



The
Budget Team
CITY OF FLAGSTAFF



Council Budget Retreat

December 14, 2023

Welcome and Objectives



- Welcome
- Introductions
- Intentions
- Meeting Protocol

Agenda



- Budget Introduction
- Revenue Updates
- Priority Based Budget (PBB)
- Budget Team Focus
- Updates
- Proposed New City Holidays
- Elections
- Council Expectations



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Budget Introduction



Greg Clifton
City Manager



Shannon Anderson
Senior Deputy City
Manager



Joanne Keene
Deputy City
Manager



Nicole
Antonopoulos
Sustainability
Director



Heidi Hansen
Economic Vitality
Director



Scott Overton
Public Works
Director



Rick Tadder
Management Services
Director



Allison Eckert
Interim Human
Resource and Risk
Management Director



Brandi Suda
Finance Director



Heidi Derryberry
Assistant
Finance Director



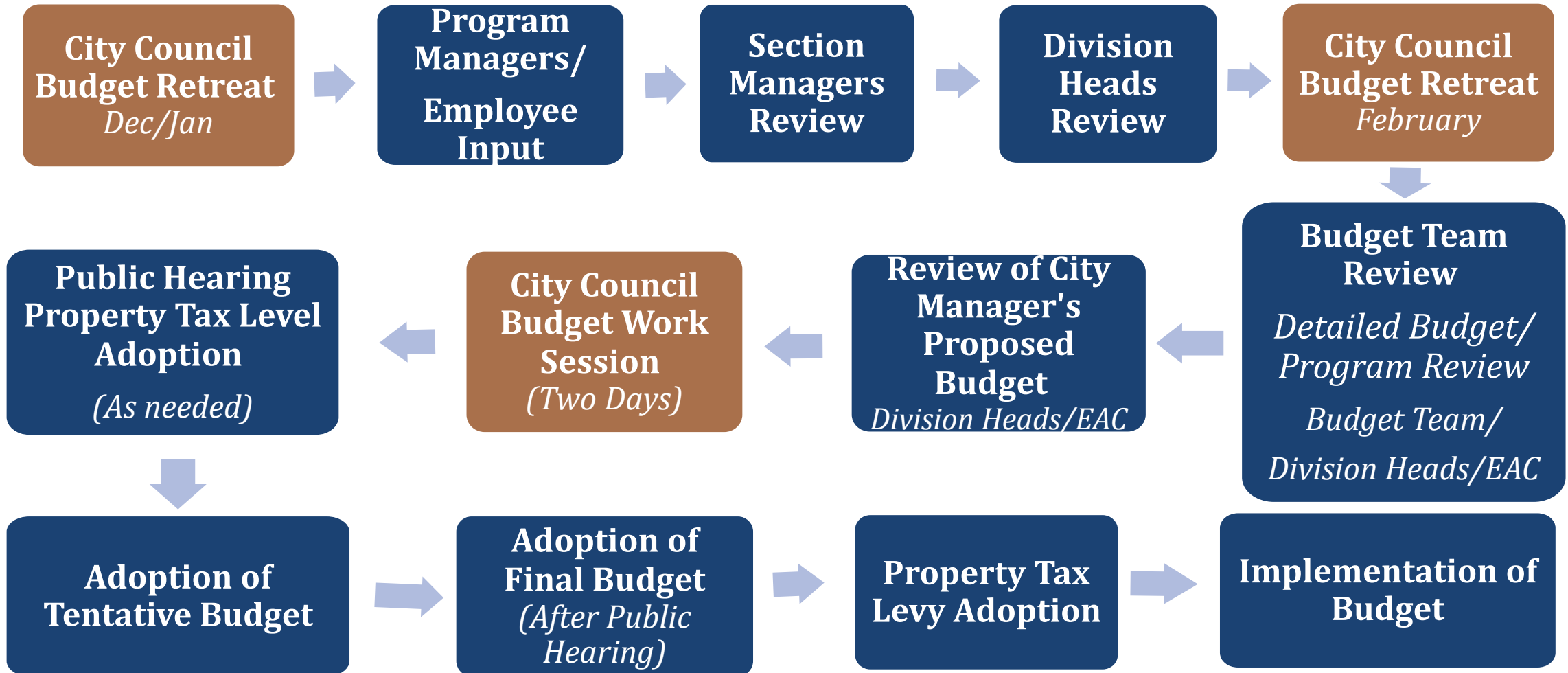
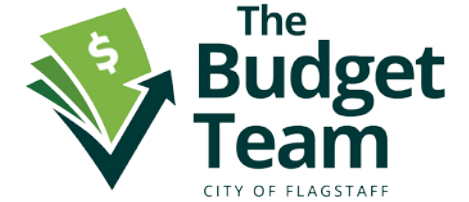
Chris Rhode
Management
Analyst



Jared Wotasik
& Seth Gregar
EAC



Budget Process




Budget Timeline



- December 14, 2023– Council Budget Retreat
- February 1 & 2, 2024 – 2nd Council Budget Retreat
- April 25 & 26, 2024 – City Manager Recommended Budget Retreat
- June 4, 2024 – Tentative Budget Adoption
- June 18, 2024
 - Property Tax Levy Hearing
 - 1st Reading of Property Tax Adoption
 - Final Budget Adoption
- July 2, 2024 – Final Reading of Property Tax Adoption

Color of Money

Color of Money – Fund Accounting



Many of the City's revenues are restricted and can only be spent on specific functions or expenditures. Fund accounting is used to ensure proper tracking of those revenues and related expenditures.

City fiscal policies require that each fund must be balanced on an ongoing basis for a minimum of five years. In addition, each fund must maintain a minimum fund balance. Minimum fund balance is required to ensure liquidity and cash flow as well as provide financial stability should the City experience declining operating revenues. Minimum fund balance amounts vary by fund and range from 10% to 25% of operating revenues.

Below is background information on the various City's funds and their restricted revenues.

Special Revenue Funds
Used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision, or ordinance to finance a particular function or activity.

- Library - Secondary property tax and general fund transfer
- HURF (Streets) - Gasoline tax
- Transportation tax - 1.281% sales tax
 - Transportation Improvements (.426%)
 - Road Repair & Street Safety (.33%)
 - Transit (.295%)
 - Route 66 to Butler Overpass (.23%)
- BBB tax - 2.0% tax on bed, board & beverage
 - Beautification (.40%)
 - Economic Development (.19%)
 - Arts & Science (.15%)
 - Tourism (.60%)
 - Recreation (.66%)
- ParkFlag
- Housing & Community Services - Grants

Enterprise Funds
Self-supporting thru User Fees adopted by ordinance such as Water/Wastewater/Trash billings, Rent and Airport Lease and fees.

- Water
- Wastewater
- Reclaim
- Stormwater
- Sustainability and Environmental Management
- Airport
- Solid Waste
- Flagstaff Housing Authority

Capital Project Funds
Used to account for major capital acquisition separate from ongoing operations

- Restricted Funding Sources - Voter Approved Bonds, Grants, Third Party Restricted Fees
- General Obligation Bond Projects:
 - FUTS/Open Space
 - Watershed Protection
 - Courthouse
 - USGS campus expansion

Continued ... **Color of Money – Fund Accounting**



Debt Service Funds
Used to account for the accumulation of resources and payments of the long-term debt

- Restricted revenues
 - General obligation bond fund - Secondary Property Tax

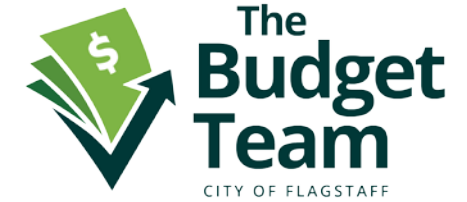
General Fund
Accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government that are not accounted for in other funds and most revenues are unrestricted.

