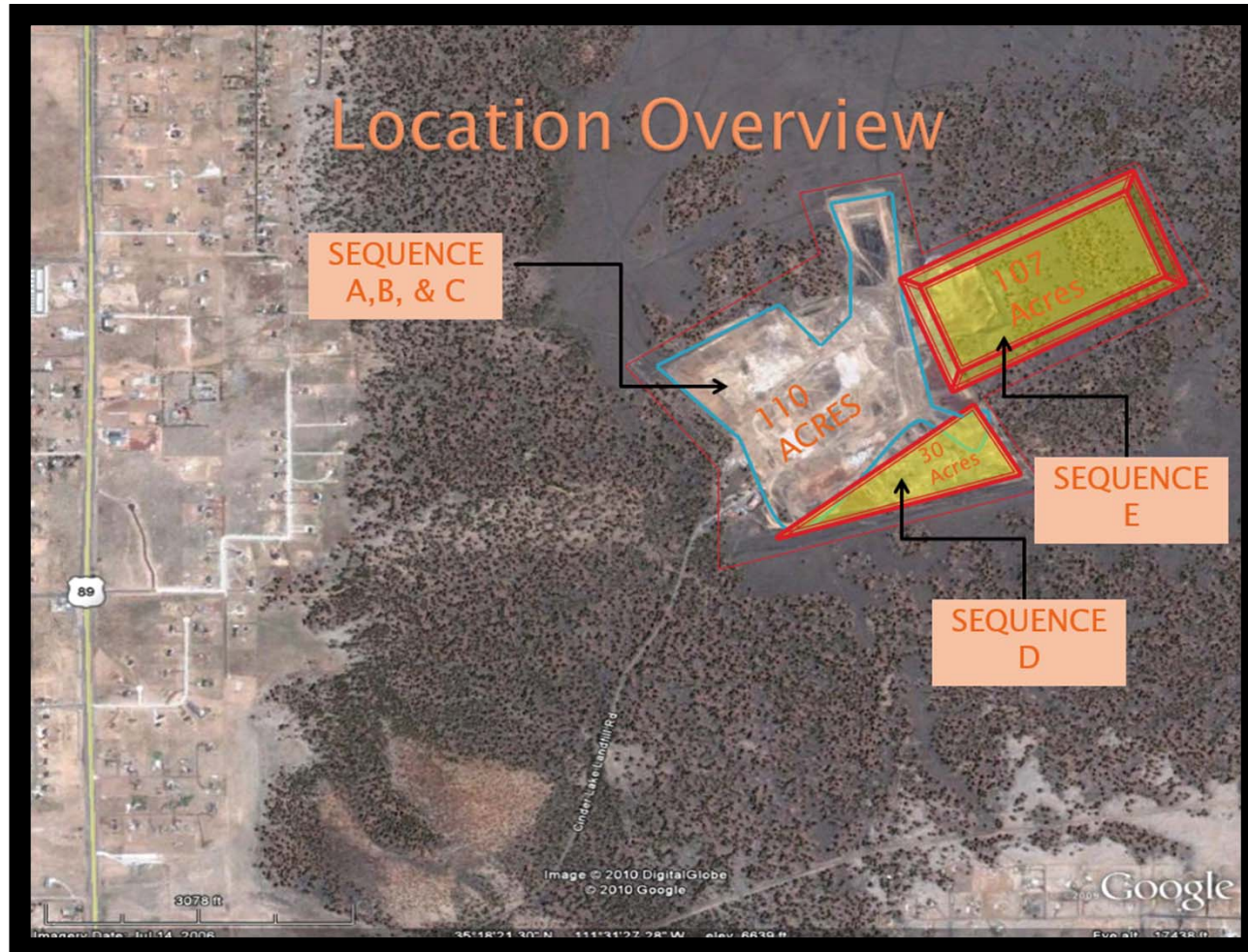
FY 2023-2026 Projected

\$4,100,000

- Rio de Flag Project and Side Drain Laterals
- Spruce Wash Resiliency – Fourth at Butler



Solid Waste





Solid Waste



FY 2020-2021 Estimate

\$4,103,420

- Excavation of Cell D
- Landfill Road Infrastructure Project

FY 2021-2022 Budget

\$2,150,000

- Excavation of Cell D

FY 2023-2026 Projected

\$7,805,000

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

Total Plan: \$14,058,420



Airport





Airport



FY 2020-2021 Estimate

\$5,850,000

- Drainage Improvements Design
- Parking Improvements
- Multi Use Building Design
- Taxiway Apron W Design

FY 2021-2022 Budget

\$9,275,000

- Environmental Assessment
- Parking Improvements
- Multi Use Building Construction

FY 2023-2026 Budget

\$46,325,000

- Perimeter Service Road Rehabilitation
- Rehab Runway 3-21
- Taxiway Rehabilitation/Relocation

Total Plan: \$61,450,000

Capital Improvement Program

Council Discussion



Federal Relief Funding





CARES



Coronavirus Aid, Relief, and Economic Security (CARES)

- Received \$18.1 million for the Flagstaff Airport
 - To fund Airport operating expenses, four years
- Received \$8.6 million for local cities as part of the CARES Act (Public Safety)
 - Funded Public Safety personnel costs for seven months
- Received additional \$1.47M for Flagstaff Airport
 - Directly related to combating the spread of pathogens



Federal Relief



FEMA Funding for Declared Emergency

- \$367,070 requested for city-wide COVID-19 expenses

Community Development Block Grants (CDBG)

- \$1,126,155 for shelter services, homeless services, etc.

