

MINUTES

1. Call to Order

Mayor Daggett called the Budget Retreat of the Flagstaff City Council held February 2, 2023, to order at 8:32 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. **ROLL CALL**

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

PRESENT:

ABSENT:

MAYOR DAGGETT
VICE MAYOR ASLAN
COUNCILMEMBER HARRIS (arrived at 8:41 a.m)
COUNCILMEMBER HOUSE (virtually)
COUNCILMEMBER MATTHEWS
COUNCILMEMBER MCCARTHY
COUNCILMEMBER SWEET

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

3. **Pledge of Allegiance, Mission Statement, and Land Acknowledgement**

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

MISSION STATEMENT

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

LAND ACKNOWLEDGEMENT

The Flagstaff City Council humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.

4. City Council Budget Retreat

Mr. Clifton offered opening remarks and turned things over to the facilitator Katie Wittekind who reviewed the objectives for the day.

COUNCIL BUDGET RETREAT
WELCOME AND OBJECTIVES
WELCOME
AGENDA

Finance Director Heidi Derryberry continued the presentation.

BUDGET TIMELINE

Interim Deputy City Manager Heidi Hansen continued the presentation.

JANUARY RETREAT TAKEAWAYS

Management Services Director Rick Tadder continued the presentation.

REVENUE UPDATE
GENERAL FUND
GENERAL SALES TAX
STATE SHARED SALES TAX
GENERAL FUND (PRIOR YEAR)
STATE SHARED URBAN REVENUE (INCOME TAX)
STATE SHARED AUTO LIEU
BUILDING PERMITS
FRANCHISE FEES
PRIMARY PROPERTY TAXES
HIGHWAY USER REVENUE FUND
TRANSPORTATION TAXES
BED, BOARD AND BEVERAGE FUNDS
OTHER REVENUE CONSIDERATIONS

Mr. Clifton stated that Summit Consulting Group is being considered as an additional state lobbyist to specifically seek funding from the state. This would only be to supplement current efforts and may not be a long term situation but rather while funds may be available. Council voiced their support of Mr. Clifton's proposal.

Finance Director Brandi Suda continued the presentation.

AVAILABLE RESOURCES AND FIXED COSTS
PENSION CONTRIBUTION RATES
PENSION EXPENDITURES
FIXED COSTS – GENERAL FUND

AVAILABLE RESOURCES – GENERAL FUND
OTHER CONSIDERATIONS – ALL FUNDS
OTHER FUNDS FISCAL HEALTH

Councilmember Harris stated that people have spoken about there being an excess of funds in the general fund and that should be used to fund stormwater needs. Ms. Suda stated that there may be a fund balance but there are plans for that money. Management Services Director Rick Tadder stated that it is important to look at the entire organization and the needs across all Divisions and make the decision to utilize general fund dollars within that context.

Mr. Tadder noted that there are two key drivers with stormwater, that is to complete the 180 corridor projects and there is the possibility of state funding for that but we cannot rely on those. The other consideration is the operating costs to maintain the detention basins. Over a period of time a good clean out is approximately \$7 million and should there be a catastrophic event we need to be able to support that and if there is a need for clean up multiple times in a year we could be in trouble. Setting aside general funds in case state and federal funding does not come through can be problematic. Collectively it could be an \$8 to \$10 million ask which would take about half of the available resources. It would take a lot of opportunities out of the general fund, and there could be delays in projects, equipment, and operations. Stormwater needs a rate increase, their operating costs need to be addressed, and there needs to be ongoing funding for those operations.

Mr. Tadder further explained that sunset rates are a bad idea, it is important to make sure revenues are meeting the ongoing operation resources. Currently, there are not ongoing resources to pay for your operation costs and that will cause our bond rating to decrease which can impact future projects.

Steve Puhr addressed Council and provided an option to consider for funding stormwater projects and needs.

A break was held from 10:36 a.m. through 10:50 a.m.

Interim Deputy City Manager Heidi Hansen continued the presentation.

INVESTING IN EMPLOYEES UPDATE
RECRUITMENT/RETENTION: EFFORTS AND SUCCESS
ADVERTISEMENTS
TRACKING APPLICATIONS

Human Resources and Risk Management Director Randy Tracy continued the presentation.

RECRUITMENT DATA
TIME TO HIRE

Ms. Suda continued the presentation.