- In other words...everything else

General Fund Revenues include:

- 1% City Sales Tax
- Franchise Tax
- Primary Property Tax
- State Shared Revenue (Sales, Income, Vehicle Tax)
- Licenses and Permits
- Fines and Forfeitures
- User Fees-Charges for Services
- CD, Recreation, Police, Fire, Cemetery

Color of Money



- City has numerous revenue sources, and many have restrictions on how they can be spent
- The City has over 50 different funds to segregate those revenues and expenses to ensure compliance with restrictions and accounting standards
- In many instances, revenue from one fund cannot be used to pay for other fund's expenses unless they meet the requirements of the fund

Fund Types

- **Special Revenue Funds**
- **Enterprise Funds**
- **Capital Project Funds**
- **Debt Service Funds**
- **General Fund**

Special Revenue Funds



- These funds are used to account for revenues derived from specific taxes or other earmarked revenue sources
- Are usually required by statute, charter provision, or ordinance to finance a particular function or activity

Special Revenue Funds



- Housing and Community Services – grants
- Library – secondary property tax and General Fund transfers
- Highway User Revenue Fund (HURF) – gasoline tax
- Transportation – 1.281% sales tax
 - Transit (.295%)
 - Road Repair and Street Safety (.33%)
 - Lone Tree/Route 66 Overpass (.23%)
 - Transportation Improvements (.426%)

Special Revenue Funds



- Bed, Board and Beverage (BBB) – 2.0% tax
 - Beautification – 20%
 - Economic Development – 9.5%
 - Tourism – 30%
 - Arts & Science – 7.5%
 - Recreation – 33%
- ParkFlag - fees
- Water Resource and Infrastructure Protection - fees

Enterprise Funds



Self-supporting thru User Fees

- User fee ordinances restrict the use
- Water/Wastewater/Trash Charges
- Rent
- Airport Lease and Fees

Includes:

- Water
- Wastewater
- Reclaimed Water
- Stormwater
- Solid Waste
- Sustainability and Environmental Management
- Airport
- Flagstaff Housing Authority

Capital Project Funds



- Capital project funds are used to account for major capital acquisitions separate from ongoing operations
 - Restricted funding sources:
 - Voter approved bonds, grants, third party restricted fees
 - General obligation bond projects:
 - Flagstaff Urban Trail System (FUTS)/Open Space
 - Watershed Protection
 - Proposition 441 & 442 (Infrastructure and Housing)
 - United States Geological Survey (USGS) campus expansion
 - Downtown Mile

Debt Service Funds



- Debt service funds are used to account for the accumulation of resource and payment of long-term debt
 - Restricted revenues
 - General obligation bond fund – secondary property tax
 - Pension bond fund – General Fund, Water Resource and Infrastructure Protection Fund and Airport Fund transfers

General Fund



- Accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government that are not accounted for in other funds
- In other words.....
 - Everything else

General Fund



- 1% City Sales Tax
- Franchise Tax
- Primary Property Tax
- State Shared Revenue (Sales, Income, Vehicle Tax)
- Licenses and Permits
- Fines and Forfeitures
- User Fees - Charges for Services
 - Community Development, Recreation, Police, Fire, Cemetery

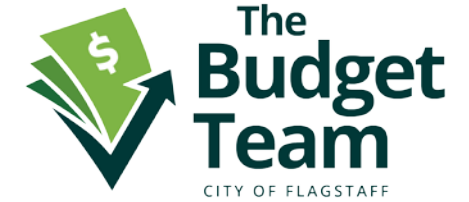


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Revenue Updates

FY 2022-2023 Actuals - Sales Tax - General Fund



City Sales Tax Revenues								
Category	FY 2020-21	FY 2020-21	FY 2021-22	FY 2021-22	FY 2022-23	FY 2022-23	FY 2022-23	FY 2023-24
	Budget	Actual	Budget	Actual	Budget	Estimate	Actual	Budget
Utilities	\$ 1,076,250	\$ 1,048,716	\$ 1,026,000	\$ 1,140,596	\$ 1,073,600	\$ 1,160,000	\$ 1,252,283	\$ 1,136,800
Telecom	\$ 235,750	\$ 146,517	\$ 150,000	\$ 136,997	\$ 146,000	\$ 130,000	\$ 154,137	\$ 127,400
Restaurants/Bars	\$ 3,075,000	\$ 2,932,835	\$ 2,899,400	\$ 3,649,070	\$ 3,296,600	\$ 3,800,000	\$ 3,903,637	\$ 3,724,000
Amusements	\$ 108,650	\$ 43,459	\$ 69,700	\$ 89,964	\$ 99,900	\$ 100,000	\$ 96,555	\$ 102,000
Commercial Rental	\$ 1,050,000	\$ 1,155,087	\$ 1,098,000	\$ 1,147,011	\$ 1,087,300	\$ 1,280,000	\$ 1,327,186	\$ 1,254,400
Personal Property Rental	\$ 732,875	\$ 692,359	\$ 667,800	\$ 819,159	\$ 770,100	\$ 890,000	\$ 883,321	\$ 872,200
Construction Contracting	\$ 1,700,000	\$ 2,352,792	\$ 1,886,400	\$ 2,412,364	\$ 2,118,500	\$ 2,850,000	\$ 2,658,978	\$ 2,793,000
Retail	\$ 10,385,000	\$ 13,075,833	\$ 11,681,500	\$ 14,319,420	\$ 13,657,800	\$ 14,400,000	\$ 14,457,251	\$ 14,112,000
Marketplace Retail	\$ 480,000	\$ 860,794	\$ 826,200	\$ 1,039,064	\$ 1,022,000	\$ 1,160,000	\$ 1,183,819	\$ 1,136,800
Hotel/Motel	\$ 1,640,000	\$ 1,592,928	\$ 1,492,300	\$ 2,073,966	\$ 1,777,900	\$ 2,090,000	\$ 2,167,408	\$ 2,048,200
Miscellaneous	\$ 99,600	\$ 110,436	\$ 102,300	\$ 107,107	\$ 97,800	\$ 103,000	\$ 115,657	\$ 100,900
Use Tax	\$ 1,471,545	\$ 1,920,847	\$ 1,663,800	\$ 1,937,747	\$ 1,794,800	\$ 2,020,000	\$ 1,914,953	\$ 1,979,600
City Sales Tax 1% Totals	\$ 22,054,670	\$ 25,932,603	\$ 23,563,400	\$ 28,872,465	\$ 26,942,300	\$ 29,983,000	\$ 30,115,185	\$ 29,387,300

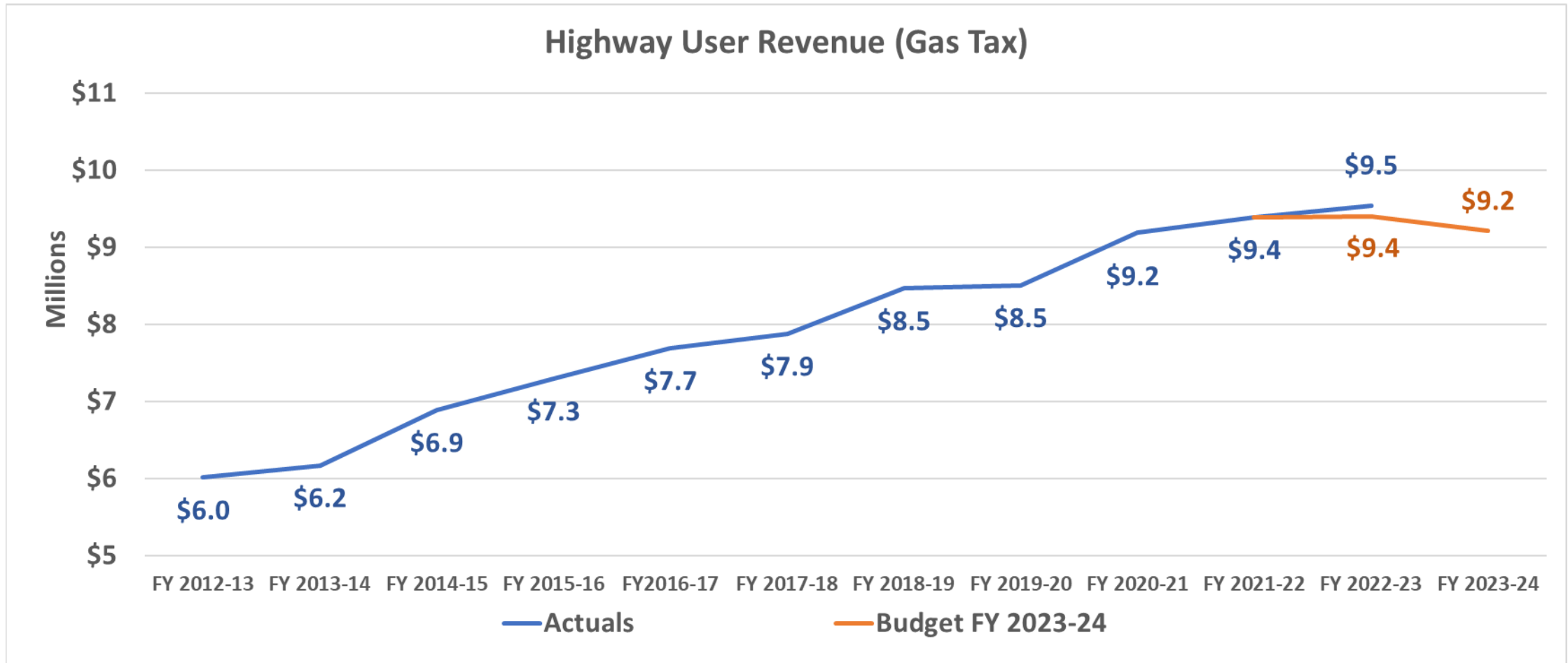
FY 2022-2023 Actuals - State Shared Revenues - General Fund