Other

- \$122,765 for personal protective equipment for Police and Fire
- \$144,486 for overtime for Prosecution and Courts, and equipment for Police and Courts
- \$16,000 for Library WiFi expansion, security and supplies



American Rescue Plan Act (ARPA)



- Flagstaff's estimated allocation is \$15.2M
 - Support for revenue losses for ALL funds of the City
 - FY 2019-2020 and FY 2020-2021 = approximately \$10M+ citywide
 - Premium pay for essential workers
 - Assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality
 - To make necessary investments in water, sewer, or broadband infrastructure
- Still waiting on guidance...



American Rescue Plan Act (ARPA)



General Fund Revenue Loss – Through 6/30/2021

Loss Area	March to June FY 2019-2020	Projected FY 2020-2021	Estimated Revenue Loss
Sales Tax – Utilities/Telecom	\$ 800	\$ 50,350	\$ 51,150
Sales Tax – Amusements	14,000	85,650	99,650
Sales Tax – Personal Property Rental	46,500	102,900	149,400
Sales Tax – Restaurants/Bars	148,200	414,500	562,700
Sales Tax – Hotel/Motel/STR	230,500	330,900	561,400
Charges for Services	397,000	1,610,800	2,007,800
Other	tbd	991,900	991,900
Total General Fund	\$ 837,000	\$ 3,587,000	\$ 4,424,000

- Revenue loss based on comparison to Fiscal Year 2018-2019 revenues
- Additional revenue losses expected in Fiscal Year 2021-2022



American Rescue Plan Act (ARPA)



General Fund Revenue Loss – Through 6/30/2021

Budget Recommendation	Amount (1X)	Budget Notes
Court Parking Structure	\$ 2,096,000	Remaining funding for \$3.7M structure
Climate Emergency	500,000	Opportunities to address Climate Emergency
Housing Emergency	500,000	Opportunities to address Housing
Additional Fiber Project Match	250,000	For matching partnership and grant opportunities
Fleet Allocation/Electrify Vehicles	200,000	Replacement or advancement of electric vehicles
Leased Building Improvements	200,000	Provide maintenance to existing City leased buildings
Parks, Recreation and Open Space	200,000	Master Plan
Election Planning	150,000	Outreach, surveys, and consultation
Planning/Mitigation of old PW Site	100,000	Additional funding to address old Public Works site
IT Catastrophic Fund Increase	75,000	Additional IT emergency funding

Continued next page...



American Rescue Plan Act (ARPA)

General Fund Revenue Loss – Through 6/30/2021

Budget Recommendation	Amount (1X)	Budget Notes
Event Planner Fee Waivers	\$ 55,000	Support local events with reduced/eliminated fees
Electronic Document Management	50,000	Advancing electronic document management
Portable Restrooms/Signs	25,000	Restrooms for the summer and portable signs
Videography	7,500	Additional funding
Offsite Meetings	5,500	Cost to provide offsite meetings
HR Handbook Updates	5,000	Update the electronic version of the handbook
Inter-Divisional Staff Process	5,000	Re-chartering of the Development Review team
Total General Fund	\$ 4,424,000	



American Rescue Plan Act (ARPA)



Special Revenue Fund Revenue Loss – Through 6/30/2021

Loss Area	March to June FY 2019-20	Projected FY 2020-21	Estimated Revenue Loss	Budget Recommendation
Beautification	\$ 151,500	\$ 299,300	\$ 450,800	Add to fund balance
Economic Development	72,000	142,175	214,175	Business grants/incentives, Master Plan
Tourism	221,000	499,000	670,000	Winter clean up, clean team, reduce General Fund support
Arts and Science	56,800	112,275	169,075	Arts grants and fund balance
Recreation BBB	249,900	493,850	743,750	Add to westside park
Highway User Revenue	385,600	601,000	986,000	Equipment replacement
ParkFlag	455,400	953,000	1,408,400	Reserve
Total Special Revenue Funds	\$ 1,592,200	\$ 3,050,600	\$ 4,642,800	

- Revenue loss based on comparison to Fiscal Year 2018-2019 revenues
- Additional revenue losses expected in Fiscal Year 2021-2022



American Rescue Plan Act (ARPA)



- Enterprise Funds – Still analyzing potential revenue losses for Enterprise Funds
- Remaining balance placed in ARPA Grant Fund, \$6.2M
 - Additional revenue loss
 - Businesses and Non-Profit Support
 - Enhancement to public/private spaces for outdoor capacity
 - Broadband

Recreational Marijuana Sales and Excise Tax





Sales Tax



- Recreational Marijuana will be taxed as retail sales category (2.281%)
 - General sales tax goes to the General Fund - unrestricted
 - Transportation tax to each component - restricted
 - Projections are not included in proposed budget
 - First recreational sales began January 22
- City will receive additional State Shared Revenue
 - Included in State's estimates



State Shared Excise Tax (16%)

Highway User Revenue Fund

- The City will receive State Shared Excise Tax for Highway User Revenue Fund for street operations
- Municipal allocations on June 30th and December 31st
- 25.4% to Arizona Highway Users Revenue Fund
- Estimate \$100,000 for Fiscal Year 2021-2022
- Funding provided for an additional Equipment Operator
 - 70% street sweeping, 30% snow operations



State Shared Excise Tax (16%)

Public Safety

- The City will receive State Shared Excise Tax for Public Safety
- Municipal allocations on June 30th and December 31st
- 31.4% to municipal Police Departments, Fire Departments, Fire Districts, County Sheriff Departments based on enrollment in Public Safety Personnel Retirement System (PSPRS)
- Estimating \$275,000 for Fiscal Year 2021-2022
- Funding for Public Safety staffing of alternate response unit

Public Safety Alternative Response Model



Criminal Justice Coordinating Council (CJCC)



