

MINUTES

1. Call to Order

Mayor Deasy called the Budget Retreat of the Flagstaff City Council held February 3, 2022, to order at 8:31 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 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.

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

The Council and audience recited the pledge of allegiance, Mayor Deasy read the Mission Statement of the City of Flagstaff, and Councilmember Aslan 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 Fiscal Year 2022-2023 Budget Retreat

Mr. Clifton offered some opening remarks and introduced Nicole Lance who will be facilitating the retreat.

Ms. Lance also offered some opening remarks and began a PowerPoint presentation.

COUNCIL BUDGET RETREAT
WELCOME AND OBJECTIVES
AGENDA

Finance Director Heidi Derryberry continued the presentation.

BUDGET TIMELINE

Management Analyst Chris Rhode continued the presentation.

PRIORITY BASED BUDGET (PBB)
PROCESS
KEY COMMUNITY PRIORITIES
PRIORITY BASED BUDGETING PRIORITIES AND OBJECTIVES
NEW BUDGETER TOOL

Management Services Director Rick Tadder continued the presentation.

REVENUE UPDATE
GENERAL FUND
GENERAL SALES TAX

Mayor Deasy asked what was included in the miscellaneous tax in the general fund. Mr. Tadder stated that it includes advertising, timber sales, transportation, and publishing. He noted that there is very minimal tax on those items.

STATE SHARED SALES TAX
STATE SHARED URBAN REVENUE (INCOME TAX)
STATE SHARED AUTO LIEU
BUILDING PERMITS
FRANCHISE FEES
HIGHWAY USER REVENUE FUND
BED, BOARD, AND BEVERAGE FUNDS
OTHER REVENUES

Councilmember Salas asked how taxes are collected on short-term rentals. Mr. Tadder stated that if a business is registered with a platform that provides short-term rental services, it is the responsibility of the platform to collect and provide those sales taxes to the state. We are very confident we are receiving those taxes associated with the platform users. For those that do not use a platform service, the city has invested in a software that tracks local short-term rentals. This was the first year using that service and it requires short-term rental owners to register and provide general information of their business. This allows staff to cross check that information to

make sure that they have the appropriate business and tax licenses.

A break was held from 9:42 a.m. through 9:57 a.m.

Ms. Derryberry continued the presentation.

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

Mayor Deasy asked when it is expected that the cost savings from the pension adjustment will be more substantial. Mr. Tadder stated that the first five years are being set aside as reserve funds and after that five year period the savings will be used to make sure merit raises are funded long term.

Interim Human Resources and Risk Management Director Brandi Suda, Human Resources Consultant Jeanie Gallagher, and Economic Vitality Director Heidi Hansen continued the presentation.

INVESTING IN EMPLOYEES UPDATE
BENEFITS AND COMPENSATION
RECRUITMENT/RETENTION WILL REMAIN A CHALLENGE
SUCCESSSES & STRATEGIES

Mayor Deasy asked for the turnover rate for the last few years. Ms. Gallagher provided the following:

2018 – 11.98%
2019 – 12.16%
2020 – 17.44%
2021 – 24.9%

Council briefly discussed succession planning, diversity within the Police Department, recreational marijuana policies, and international employment opportunities.

CITY OF FLAGSTAFF RECRUITMENT CAMPAIGN
POLICE DEPARTMENT VIDEO
BENEFITS – PENSION
BENEFITS
COMPENSATION
COMPENSATION HISTORY
BUDGET TEAM COMPENSATION BY PRIORITY
MINIMUM WAGE ORDINANCE (MANDATORY) RECAP
MERIT INCREASE RECAP
MARKET ADJUSTMENTS RECAP
COMPRESSION RECAP
COST-OF-LIVING ADJUSTMENT (COLA)

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

EMPLOYEE ADVISORY COMMITTEE

EAC RECOMMENDATIONS AND PRIORITIES

Mayor Deasy requested that an analysis be done to understand the implications of preemptively raising the minimum wage for city employees to \$17/hour and the impacts that would have across other employee pay plans.

Councilmember Shimoni voiced support for a possible Cost of Living Adjustment as well as more contribution to the health and dental premiums.

A break was held from 12:00 p.m. through 12:32 p.m.

Senior Deputy City Manager Shannon Anderson continued the presentation.

BOND COMMITTEE UPDATE

Grants and Contracts Manager Stacey Brechler-Knaggs, Public Affairs Director Sarah Langley, Airport Director Barney Helmick, and Airport Programs Manager Brian Gall continued the presentation.

FEDERAL FUNDING UPDATE

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (CLFRF)

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

BIPARTISAN INFRASTRUCTURE LAW (BIL) IMPACTS FOR ARIZONA

BIPARTISAN INFRASTRUCTURE LAW (BIL) NEW AND EXPANDED COMPETITIVE GRANTS

ENVIRONMENTAL INFRASTRUCTURE PROGRAM

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) NEXT STEPS

Councilmember Salas asked if there is adequate staff capacity for grant seeking and development. Ms. Brechler-Knaggs stated that she has requested two additional positions for grants and contracts this year. They are also moving forward with developing a Request for Qualifications for on-call consultants to assist with grants and contracts.

FLAGSTAFF AIRPORT CARES ACT GRANTS

FUTURE FEDERAL FUNDING UPDATES

A break was held from 1:41 p.m. through 1:51 p.m.

Mr. Tadder continued the presentation.

RESOURCE ALLOCATIONS AND PRIORITIES

Interim Water Services Director Andy Bertelsen continued the presentation.

STORMWATER

WASTEWATER

Deputy Fire Chief Mark Wilson continued the presentation.

PUBLIC SAFETY

JOINT SAFETY COMMUNICATION EQUIPMENT

FIRE APPARATUS REPLACEMENT

FIRE APPARATUS BAY STORAGE

Sustainability Director Nicole Antonopoulos continued the presentation.

CARBON NEUTRALITY: PROPOSED BOND PROJECTS
CARBON NEUTRALITY
HEALTHY AND EFFICIENT HOMES
ENERGY INDEPENDENCE INITIATIVE
SAFE AND ACCESSIBLE BIKE AND PEDESTRIAN INFRASTRUCTURE
COMMUNITY HEALTH AND RESILIENCE INITIATIVE
ACCESSORY DWELLING UNITS INFILL ACCELERATOR
HEALTHY HOMES AND STOVES
COMMUNITY ELECTRIC MOBILITY
NORTHERN ARIZONA FOOD SYSTEMS SUPPORT
SUSTAINED COMMITMENT
PROGRAMMATIC NEEDS FOR FY22-23

Councilmember Shimoni voiced his support for implementing as many programmatic needs as possible.

5. Public Participation

None

6. Adjournment

The Budget Retreat of the Flagstaff City Council held February 3, 2022, adjourned at 2:54 p.m.

MAYOR

ATTEST:

CITY CLERK