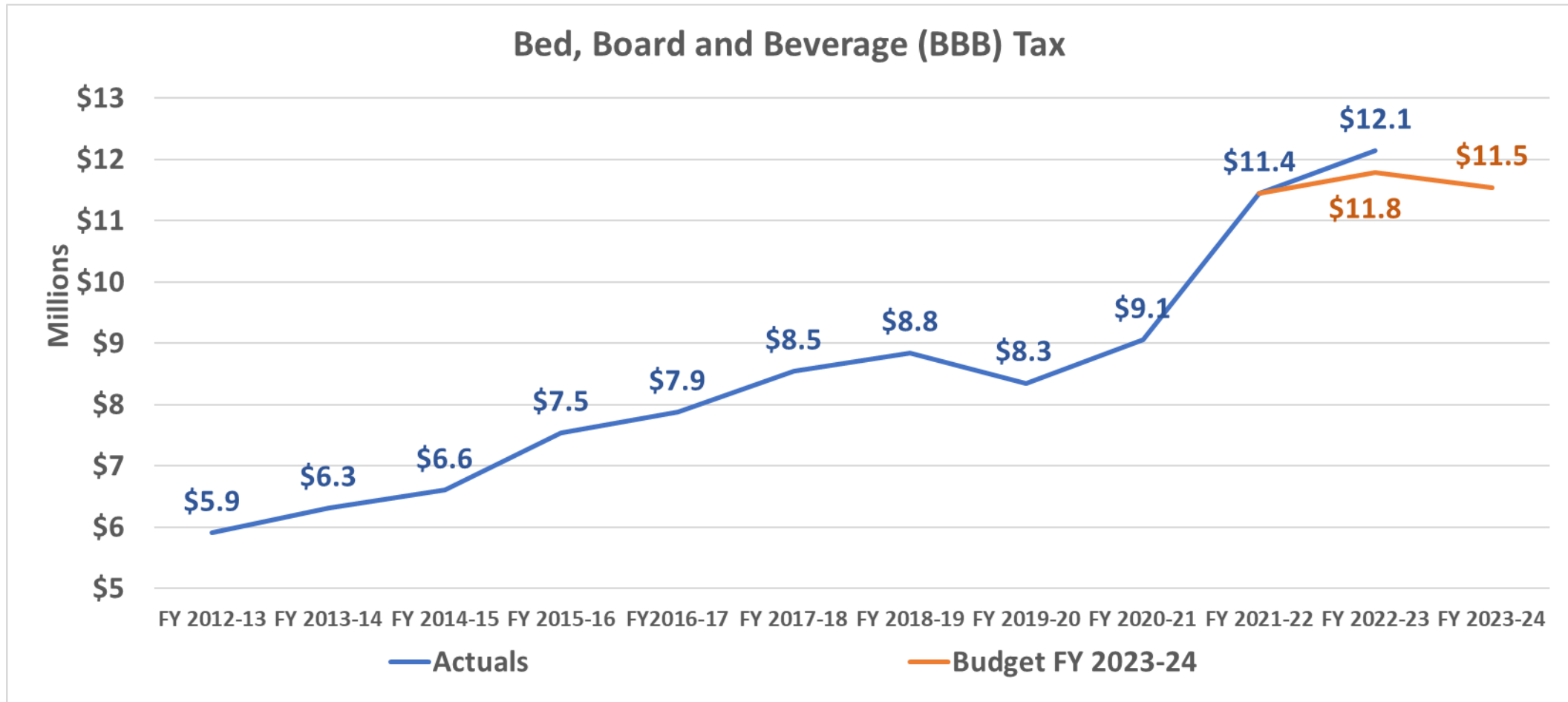
State Shared Revenues								
Category	FY 2020-21 Budget	FY 2020-21 Actual	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Estimate	FY 2022-23 Actual	FY 2023-24 Budget
State Shared Sales Tax	\$ 7,486,395	\$ 8,874,786	\$ 8,285,200	\$ 10,855,221	\$ 10,403,000	\$ 11,000,000	\$ 11,334,661	\$ 10,780,000
State Shared Urban Revenue	\$ 10,669,590	\$ 10,723,978	\$ 9,790,000	\$ 10,075,723	\$ 14,800,000	\$ 14,605,000	\$ 14,604,873	\$ 20,227,300
Auto Lieu	\$ 3,540,863	\$ 4,169,172	\$ 3,718,300	\$ 4,148,649	\$ 4,011,000	\$ 4,100,000	\$ 4,296,116	\$ 3,977,000
State Shared Totals	\$ 21,696,848	\$ 23,767,936	\$ 21,793,500	\$ 25,079,593	\$ 29,214,000	\$ 29,705,000	\$ 30,235,650	\$ 34,984,300

- State Shared Income Tax Concerns
 - FY 2022-2023 collections missed projections, greater than 10% off
 - City estimated to receive \$977,000 less than projected in FY 2024-2025
 - Joint Legislative Budget Committee (JLBC) forecasting shows estimated increases of 5% for next three years
 - Based on latest monthly report, year to date (YTD) 30%+ decline

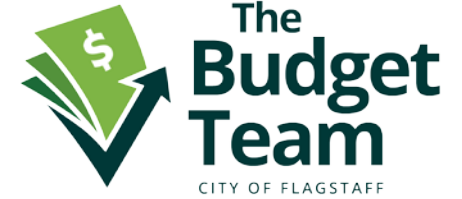
FY 2022-2023 Actuals - Highway User Revenue Fund (HURF)



FY 2022-2023 Actuals - Bed, Board and Beverage (BBB) Tax

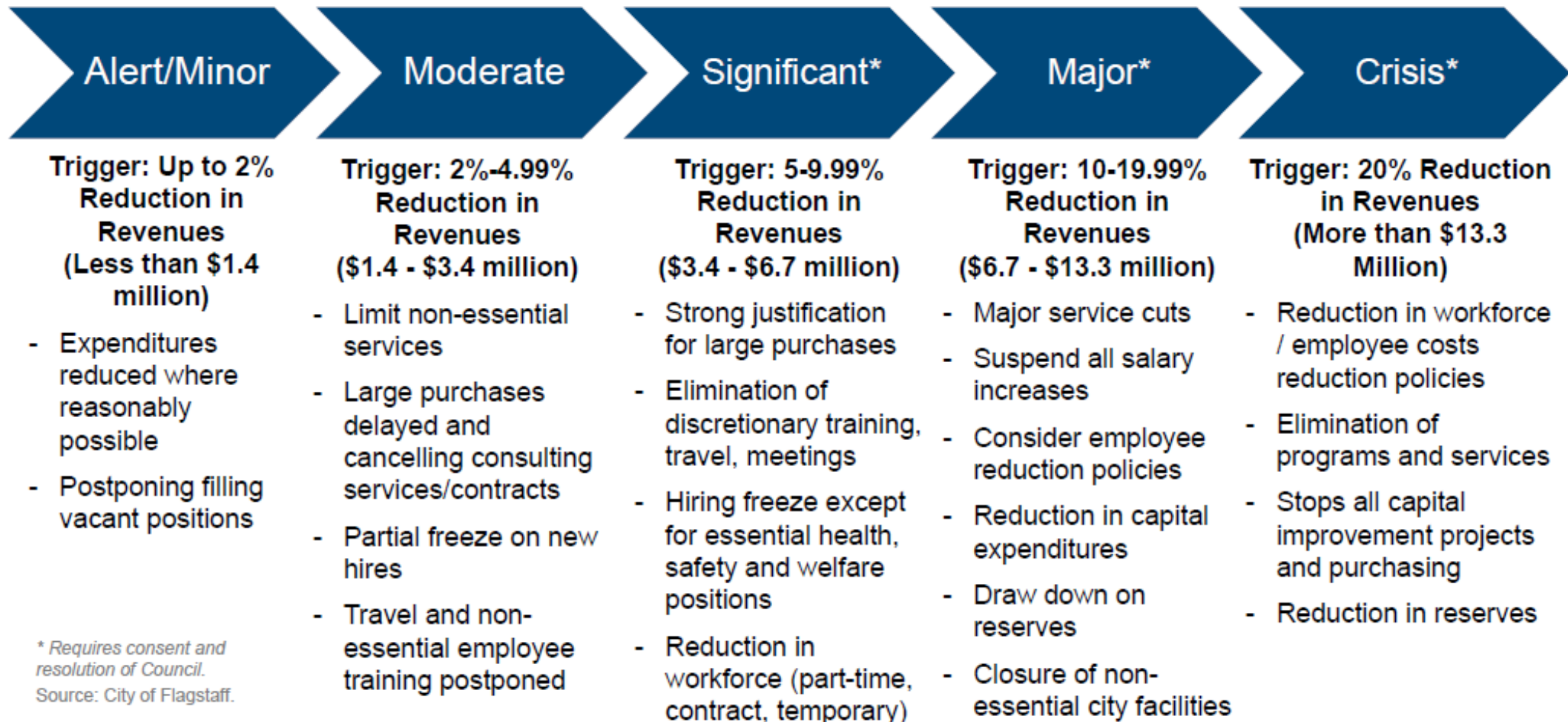


Recession Planning



- Adopted policy that identifies the action steps to address declining revenues
- Overlays and is independent to the adopted budget
- Adaptable in implementation
- Moving into the Significant stage (or higher) requires Council action
- Council action gives the City Manager direction to apply measures at Significant, Major and Crisis levels