- Established in 2005 by City Council and Board of Supervisors
- Mission
 - Promote the safety of citizens
 - Efficient and just treatment for offenders
 - Protection and healing of victims
 - Work toward prevention of crime
 - Reduction of recidivism
- Purpose is to study juvenile and criminal justice and make improvements



CJCC Coordinator



- Coordinates meetings, creates agenda and takes minutes
- Maintains CJCC webpage on County website
- Prepares and maintains statement of goals and objectives
- Conducts research and prepares reports in response to goals and objectives
- Create and maintain a new member orientation packet
- Maintain membership roster
- Request to help support position with \$44,670 annual contribution



Safe Harbor Facility

Homeless and Jail Diversion Shelter, Clearwater, FL

- CJCC and Coconino County sponsored a group of individuals to visit in September 2019 and February 2020
- Opened January 2011 to keep homeless population out of criminal justice system and provide for safe environment
- Services
 - Common day time facilities
 - Separate housing units at night
 - 3 meals per day
 - Washer, dryer, showering facilities and lockers for valuables
 - Donations of clothing and toiletries accepted 24/7
 - Wi-Fi and television



Alternate Response Team

- Based on ideas shared at CJCC for a diversion program
- Purpose
 - Engage those in need with the most appropriate service
 - Keep individuals safe
 - Diversion from criminal justice system
- Community Benefits
 - Provides a better public safety response
 - Reduces number of pedestrian fatalities involving alcohol
 - Reduces number of exposure deaths
 - Provides appropriate housing and wrap around services
 - Supports both alcohol and behavioral health related calls

2020 Statistics: Calls for Services

- FPD 2,896 mental health related calls
- FPD 3,318 lowest priority alcohol related calls
- FPD spent 649 hours at hospital with 1,021 arrestees mostly due to intoxication
- FFD 2,531 public intoxicant (man down responses)
- FFD 419 behavioral health type responses





Alternative Response Model



- Mobile Unit with Emergency Medical Firefighter and Behavioral Health Professional to respond to calls for service
 - Public intoxication related calls for service
 - Non-emergency mental health related calls
 - Minor law violations with victim approval
- Care Center for First Responders to take individuals in need
 - Community drop offs and those who self-report are welcome
 - Center where individuals may serve eight hours of community service and complete substance abuse screening in lieu of misdemeanor charges
 - One location to provide and connect individuals to services
 - A safe place for clients to stay and hopefully engage in services to improve their quality of life



Alternate Response Services



- Reception area
- Intake screening
- Community service program and liaison
- Substance use and behavioral health treatment
- Embrace Native American culture, healing and ceremonies
- Food service
- Lounge and activity space
- Shower and washroom areas
- Connection to transportation
- Job training and assistance
- Coordination with community services
- Coordination with housing services



Alternative Response Process



- Implemented Crisis Response Network in November 2020
- Created a scope of work for a care center and mobile response unit
- Held a Community Town Hall to collect feedback
- Supported NACA Grant and provided \$20,000 contribution towards RARE Assessment
- Finalized a request for proposal
- Received four proposals in response to request
- Providing options to Council for consideration

Mobile Response Unit



- Three Fire Fighter/Emergency Medical Technicians*: \$232,798
- Behavioral health personnel and management of mobile response unit: \$563,000 - \$776,000 per year
- Purchase of vehicle: \$40,000 - \$65,000
- Specialized equipment*: \$40,000

*Funded in the Recommended City Manager's Budget

Care Center



- Behavioral health personnel and management of Alternate Care Center: \$300,000 - \$4,600,000 per year
- Alternate Care Center Facility of 26,000 to 60,000 square feet
 - Lease: \$248,000 - \$431,200
 - Purchase: \$12,000,000 - \$21,000,000

Funding Options

- Grants
- Tax Revenue
- General Obligation Bond
- Legislative allocations such as HB2141 for alternate prosecution and diversion programs
- Explore potential funding through Indian Health Services
- Billable services offset
- Parking Lot discussion



2022 Potential Bond Ballot Measures



Agenda

- Process
- General Obligation Bonds
- Potential Bond Projects
- List of Projects
- Council Direction



Process





Process



- April 2021: Direction from City Council about ballot measures
- May 2021-February 2022: Refining ballot measures, commission/committee input and gather public opinion
- March 2022: Recommendations to City Council
- June 2022: General Election and ballot measures called
- August 2022: Publicity pamphlet completed
- September-October 2022: Education by consultant and City staff
- November 2022: General Election

General Obligation Bonds





General Obligation Bonds



What are General Obligation Bonds

- General Obligation Bonds (GO Bonds) are a debt financing option for Cities
- For the City to Issue GO Bonds, we must receive voter approval
- The City may levy a secondary property tax for payment



General Obligation Bonds



Secondary Property Tax

- Can only be used to pay off General Obligation Debt
- Assessed valuations can only increase by 5% annually
- Can only assess the amount to pay debt service estimates with allowances for delinquencies



General Obligation Bonds

Bonding for Capital Costs versus Operational Costs

- Buildings, equipment, land, and like capital assets are the best use for bond financing
 - These are one-time investments/expenditures
- Staffing, field maintenance and building maintenance are allowed, but not recommended
 - Bonds are not ongoing sources for maintaining our assets
 - Once bond moneys are spent, another source will need to pick up the costs of maintaining the assets
 - Has impact to tax exempt status, higher rates