GENERAL FUND BENEFITS – PENSION
GENERAL FUND BENEFITS
BENEFITS – MEDICAL INSURANCE

Mr. Tracy continued the presentation.

COMPENSATION
COMPENSATION HISTORY

MINIMUM WAGE ORDINANCE
MINIMUM WAGE – CPI IMPACTS
MERIT
PAY FOR PERFORMANCE
ANNUAL MARKET ANALYSIS
PAY PLAN MARKET ADJUSTMENTS
PAY PLAN MARKET ADJUSTMENT ESTIMATED COSTS
COMPENSATION SUMMARY

EAC Co-Chair and Police Detective Jared Wotasik continued the presentation.

EMPLOYEE ADVISORY COMMITTEE (EAC)
INPUT ON COMPENSATION/BENEFITS
IMPACT OF INFLATION AND MARKET TRENDS ON WAGES
MINIMUM WAGE IMPACT
PAY FOR PERFORMANCE
MAINTAIN COST SHARE LEVELS FOR BENEFIT COVERAGE CONTRIBUTIONS

A break was held from 11:40 a.m. through 12:17 p.m.

Fire Chief Mark Gaillard continued the presentation.

BOND PROJECTS UPDATE
PROPOSITION 441: WILDFIRE SUPPRESSION

City Engineer Paul Mood continued the presentation.

PROPOSITION 441: SPRUCE WASH IMPROVEMENTS

Water Services Engineering Section Director Gary Miller continued the presentation.

FLAGSTAFF WASTEWATER TREATMENT
WILDCAT RECLAMATION PLANT PROJECTS
RIO DE FLAG RECLAMATION PLANT PROJECTS

Housing Director Sarah Darr continued the presentation.

PROPOSITION 442 – HOUSING

Grants, Contracts, and Emergency Management Director Stacey Brechler-Knaggs continued the presentation.

FEDERAL FUNDING UPDATE
AWARDED PROJECTS – ARPA
FEDERAL FUNDS
REVENUE REPLACEMENT FUNDS – UNRESTRICTED GENERAL FUND
AWARDED PROJECTS
FEDERAL AVIATION ADMINISTRATION/ARIZONA DEPARTMENT OF TRANSPORTATION
HOUSING AND URBAN DEVELOPMENT, COMMUNITY DEVELOPMENT BLOCK GRANTS
PENDING APPLICATIONS
AVAILABLE OPPORTUNITIES

A break was held from 2:00 p.m. through 2:15 p.m.

Capital Improvements Engineer Trevor Henry continued the presentation.

RESOURCE ALLOCATIONS AND PRIORITIES
 CAPITAL IMPROVEMENT PROJECTS
 CAPITAL IMPROVEMENT PROJECTS (FUNDED)
 LONE TREE OVERPASS AND CORRIDOR
 DOWNTOWN MILE SAFETY AND CONNECTIVITY PROJECT
 BEULAH & UNIVERSITY IMPROVEMENTS
 BUTLER-FOURTH IMPROVEMENTS
 LOCKETT AND CEDAR ROUNDABOUT
 RIO DE FLAG IMPROVEMENTS

Airport Program Manager Brian Gall continued the presentation.

AIRPORT SNOW REMOVAL BUILDING
 AIRPORT PARKING LOTS
 AIRPORT TERMINAL IMPROVEMENTS

Mr. Miller continued the presentations

CAPITAL IMPROVEMENT PROJECTS (PARTIALLY FUNDED)
 RIO PLANT DIGESTERS - \$24M
 INNER BASIN PIPELINE
 NORESKO PROJECTS – UPCOMING
 LAKE MARY RAW WATER PIPELINE
 JOHN WESLEY POWELL EXTENSION

5. Public Participation

Adam Shimoni spoke in support of a letter submitted to the Mayor and Council regarding transportation budget requests.

Joe Galli addressed Council speaking in support of small business assistance, housing, and HB2543. He mentioned the upcoming discussion on stormwater rates and noted the impacts of minimum wage.

Eric Wolverton addressed Council in support of additional funding for the incentive policy for affordable housing.

6. Adjournment

The Budget Retreat of the Flagstaff City Council held February 2, 2023, adjourned at 3:37 p.m.

MAYOR

ATTEST:

CITY CLERK