Five Stages of the Recession Plan



** Requires consent and resolution of Council.
Source: City of Flagstaff.*



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Priority Based Budget (PBB)

PBB Overview



- Goal 1: Data-driven decision-making in budget process
- Goal 2: Transparency and engagement in the budget process
- Goal 3: Align budget process with community priorities
- Every City service and function are tracked as a program
- Every program evaluated against priorities and objectives
 - Excludes grants and capital budgets
 - Determined by Community and Council

Priority and Objective Development



- Summer 2019: Began working with PBB
- Fall 2019: Engaged with Council on priorities and objectives
- Summer 2020: Community outreach
- November 2020: Council adopted priorities and objectives
- Summer 2023: Reviewed priorities and objectives
 - Council and Community input
- Fall 2023: Adopted revised priorities and objectives








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Key Community Priorities



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Priority Based Budgeting Priorities and Objectives



GOVERNANCE PROGRAMS	COMMUNITY PROGRAMS					
 High Performing Governance	 Safe and Healthy Community	 Inclusive and Engaged Community	 Sustainable and Innovative Infrastructure	 Robust and Resilient Economy	 Livable Community	 Environmental Stewardship
Serve the public by providing high quality customer service	Enhance community engagement and strengthen relationships between the community and public safety services	Proactively foster community representation and civic engagement by enhancing opportunities for public involvement, in line with best practices	Deliver outstanding services to residents through a healthy, well-maintained infrastructure system	Support and strengthen a robust, diverse, and sustainable economy	Create a welcoming community through partnerships, resilient neighborhoods, and civic engagement	Promote, protect, and enhance a healthy, sustainable environment and its natural resources
Cultivate community communication engagement practices that are clear, consistent, and timely	Support social services, community partners, and housing opportunities	Advance social equity and social justice in Flagstaff by supporting social services	Utilize existing long-range plans that identify the community's future infrastructure needs and all associated costs	Maintain and enhance an equitable and effective business, retention, and expansion program throughout the community	Provide amenities and activities that support a healthy lifestyle	Engage community members through education and volunteer opportunities
Encourage public trust through transparency, accessibility, and use of the City's public participation policy	Provide and build upon the alternative response model, and other community partnerships to best serve the mental and behavioral health needs of the community	Facilitate and foster equity, diversity, and inclusivity, including support of trauma-informed policies and practices	Provide, manage, and maintain effective infrastructure for multimodal and active transportation	Enhance relationships between the development community, the City, and Flagstaff residents	Work with regional partners that provide equitable and inclusive educational and cultural opportunities for Flagstaff residents of all ages	Implement and enhance sustainable building practices, waste diversion programs, alternative energy programs, and multimodal transportation options
Maintain the organization's fiscal stability through strong financial policies and best practices	Provide public safety services with resources, staff, and training responsive to the community's needs	Enhance the City's involvement in community, education, and regional partnerships to strengthen the level of public trust	Facilitate, develop, and encourage carbon-neutral energy opportunities	Attract employers that provide high quality jobs and have a low impact on infrastructure and natural resources	Actively support attainable and affordable housing through the City's 10-Year Housing plan as well as other projects and opportunities	Encourage the private sector's investment in environmental stewardship
Implement and communicate innovative and efficient local government programs, new ideas, and best practices	Promote physical and mental well-being through providing recreational opportunities, parks, open space, and active transportation options	Ensure City facilities, services, and programs are accessible for all residents and representative of Flagstaff's diverse community	Support the community's social infrastructure needs; assist those partner organizations that provide services the City does not	Enhance the community's workforce housing and development programs; improve partnerships with the private and public sectors	Support diverse employment opportunities and high quality jobs	Implement, maintain, and further the Carbon Neutrality Plan (CNP) with awareness of social inequities
Be an inclusive employer of choice by providing employees with the necessary tools, training, support, and compensation	Ensure the built environment is safe through the use of consistent standards as well as best practices for building and land use	Promote environmental justice and the access to environmental benefits		Embrace and invest in responsible tourism opportunities to promote economic development	Achieve a well-maintained community through comprehensive and equitable code compliance and development	Strengthen Flagstaff's resilience to climate change impacts on built, natural, economic, health, and social systems

Definitions

ALTERNATIVE RESPONSE MODEL –

Responding to appropriate 911 calls with a behavioral health professional and the ability to provide culturally sensitive care to those in crisis or needing mental health or substance use assistance

ACTIVE TRANSPORTATION –

The transport of people or goods through non-motorized means, based around human physical activity

COMMUNITY PARTNERS –

Governmental, nonprofit, and private organizations in the Flagstaff community that work with the City of Flagstaff to implement its programs, projects, and/or services

ENVIRONMENTAL JUSTICE –

The just distribution of the benefits of climate protection and alleviation of unequal burdens created by climate change

INFRASTRUCTURE –

The basic physical structures and facilities needed for the operation of the City (i.e. buildings, transportation networks, parks, various water networks, etc.)

MULTIMODAL TRANSPORTATION –

Interconnected transportation system that accommodates multiple modes of transportation, including walking, bicycling, public transportation systems, and driving

RESILIENT NEIGHBORHOOD –

A community with the capacity to anticipate, accommodate, and positively adapt and thrive amidst changing climate conditions, while building systems of equity, connection, and empowerment

SOCIAL EQUITY –

Actively working to counteract systemic inequalities to ensure that social services are delivered equitably and everyone in a community has access to the same opportunities and outcomes

SOCIAL INFRASTRUCTURE –

The background structures and systems that allow social, economic, cultural and political life to happen, including social services, transportation, housing, education, and healthcare

SOCIAL JUSTICE –

Fair and compassionate distribution of wealth, opportunities, and privileges

SOCIAL SERVICES –

Programs and services that provide support and assistance to improve the well-being of individuals, families, and communities

TRAUMA-INFORMED –

Understanding and considering the pervasive nature of trauma from exposure to abuse, neglect, discrimination, violence, or other adverse experiences and promoting environments of healing and recovery



PBB Annual Process



1. Review program inventory
 - Governance
 - Community
2. Allocate costs to PBB programs
3. Score new programs
 - Based on priorities and objectives
4. Submit and present budget requests
5. Analyze budget requests based on costs and program scores



Public Facing PBB Data



<https://openpbbdata.net/Flagstaff/>

- Provides transparency over City funds
- "Mile-high" view of budget overview of operating budget
- Shows budget and scores for all programs
 - Can be sorted by goals, budget size, and program name
 - Does not show specific funds or accounts
 - Does not include capital expenditures

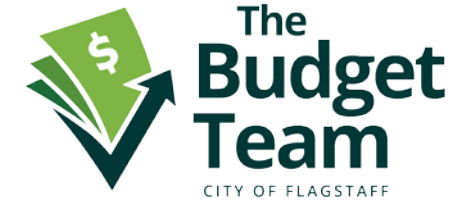


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Budget Team Focus

Budget Team Focus



Investing in Employees

- Market competitive pay
- Leave benefit changes
- Funding merit/ pay-for performance increases
- Maintaining cost share levels for benefit coverage
- Maintain entry wage levels above minimum wage
- Maintain 60-day salary sweeps - General Fund
- Vacant and new positions funded at mid-point
- Identify recruitment opportunities

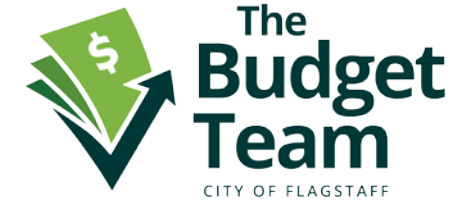
Aligning with Priority Based Budget (PBB)

- Align with key community priorities
- Enhance and increase utilization for budget decisions
- Continue to improve budget request process through enhanced tools
- Identify high scoring programs for funding
- Identify low scoring programs that could be reallocated
- Transition 25% of one-time to ongoing

Funding Requests Focus

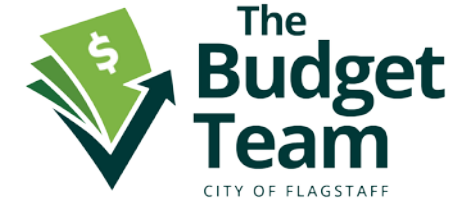
- Alignment with Carbon Neutrality Plan and 10-Year Housing Plan
- Prioritizing infrastructure replacement/maintenance needs
- PBB program levels
- New position requests alignment with Council priorities