General Obligation Bonds

ELECTION DATE	GENERAL OBLIGATION BOND QUESTION	AMOUNT	PASS/FAIL
11/5/1996	Improving Various Parks and Recreation Services	\$8,200,000	PASS
5/18/2004	Fire Fighting Facilities and Acquisition of Emergency Response Vehicles and Equipment	\$16,800,000	PASS
5/18/2004	Neighborhood Open Space and FUTS Land Acquisition	\$7,600,000	PASS
5/18/2004	Regional Open Space – Observatory Mesa Land Acquisition	\$5,500,000	PASS
5/18/2004	McMillan Mesa Open Space Land Acquisition	\$10,100,000	FAIL
5/18/2004	Multi-Generational Recreation Center: Expansion or New Construction	\$6,100,000	PASS
5/18/2004	Municipal Swimming/Aquatic Center Construction	\$8,600,000	PASS
5/18/2004	Lake Mary Regional Park and Other Parks Land Acquisitions	\$2,800,000	PASS
5/18/2004	Continental Park Recreational Field Development	\$3,100,000	FAIL
5/18/2004	Snow Play Area Development	\$4,100,000	FAIL



General Obligation Bonds

ELECTION DATE	GENERAL OBLIGATION BOND QUESTION	AMOUNT	PASS/FAIL
5/18/2004	Wastewater Improvements (*)	\$23,100,000	PASS
5/18/2004	Water Wells (*)	\$8,500,000	PASS
5/18/2004	Water Rights Acquisition/Water Development (*)	\$15,000,000	PASS
11/2/2010	Municipal Court House	\$23,000,000	FAIL
11/2/2010	Municipal Services Maintenance Center	\$42,000,000	FAIL
11/2/2010	Public Safety/City Operations Communications Systems	\$4,720,000	PASS
11/2/2010	Street and Utilities Improvements	\$16,500,000	PASS
11/6/2012	Forest Health and Water Supply Protection Project	\$10,000,000	PASS
11/6/2012	Core Services Maintenance Facility	\$14,000,000	PASS
11/8/2016	Municipal Court House	\$12,000,000	PASS
11/6/2018	Housing Affordability	\$25,000,000	FAIL

(*) These items were approved as GO backed authorization; however, the payment source expected from water and wastewater rates.



General Obligation Bonds

Legal Limits – State Statute/Assessed Valuations

- 20% Limitation: Water, sewer, artificial lighting, parks, open space, recreational facilities, public safety, law enforcement, fire and emergency services and street and transportation facilities
 - Bond capacity in this limitation = \$178M
- 6% Limitation: (i.e. Housing, Climate Action)
 - Everything else
 - Currently no issuance under this limitation
 - Bond capacity in this limitation = \$67M



General Obligation Bonds



Policy Limits – City Imposed

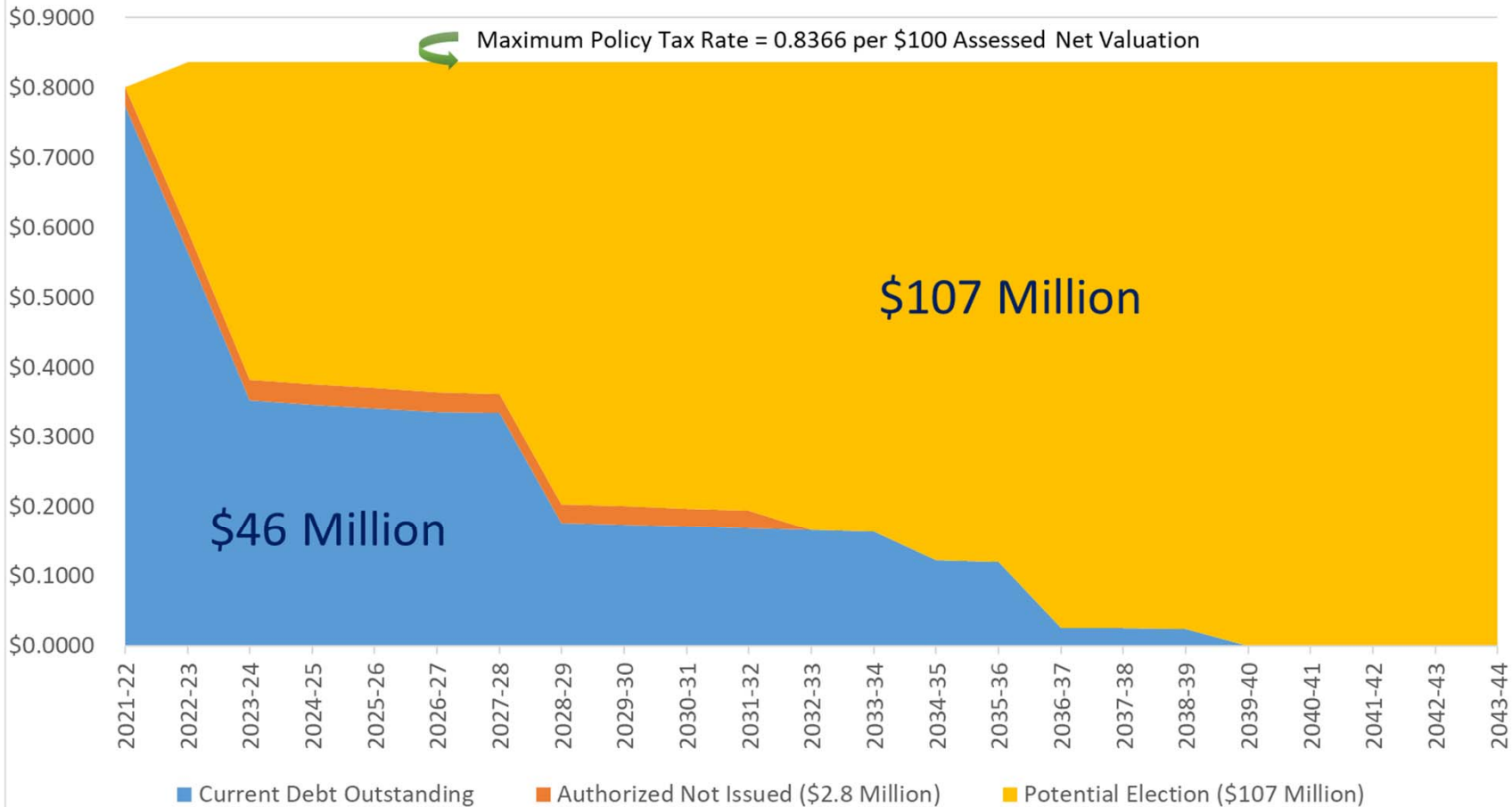
- Current policy tax rate not to exceed 0.8366 per \$100 of Net Assessed Valuation (NAV)
 - This is based on promises made during past elections
 - The City allowed to go above this rate for purpose of paying debt
- Based on current projection of NAV
 - Estimated total capacity \$107M under current rate policy
 - Remaining capacity through FY 2044-2045
- Current tax rate is 0.8000 per \$100 of NAV
 - Estimated total capacity \$98M through FY 2044-2045



General Obligation Bonds



Secondary Property Tax Rate Capacity



Potential Bond Projects





Housing



Housing Commission Bond Recommendations (2020)

- Emergency Housing (EH)
- Rental Housing (RH)
- Homeownership (OWN)





2020 Housing Commission Recommendations



Projects	Rec. #1	Rec. #2	Rec. #3
EH1: Eviction Prevention & Rapid Rehousing	\$ 10,000,000	\$ 9,000,000	\$ 6,000,000
RH1: Redevelopment of housing owned by City	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
RH2: Create and incentivize development partnerships for the creation of attainable rental housing.	\$ 3,000,000	\$ 2,000,000	\$ 1,000,000
RH3: Acquisition of property in partnership with non-profits and private developers for adaptive reuse	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000
OWN1: Purchase Assistance program	\$ 7,000,000	\$ 6,000,000	\$ 5,000,000
OWN2: Acquisition of land/units for attainable homeownership	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000
TOTALS	\$ 30,000,000	\$ 25,000,000	\$ 20,000,000



2021 Happenings



- **February 9** – Council direction to seek Housing Commission review of 2020 recommendations
- **March 25** – Housing Commission initial discussion

Path for Commission Recommendations:

- Utilize data identified as part of the 10-year Housing Plan public process
- Full Commission discussion (informal working group possible option)



Climate Action



To achieve the commitments set forth in the Carbon Neutrality Plan staff identified eight key project areas that support mitigation, adaptation and equity:

1. Mobility
2. Building Energy
3. Carbon Dioxide Removal
4. Public Health
5. Forest and Watershed Protection
6. Renewable Energy and Storage
7. Food Systems
8. Land Use

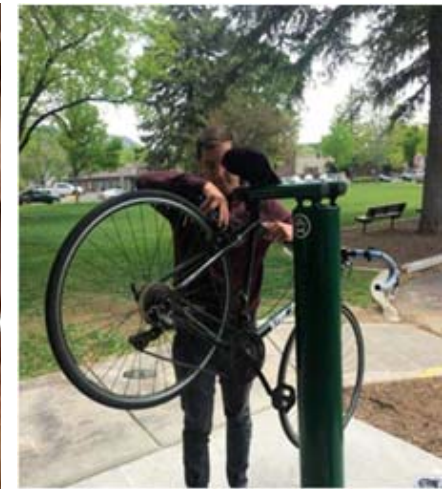




Climate Action



- **Mobility \$33,150,000**
 - Rapid Acceleration of the Active Transportation Management Plan Infrastructure
 - Electric Vehicle and Mobility Infrastructure
- **Building Energy \$15,000,000**
 - Residential Energy Retrofit Program
 - Energy Efficiency and Electrification Rebate Program
 - Multi-family Energy Retrofit Program
- **Carbon Dioxide Removal \$20,000,000**
 - Regional Carbon Sequestration/BioChar Project





Climate Action



- Public Health \$2,100,000
 - Woodstove Rebate Program
 - Clean Air Hubs
 - HEPA Air Filter Program
 - Engage, Empower, Elevate Program
- Forest & Watershed Protection \$8,500,000
 - Phase III Mormon Mountain and Upper Lake Mary Watershed Treatment
 - Forest Health Implementation Research
- Renewable Energy and Energy Storage \$13,500,000
 - Renewable and Battery Storage Back-up Power (micro-grid) for Emergency Response Facilities
 - Residential Solar and Battery Storage Back-up Loan Program
 - Battery Storage and Peak Demand Reduction Program





Climate Action



- Food Systems \$3,250,000
 - Regional Food Production and Distribution Hub
 - Regional Processing Facility
- Land Use \$3,000,000
 - Accessory Dwelling Units (ADUs) Infill Accelerator Program

Total = \$100,500,000

The projects listed above are shovel ready within the next three years.