Investing in Employees – Recap



- **FY 2021-2022**
 - Eliminated Broadband and Skill Based Pay Plans
 - Implemented new Regular Pay Plan and Step Pay Plans for Water Services Operator, Fire and Police
 - Compaction adjustments
 - Reinstated merit increases for Regular Pay Plan (3%) and one step increases for Step Pay Plans
 - Implemented emergency staffing compensation
- **FY 2022-2023**
 - Continued 3% merit increase for Regular Pay Plan and one step increase for Step Pay Plans
 - Compression adjustments based on years of service for Regular Pay Plan (1.75% to 2.25%), and for certain positions within Fire and Police
 - Early minimum wage implementation of a 7% Consumer Price Index (CPI)
 - Implemented three tier medical benefit structure

Investing in Employees – Recap



- **FY 2023-2024**
 - Transitioned from merit increases to Pay for Performance increases (2% - 4%) for Regular Pay Plan
 - Continued one step increase for Step Pay Plans
 - 3% Market adjustment across the board
 - Market adjustment for Fire, Police, and Water Services Step Plans (% increase varied for Police and Fire)
 - Increased starting wage to \$18.00 per hour to account for Flagstaff minimum wage increase
 - Eliminated 04R and 04T from regular and temp pay plans to address pay plan compression
 - Implemented Catastrophic and Volunteerism leave policies
 - Additional employee appreciation and recognition rewards/activities

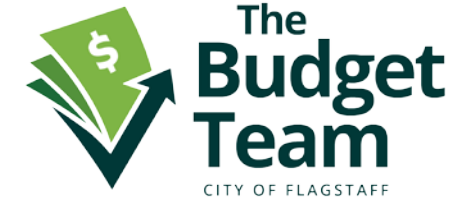
Investing in Employees – Recap



When comparing employee salaries between June 2021 through today (December 2023) for those employees still employed with City:

- For 96% of those employees, their salaries have increased by more than 10%
- For 65% of those employees, their salaries have increased by more than 20%

Investing in Employees – Considerations for Continuing Momentum in FY 2024-2025



- Merit/Pay for Performance Increases (Funded)
 - One step merit increases in Step Pay Plans
 - Continue Pay for Performance (2% - 4%)
- Market Adjustments
 - Consider City-wide market adjustment
 - Market adjustments based on market analysis for positions
 - Evaluate 25% of positions based on various factors (hard to fill, % below market)
 - New salary survey tool allows us to develop quicker salary benchmarks for roles with more accurate data about pay
 - Evaluate impacts of changing target placement from 50% of market to 50%-75% based on hard to fill status

Investing in Employees – Considerations for Continuing Momentum in FY 2024-2025



- Structural Compensation Considerations
 - Minimum wage impacts
 - City-wide Equity Pay Study
 - Structural Changes Based on Market
 - Evaluate salary structure alignment with market
 - Evaluate expansion/widening of the salary ranges
- Other
 - Continued work/life balance initiatives (e.g. remote work)
 - Evaluating various leaves for recruitment and retention
 - Consideration of Employee Advisory Committee (EAC) recommendations
 - Keeping apprised of compensation changes by regional partners

Carbon Neutrality Plan and 10-Year Housing Plan



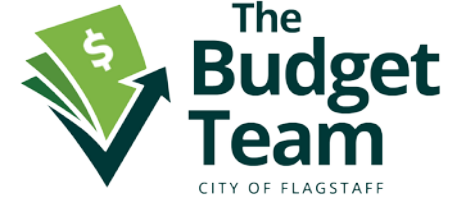
- Consider alignment and coordination with the Carbon Neutrality Plan
 - Prioritize sustainable purchasing policy
 - Focus on electric vehicle purchases
- Recognize the goals in the 10-Year Housing Plan
 - Implement housing bond
 - Fund incentive policy for affordable housing projects

Infrastructure



- Prioritizing infrastructure replacement and maintenance needs, including:
 - Facilities
 - Fleet
 - Information Technology

Infrastructure



- Facilities
 - 12 fulltime staff
 - Capital renewal projects vetted by Facilities Advisory Committee
 - Facilities budget for capital renewal low - result is continued deferment of projects

Infrastructure



- Fleet

- Working on deferred maintenance and replacement dating back to the 2008 recession
- Backlog of vehicles – 18-24 months out
- Strong focus on purchasing electric vehicles
- Training Fleet Technicians to support the fleet needs

Infrastructure



- Fleet

- One-time dollars allocated in the last two years to help with fleet backlog
- Health of fleet is improving, but need continued investment

Infrastructure



- Information Technology
 - Network equipment - additional network infrastructure in need of replacement
 - Fiber - additional needs in future
 - Server infrastructure – four-year replacement cycle
 - Software applications – 911 dispatch system, Enterprise resource planning system (ERP) for Community Development, etc.



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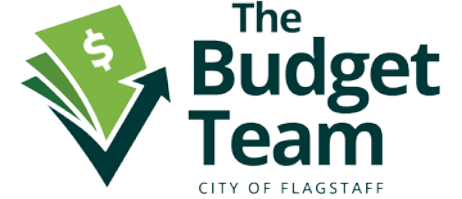
Updates

Employee Engagement Survey - Common Themes



- Compensation
 - Compensation is still not where it needs to be with cost of living, inflation and compression
 - Short-staffing is causing burnout
 - Lack of appropriate equipment and training
- Communication
 - Need more regular communication from leadership, upper management and between division and Employee Advisory Committee and Human Resources on what is happening at the City
 - Feeling fear of retribution when communicating with supervisors and division leaders
 - Appreciate more constructive feedback, acknowledgement of their efforts and abilities and support

Employee Engagement Survey - Common Themes



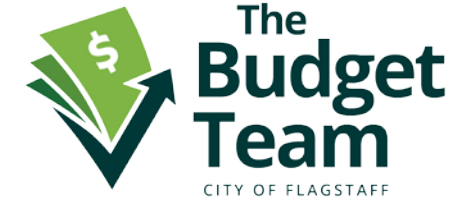
- Recognition and Employee Appreciation
 - Ability for division supervisors and managers to provide recognition (e.g. award paid time off)
 - Types of recognition and appreciation employees want include:
 - Discounts (i.e. gym membership discounts, childcare discounts, bigger Aquaplex discount, free downtown parking for current employees)
 - Paid time off
 - Gift cards
 - Movie tickets
 - Food
 - Remote work
 - Money/bonuses

Employee Engagement Survey - Common Themes



- Recognition and Employee Appreciation (continued)
 - Events
 - Monthly engagement contests (summer shares, favorite hobbies, Halloween costume contest, volunteer spotlight, Deck a Desk, etc.)
 - Quarterly events that are at varying locations to allow all employees to participate
 - Events need to be more relaxed and fun (currently feel like it is a meeting)
 - Unless you work at City Hall or have an administrative position, people are excluded or not able to participate (i.e. Police, Fire, Public Works, etc.)
 - Strong interest in a company picnic

Employee Engagement Survey - Common Themes



- Positive Trends
 - Feeling supported by supervisors
 - Feel encouraged/supported to complete projects and are provided guidance when requested
 - Enjoy the kind of work they do, their individual teams/divisions, and their community
 - Employees care about each other (“This is the superpower of Team Flagstaff, the people here are amazing”)
 - Feel they are afforded work/life balance

Employee Engagement Survey - Next Steps/Timeline



- Complete survey results presentation
- Present the results in early January to:
 - Champions
 - Leadership/Extended Leadership
 - Employee Advisory Committee
- Schedule strategic planning meeting with Champions in January
 - Develop action plan
- Focus groups throughout the City to go over the results and identify action plan

Regional Recruitment Outlook



Lack of available housing in the region is a struggle:

- ◆ Inability to recruit skilled professional staff for both the public and private sectors and great difficulty in hiring experienced, knowledgeable talent for science, technology, engineering, and math (STEM). and mid-to-upper level managers; this problem is largely due to the lack of available/affordable housing in the region. Source: ECoNA Strategic Plan 2023

Regional Recruitment Outlook



- Housing is one of the key issues to a hiring decision
- Flagstaff housing prices continue to soar making it difficult to recruit and retain employees

AVERAGE SALES PRICE SINGLE SINGLE FAMILY HOMES ECoNA REGION					
Year	Camp Verde	Flagstaff	Sedona	Williams	Winslow
2013	\$169,568	\$316,398	\$429,368	\$130,804	\$69,293
2014	\$229,696	\$342,358	\$520,790	\$133,950	\$84,968
2015	\$206,593	\$350,905	\$493,693	\$161,327	\$77,990
2016	\$197,661	\$379,195	\$562,440	\$176,832	\$91,712
2017	\$231,377	\$388,192	\$534,976	\$185,480	\$92,021
2018	\$261,497	\$442,360	\$634,081	\$200,841	\$110,647
2019	\$286,320	\$457,956	\$626,055	\$255,483	\$105,019
2020	\$314,906	\$572,974	\$806,866	\$262,558	\$128,778
2021	\$409,040	\$683,881	\$1,039,224	\$398,390	\$148,518
2022	\$446,152	\$797,920	\$1,288,902	\$515,344	\$188,566
Price Chg 2018 - 2022	71%	80%	103%	157%	70%