Public Safety



Safety Equipment



Radio Replacement - \$2.5M

- Replacement and upgrades to the repeater towers on Mount Elden
- Replacement of all handheld and mobile radio units in Police, Fire and Public Works due to current equipment being obsolete and not repairable

Extractors, new SCBA Compressors - \$250K

- Replace 20-year-old extractors and compressors to support cancer initiatives and new grant funded self-contained breathing apparatus (SCBA)

Special Operations Equipment - \$250K

- Replace 20-year-old grant funded equipment

Opticom Traffic Controllers - \$950K

Total Estimated Cost - \$3.95M



Public Safety

Apparatus Replacement



- All these units are over recommended life use (20 + years) as front-line units
- Building configurations and wildfire risks are elevating
- Unable to catch up with General Fund money allotted for Fleet

- 2- Quints - **\$3M**
- 2- All risk pumpers - **\$1.75M**
- 2 - Wildfire engines - **\$950K**
- 2- Water Tenders - **\$850K**

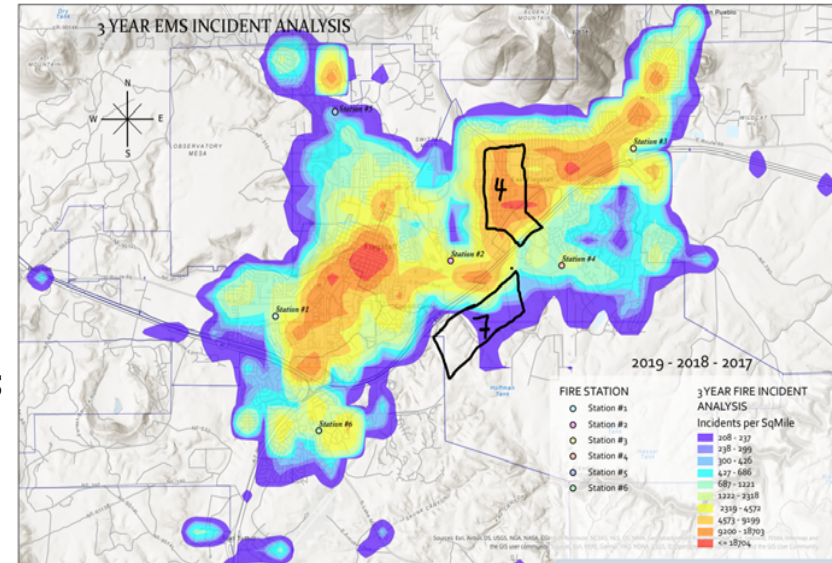
Total Estimated Cost - \$6.55M



Facilities: Public Safety



- **Addition to new Station #7**
 - Administrative Offices - \$1.5M
 - Wildfire Management Station - \$1.5M
 - **Relocation of Station #4 - \$3.5M (- sale of station and impact fees)**
 - 4th Street and Route 66 area for better service
 - Response time to Sunnyside, Greenlaw, Swiss Manor areas
 - **Shotcrete at Station #2 - \$500K**
 - Safety concern with falling rock
 - Damaging of property
 - **Training Facility - \$1.5M**
 - Built in 2004 with bond funding
 - Value engineered from \$3M to \$850K due to cost of property and station materials being at all-time high before 2008 Great Recession
- Total Estimated Cost - \$8.5M**





Facilities: Core Services

- Flagstaff Core Operations Facilities Needs
- Parks and Facilities Maintenance Operations Building
 - To be Located at Public Works Core Services Facility
 - Allows for current maintenance space at Park locations to be utilized for community purposes -Mogollon Property, Thorpe Park

Total Estimated Cost = \$3.5 million



Alternate Response Model



Mobile Response Unit

- Behavioral health personnel and management of mobile response unit: \$563,000 - \$776,000 per year
- Purchase of vehicle: \$40,000 - \$65,000

Total Estimated Cost: \$603,000 - \$841,000



Alternate Response Model



Alternate Care Center

- Behavioral health personnel and management of Alternate Care Center: \$300,000 - \$4,600,000 per year
- Alternate Care Center Facility of 26,000 to 60,000 square feet
 - Lease: \$248,000 - \$431,200
 - Purchase: \$12,000,000 - \$21,000,000

Total Estimated Cost: \$300,000 - \$25,600,000



Parks, Recreation and Open Space



Previous recommendation - 2019
Parks, Recreation, and Open Space
(PROS) Committee:

- Parks and Recreation:
 - Girls softball – Continental area (\$15.5M)
 - Raquet complex – pickleball and tennis – Christensen (\$8.5M)
 - Multi-purpose fields – expand Cheshire Park (\$4M)
 - \$28 Million total





Parks, Recreation and Open Space



2019 recommendations continued

- Open Space
 - Integrated Open Space System (\$24.5M)
 - Conserve and Protect Open Space (\$2M)
 - Observatory Mesa Trail System (\$2.99M)
 - \$29 Million total





Parks, Recreation and Open Space



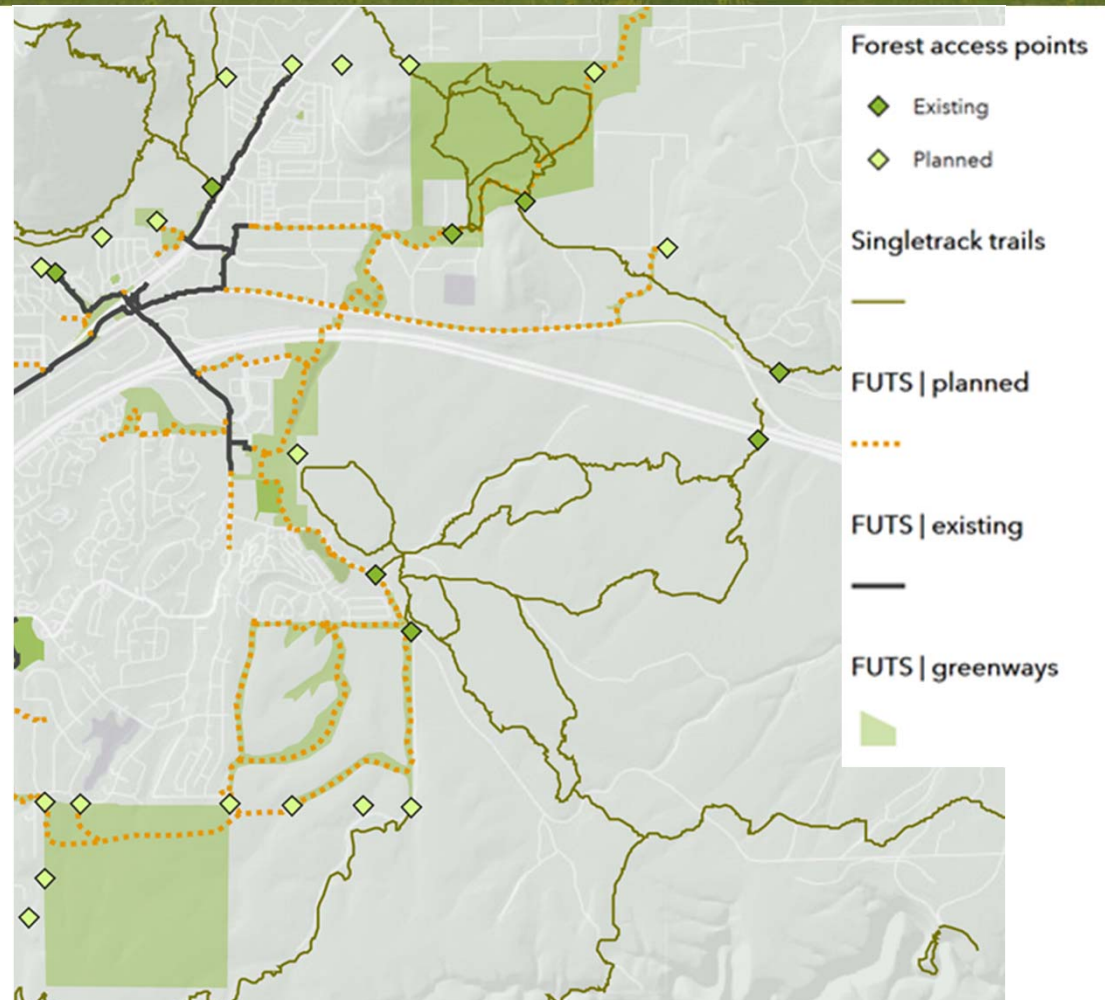
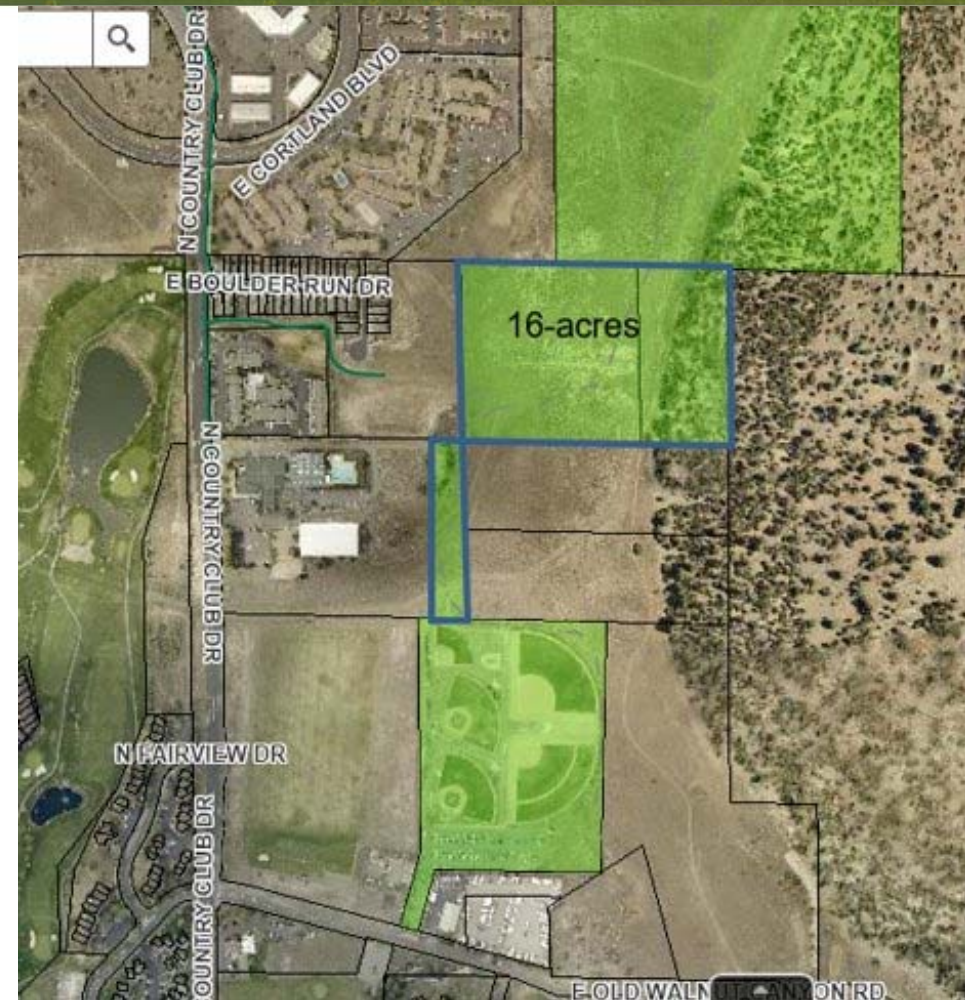
Updated recommendation that combines priorities:

- Focus on the Continental Regional Park area
- Construct the Girls Softball complex (\$16M)
- Open Space land and/or easement acquisition to improve connectivity AND construction of trails and access (\$10M)
- \$26 Million achieves both sets of priorities