Source: Coconino County Assessor; Navajo County Assessor; Yavapai County Assessor

Regional Recruitment Outlook



- The region needs **nearly 15,400 affordable housing units** to alleviate current demand and **an additional 2,000 units over the next 5 years** to accommodate new job growth - this far surpasses total expected growth in the region

ECONA REGION FIVE-YEAR AFFORDABLE HOUSING DEMAND			
Community	Existing Gap Demand	Forecasted Employment 5-Yr. Demand	Total 5-Yr. Demand
Camp Verde	1,190	127	1,317
Flagstaff	10,958	1,296	12,254
Sedona	2,114	444	2,558
Williams	405	121	526
Winslow	688	54	742
Total	15,355	2,043	17,398

Source: Lightcast Q2 2023; Elliott D. Pollack & Company

Regional Recruitment Outlook

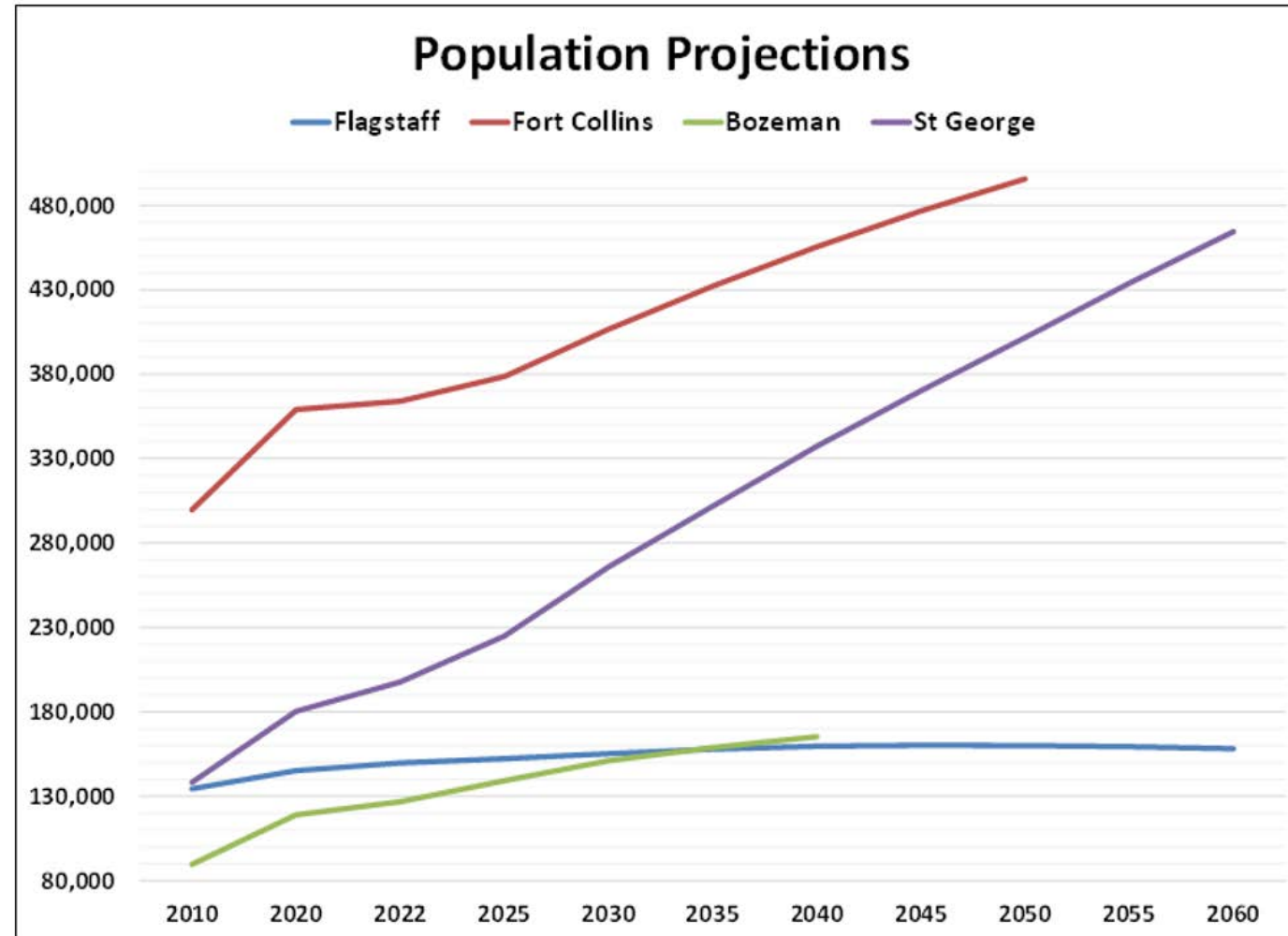


Labor force shortage and value changes:

- ◆ Labor force shortages and changing values of today's workforce are making it very difficult to fill jobs. Source: ECoNA Strategic Plan 2023

Regional Recruitment Outlook

- Population Projections that lead to labor shortage - **County is built out, meaning it is not growing like our competitors and leaves a smaller hiring pool**



Regional Recruitment Outlook



- **Top four things employees value and all areas Team Flagstaff continues to strive for...**

Employee View

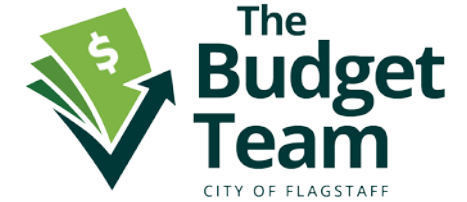
Competitive base pay

Challenging work

Convenient work location

Opportunities for career advancement

Recruitment Data



Recruitments

- 2023: 185*
- 2022: 212
- 2021: 188

Hires:

- 2023: 323*
- 2022: 348
- 2021: 291

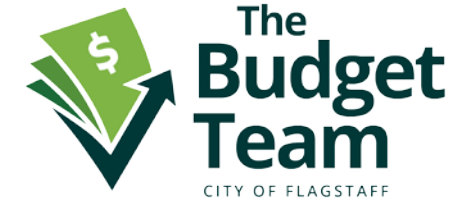
Internal Movements:

- 2023: 20.12%*
- 2022: 27.15%
- 2021: 29.9%

Note: Presented based on calendar year data

*As of 11/30/2023

Time to Hire



Average Time to Hire – time from creation of a requisition to the employee’s start date

- 2023: 64 days*
- 2022: 74 days
- 2021: 66 days

Benchmarking - Organization

Your organization is taking **75 days less** than your peers on an average to hire a candidate.



Note: Presented based on calendar year data

*As of 11/30/2023

Applicant Statistics

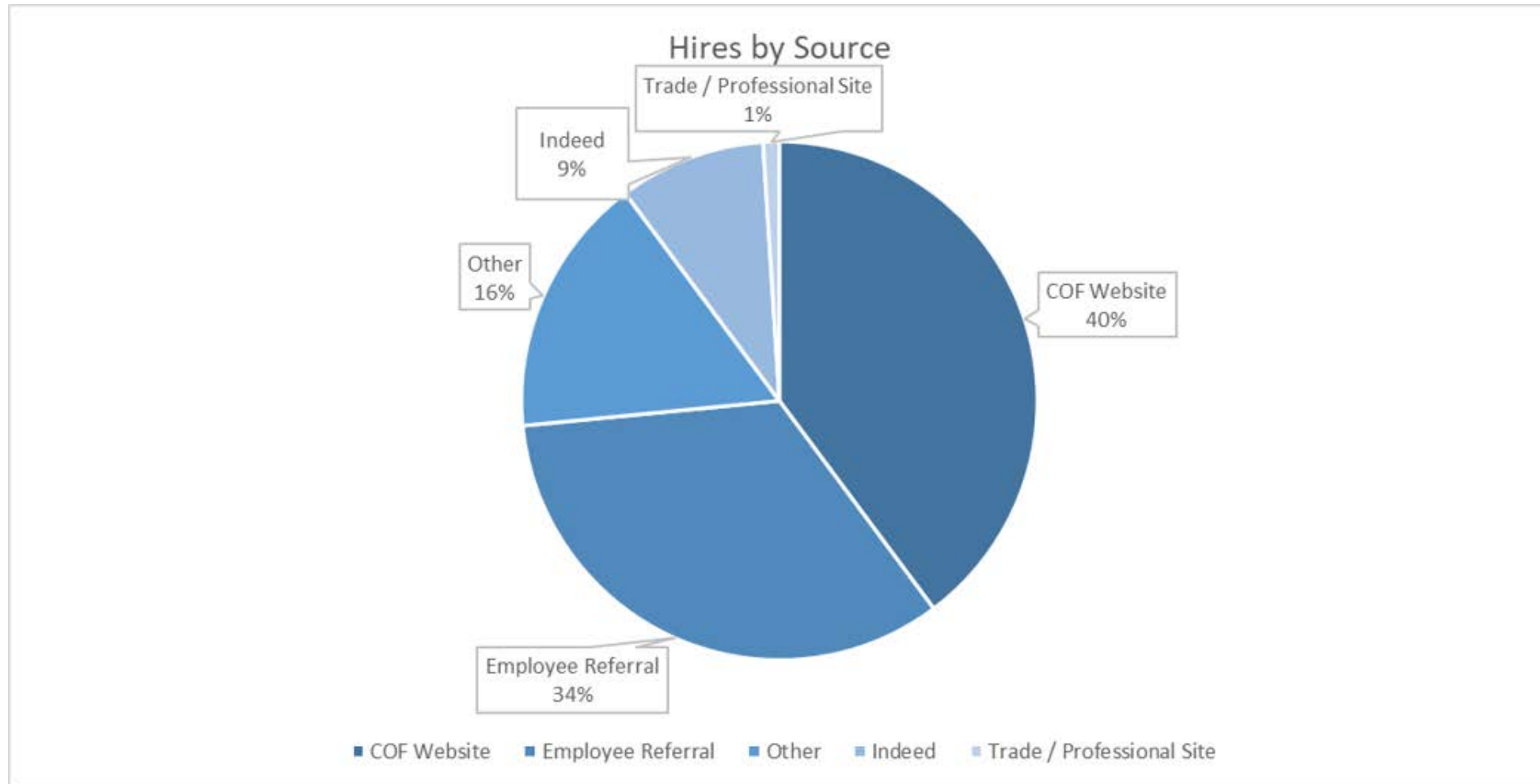
- Applications
 - 2023: 3,977*
 - 2022: 3,219
 - 2021: 3,441
- 2023: 78% in state, 22% out of state
 - Flagstaff locals: 56%
- 2022: 74% in state, 26% out of state
 - Flagstaff locals: 53%
- 2021: 68% in state applicants, 32% out of state
 - Flagstaff locals: 46%

Note: Presented based
on calendar year data

*Reflects applications received as
of 11/30/2023

* Includes outlying communities within thirty miles
of Flagstaff

Hires by Source



Vacancies and Turnover

- Vacancy Rates

- November 2023: 13.2%
- October 2022: 11.15%
- October 2021: 17.07%

- Turnover

- 2023: TBD – calculated after beginning of the year (18.61% state and local)
- 2022: 24.76% (18.80% state and local)
- 2021: 24.93% (18.70% state and local)
- 2020: 17.44% (19.10% state and local)

Note: Presented
based on calendar year data

*As of 11/30/2023

Declined Offers



- January 2023 - November 2023 = 98
 - 37 = accepted another position
 - 29 = other reason (personal, health, staying at current job, schedule, day care)
 - 25 = declined due to salary
 - 6 = cost of living or lack of housing *
 - 1 = cost of benefits
- January 2022 - November 2022 = 94
 - 36 = accepted another position
 - 26 = other reason (personal, health, staying at current job, schedule, day care)
 - 19 = declined due to salary
 - 11 = cost of living or lack of housing*
 - 2 = cost of benefits

*Although this declination reason has declined, statistics show we have seen a steady decline in the number of out of state applicants over the past three years

Difficult Positions to Recruit/Retain



- Public Works
 - Streets Operation Technician I, II, III (most vacancies in III)
 - Solid Waste Equipment Operators and Lead Workers
- Water Services
 - Water Services Supervisor - lack of qualified candidates compared to minimum qualifications
 - Water Services Operator (9)
- Court Judicial Specialist (6)
- Police
 - Records Technician
 - Police Emergency Communication Specialist - Retention
- Project Managers/Seniors (Water Services Senior Lead) - addressed by Classification and Compensation Team
- Construction Inspector – (open for over one year, two salary declinations, two accepted another position, unqualified)

Short-term Retention

	2023	2022	2021
No show	1	1	0
1 week	3	2	2
Month	5	9	5
6 months	34	31	28
1 year	38	38	40

Note: Totals are a cumulative total and excludes temporary employees

- Police Emergency Communications Specialist
- Police Officer
- Equipment Operator
- Water Services Operator
- Court Judicial Specialist
- Streets Operations Technician
- Parking Aide
- Landfill Environmental Assistant

Successful Efforts to Date



- LinkedIn Recruiter – ability to source passive and active candidates
- Employee Referral Program
- Job Fairs
 - Increased job fair attendance (Coconino Community College and Northern Arizona University)
 - Revamped job fair setup
 - 1st annual City-wide job fair – partnered with library
 - Resume building workshop, How to Stand Out as an Internal Applicant and Virtual Interview Workshop

Successful Efforts to Date



- Increased autonomy for hiring managers in recruitment
 - Interview scheduling
 - Advertising in NEOGOV
- Added "other" category to subject matter expert (SME) review so hiring managers can have more flexibility with interviewing candidates who do not meet the minimum qualifications, but have other equivalent experience
- Continuously working with each hiring manager to find out of box solutions to meet their needs

Recruitment Campaign

- It's all about branding the organization...and that's cool!

**YOU LOVE FLAGSTAFF,
WE LOVE FLAGSTAFF**



**Join Team
Flagstaff -
we check all
the boxes.**

<input checked="" type="checkbox"/> State Retirement	<input checked="" type="checkbox"/> Vacation Package
<input checked="" type="checkbox"/> Healthcare Benefits	<input checked="" type="checkbox"/> Paid Parental Leave
<input checked="" type="checkbox"/> 11 Paid Holidays <i>(and that's not a typo)</i>	<input checked="" type="checkbox"/> Tuition Reimbursement
<input checked="" type="checkbox"/> First-Time Homebuyer Assistance	<input checked="" type="checkbox"/> Enhanced Quality of Life

Apply now at [FlagstaffCityCareers.com](https://www.flagstaffcitycareers.com)



**COOL CAREERS.
COOL PEOPLE. COOL MOUNTAINS.**



State Retirement

Healthcare Benefits

11 Paid Holidays *(and that's not a typo)*

Vacation Package

First-Time Homebuyer Assistance

Paid Parental Leave

Four Seasons

Outdoor Adventure *(it's epic!)*

Diverse Population

Great Schools

Friendly Neighbors

Enhanced Quality of Life

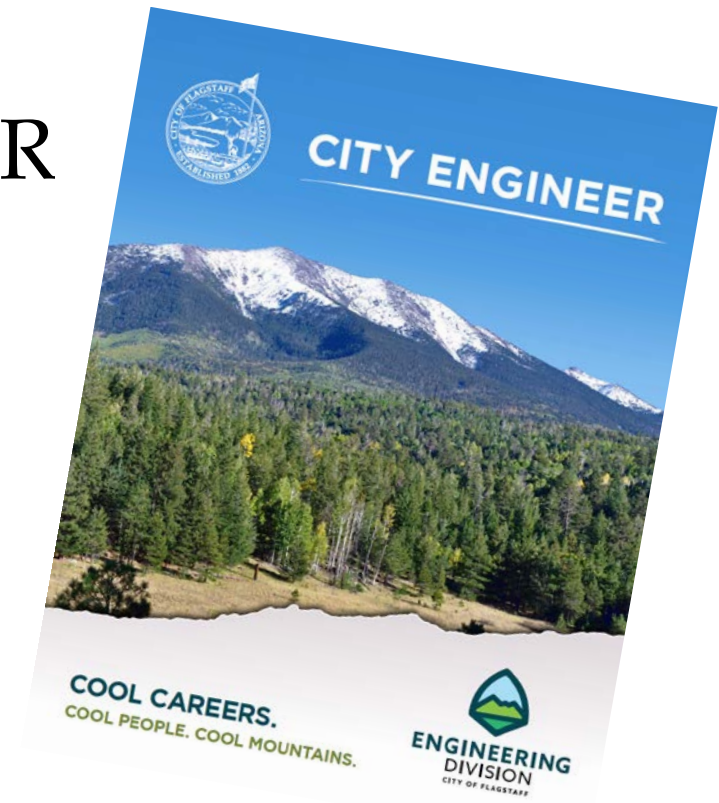
**We check all the boxes.
Apply at [FlagstaffCityCareers.com](https://www.flagstaffcitycareers.com)**

Video 

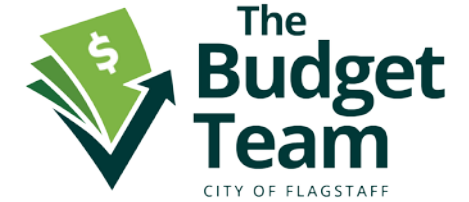
Recruitment Campaign FY 2023



- Arizona Daily Sun and Flagstaff Business News
- COF Video
- KAFF FM, Legends 93.5 FM, and KTAR
- Navajo-Hopi Observer
- Email signatures
- Madden Media
 - Geo fencing conferences
 - LinkedIn sponsored posts
 - and more



Recruitment Campaign FY 2024



- Mountain Line bus wraps
- Arizona Daily Sun (high readership holidays)
- Fire Department video
- Harkins Theatre (16 screens)
- Concentrated ad buys (When a position is harder to fill)
- Cool Careers branding and jobs page website on all City vehicles
- Grocery store shopping cart advertisements
- Police Department is placing an ad at Anytime Fitness locations for officers



Join Team Flagstaff -
NOW HIRING
Police Officers & Dispatch

We check all the boxes.