Parks, Recreation and Open Space

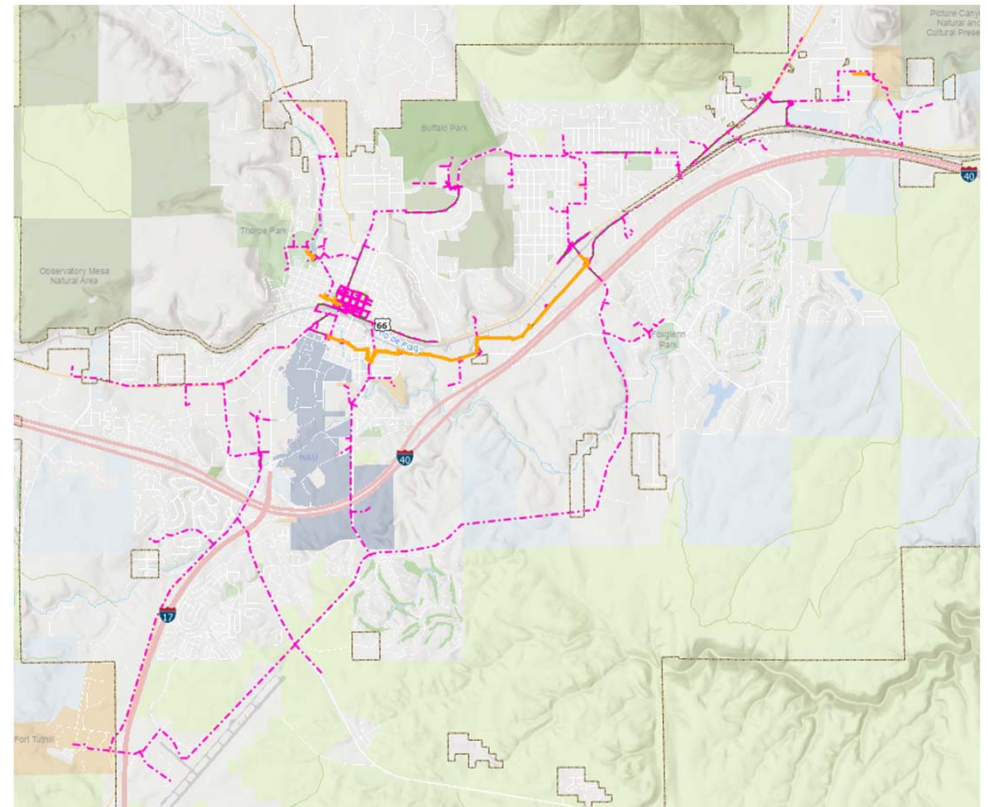




Broadband



- Total Potential Bond - \$25 million
- Core Network
 - Estimated \$15 million
- Inter-Connect Facilities
 - Estimated \$10 million
- Several potential revenue streams
- Reduced costs
 - Current leased internet/fiber





List of Projects



Project	Amount	Group
EH1: Eviction Prevention & Rapid Rehousing	10,000,000	Housing
RH1: Redevelopment of housing owned by City	5,000,000	Housing
RH2: Create and incentivize development partnerships for the creation of attainable rental housing	3,000,000	Housing
RH3: Acquisition of property in partnership with non-profits and private developers for adaptive reuse	2,000,000	Housing
OWN1: Purchase Assistance program	7,000,000	Housing
OWN2: Acquisition of land/units for attainable homeownership	3,000,000	Housing
Buidling Energy	12,000,000	Climate Action
Carbon Dioxide Removal	30,000,000	Climate Action
Food Systems	3,250,000	Climate Action
Forest & Watershed Protection	8,500,000	Climate Action
Land Use	3,000,000	Climate Action
Mobility	33,150,000	Climate Action
Public Health	2,100,000	Climate Action
Renewable Energy and Energy Storage	13,600,000	Climate Action
Radio Replacement	2,500,000	Public Safety
Extractors, new SCBA Compressors	250,000	Public Safety
Special Operations Equipment	250,000	Public Safety
Opticom Traffic Controllers	950,000	Public Safety



List of Projects (continued)

Project	Amount	Group
Quints (2)	3,000,000	Public Safety
All-Risk Pumpers (2)	1,750,000	Public Safety
Wildfire Engines (2)	950,000	Public Safety
Water Tenders (2)	850,000	Public Safety
Fire Administrative Offices at Fire Station #7	1,500,000	Facilities
Wildfire Management Station at Fire Station #7	1,500,000	Facilities
Relocation of Fire Station #4 (reduction for sale of property and impact fees)	3,500,000	Facilities
Shotcrete at Fire Station #2	500,000	Facilities
Training Facility	1,500,000	Facilities
Parks and Facility Maintenance Building	3,500,000	Facilities
Mobile Response Unit	841,000	Alternate Response
Alternate Care Center	25,600,000	Alternate Response
Girls Softball Complex	16,000,000	Parks, Rec & Open Space
Open Space Land Acquisition and Trail Development	10,000,000	Parks, Rec & Open Space
Broadband	25,000,000	Broadband
Grand Total	\$ 235,541,000	

Council Direction





Council Direction



- Is Council interested in bond ballot measures for November 2022 election?



Council Direction



- Which areas do you want to continue to invest efforts?
 - Housing
 - Climate Action
 - Public Safety Equipment & Apparatus
 - Facilities: Public Safety & Core Services
 - Alternate Response Model
 - Parks, Recreation and Open Space
 - Broadband



Council Direction



- Do you want to create a bond committee or task force or have recommendations come directly to Council from City Commissions or staff?

Council Parking Lot (Adds/Deletes) Discussion