- ✓ State Retirement
- ✓ Healthcare Benefits
- ✓ Paid Holidays (and more not to type!)
- ✓ First-Time Homebuyer Assistance
- ✓ Vacation Package
- ✓ Paid Parental Leave
- ✓ Hiring Bonuses May Apply
- ✓ Uniform Allowance

Scan to apply online!

POLICE
FLAGSTAFF ARIZONA

APPLY NOW AT FLAGSTAFFCITYCAREERS.COM

Opportunities for Improvement



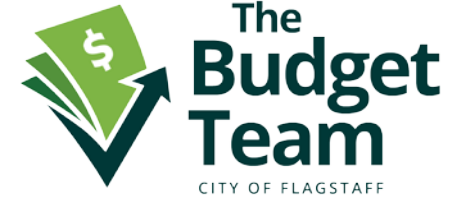
- Workload management (80 open recruitments, 20 employees processed for next pay period this cycle)
 - Impact
 - Proactive vs reactive – need time to fully utilize new tools and best practices
 - Solution
 - Cross training Human Resource staff
 - Evaluate additional staffing needs
- Streamline recruitment process
 - Impact
 - Losing candidates to other positions
 - Time to hire
 - Solution
 - Video interviews
 - Background check integration
 - Open until filled strategy

Opportunities for Improvement



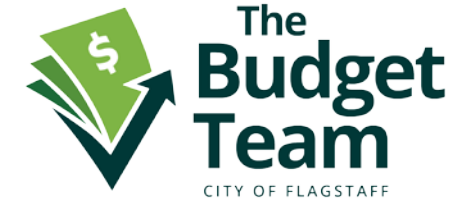
- Hiring manager challenges
 - Impact
 - Longer time to hire
 - Quality of hire
 - More declinations
 - Solution
 - Recruitment training for hiring managers through Learn
 - Timeliness of hiring managers

Opportunities for Improvement



- Re-evaluate positions with significant recruitment issues
- Continually evaluating pay structure
- Considering changes to leave policies
- Evaluating new recruitment tools
- Implementing retention tools
- Balancing work programs

Service Partner Request Process



Staff will introduce a Service Organization Funding Application to the City Council at the February retreat. The intent is:

1. To create a clear and consistent process that better aligns with the City's budget process
2. Better alignment with Priority Based Budgeting
3. Requires more context to the request
4. Greater transparency of City funding
5. Increased accountability from recipients



Service Partner Request Process



Application framework:

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The
Budget Team
CITY OF FLAGSTAFF



Consideration of New City Holidays

Existing City Holidays

- New Year's Day, January 1st
- Martin Luther King Day, 3rd Monday in January
- President's Day, 3rd Monday in February
- Memorial Day, last Monday in May
- Independence Day, July 4th
- Labor Day, 1st Monday in September
- Veteran's Day, November 11th
- Thanksgiving Day, 4th Thursday in November
- Day After Thanksgiving, 4th Friday in November
- Christmas Day, December 25th
- Floating Holiday

Holiday Comparison

- Fewer than 10 holidays – 6 agencies
- 10 holidays – 22 agencies
- 11 holidays – 24 agencies (includes Flagstaff)
- 11.5 holidays – 1 agency
- 12 holidays – 18 agencies
- 13 holidays – 3 agencies
- 17 holidays – 1 agency
- Varies – 1 agency
- Did not participate – 10 agencies

*Results from 2022 AZ League Survey

Consideration of New City Holidays



- Juneteeth, June 19th
 - 11th American federal holiday in 2021
 - First adopted since Martin Luther King Day in 1983
 - Some government agencies have adopted, and others have added a floating holiday
- Indigenous Peoples' Day, October 11th or second Monday in October
 - President Biden commemorated with presidential proclamation in 2021
 - Some celebrate in lieu of Columbus Day
 - President Obama designated day after Thanksgiving as "The Native American Heritage Day" by resolution in 2009

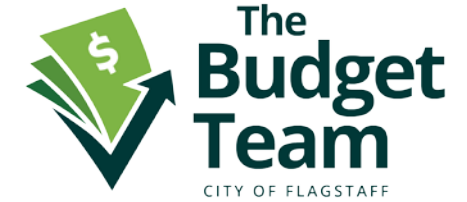


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Elections

Charter Election Results



- 461 – Council Nomination
- 462 – Purchasing Threshold
- 464 – Procurement Language
- 465 – Lease/Sale of Real Property
- 466 – Contract Preparation
- 472 – Franchise Elections
- 474 – Taxation
- 475 – Sale of Personal Property
- 476 – Adoption By Reference
- 477 – Cash Basis Fund
- 478 – Municipal Court
- 479 – Failure to Vote

November 2024 Election



- November 2024 Election
 - BBB tax renewal
 - Expenditure limitation – uncertain currently
 - No General Obligation (GO) bond measures recommended
 - Hold capacity for major infrastructure projects
 - Mountain Line ballot considerations
 - Citizen Committee discussions
 - Increase and extend tax
 - County
 - Expenditure limitation

Bed, Board and Beverage (BBB) Funds



Flagstaff Stats

Tax Collections

The 2% Bed, Board and Beverage (BBB) tax revenue is collected from every restaurant, bar, campground, hotel/motel and short-term rental in the city.

\$12.1M

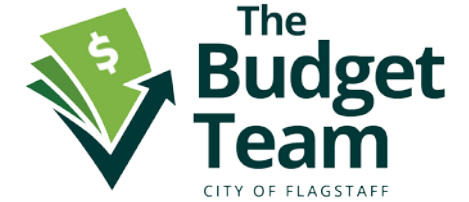
2028 Renewal:
Ballot 2024

FY 2023	\$12.1M
FY 2022	\$11.5M
FY 2021	\$9.0M
FY 2020	\$8.3M



- Parks & Recreation: 33%**
- Tourism: 30%**
- Beautification: 20%**
- Economic Development: 9.5%**
- Arts & Science: 7.5%**

BBB Renewal Moving Forward



- Internal working team created
- Logo updated
- Marketing plan and advertisements in the works
- Messaging planned for six months prior to the election
- *NOTE: Spec ads shown are not final*

Dining Out = Fields

Dining Out = Art

CITY OF FLAGSTAFF
BBB
BED | BOARD | BEVERAGE
TAX FUNDS

The 2% Bed, Board and Beverage (BBB) tax revenue is collected from every restaurant, bar, campground, hotel/motel and short-term rental in the City.
BBBRenewalFlagstaff.com

Overnight Stays = Safe and Responsible Messaging

BE IT, UPPERLY OF IT.
Use a trash bag at all Visitor Centers.

PARK YOUR CAR, RIDE A BIKE OR ENJOY A BUS RIDE.
The Mountain Line Bus System is a convenient way to navigate Flagstaff.

IF YOU'RE DRIVING, CARPOOL.
Take advantage of FREE electric vehicle charging stations.

STAY AND PLAY RESPONSIBLY.
Always be prepared, have a plan and a backup plan.

BE A STEWARD OF THE LAND.
Respect visitors, the natural environment and wildlife.

KNOW HOW TO PREVENT WILDFIRES.
Know and follow all fire restrictions in effect.

CITY OF FLAGSTAFF
BBB
BED | BOARD | BEVERAGE
TAX FUNDS

The 2% Bed, Board and Beverage (BBB) tax revenue is collected from every restaurant, bar, campground, hotel/motel and short-term rental in the City.
BBBRenewalFlagstaff.com



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Council Discussion

Big Picture Goals and Priorities

Big Picture Priorities

- Housing incentives
- Employee investments



Expectation for February Retreat



Retreat Dates: February 1st & 2nd

Current DRAFT agenda topics:

- Revenue updates and projections
- Available resources and fixed costs
- Investing in employees
- Bond project updates
- Resource needs and priorities (CIP, Operating Capital, Maintenance)

Expectation for February Retreat



- Topics to prepare for next retreat



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CITY OF FLAGSTAFF



Public Participation



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