

## MINUTES

### 1. Call to Order

Mayor Daggett called the meeting of the Flagstaff City Council held October 12, 2023, to order at 8:33 a.m.

#### NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

*Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for discussion and consultation 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 through other technological means.*

PRESENT:

ABSENT:

MAYOR DAGGETT  
VICE MAYOR ASLAN  
COUNCILMEMBER HARRIS  
COUNCILMEMBER HOUSE (virtually)  
COUNCILMEMBER MATTHEWS  
COUNCILMEMBER MCCARTHY  
COUNCILMEMBER SWEET

Others present: City Manager Greg Clifton; Deputy City Attorney Kevin Fincel.

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

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

Mr. Clifton offered opening remarks and turned things over to the facilitator, Judy Tincher, who reviewed the objectives for the day.

Ms. Tincher led the Council through an engagement exercise.

##### OUR JANUARY RETREAT CLEAR EXPECTATIONS

Water Services Manager Erin Young introduced Andy Burnham and Tim Hancock with Stantec, who provided a PowerPoint presentation that covered the following:

##### WATER, RECLAIMED WATER, & WASTEWATER COST-OF-SERVICE, RATES & FEES STUDY SCOPE OVERVIEW POLICY STRATEGIES FINANCIAL PLANNING SCENARIOS DEFINED KEY FINANCIAL ASSUMPTIONS & ADJUSTMENTS

Councilmember Matthews asked how much of the CIP had been funded by grants in the past. Ms. Young stated that there had not been a high percentage of grant funding over the last ten years. Much of that was due to there not being many grant opportunities for the types of projects the city had. Projects had typically been funded through rates, capacity fees, and debt financing.

##### CAPITAL IMPROVEMENT PROGRAM LEVELS (\$M) OPERATIONAL COST INFLATION: 2020-2024 CONSTRUCTION COST INFLATION: 2020-2024 WATER FUND CURRENT 5-YEAR FINANCIAL OUTLOOK -- WATER WATER FUND SCENARIO RESULTS SUMMARY ¾" TYPICAL WATER BILL IMPACT (4KGAL), FY24-33 COMPARISON OF SCENARIO FUNDING VS 10-YEAR CIP WATER FUND CIP EXPENDITURES FY24-33 RESIDENTIAL, ¾" TYPICAL WATER BILL (4KGAL), FY24-33 COMMERCIAL, 2" TYPICAL WATER BILL (30KGAL), FY24-33 RESIDENTIAL RATE COMPARISONS -- WATER COMMERCIAL RATE COMPARISONS -- WATER DISCUSSION

Mayor Daggett shared concerns about lower-income citizens in Flagstaff and how a rate increase could impact their ability to pay their utility bills. She would prefer a greater burden be placed on the higher water users. She also supported a step-up approach to the rate increase. Mr. Burnham explained that those elements were part of what would be looked at in the rate design phase. There would be opportunities to adjust the tiers and look at ways to benefit lower water users.

Councilmember Matthews stated that they were playing another catch-up game with rates and the burden was falling to the ratepayers. She expressed concern that the increased rates could price businesses out of the area. She asked if the rate projections were based on 100% rates or if there were assumptions for grant funding. Mr. Burnham stated that \$30 million had been figured in for grant funding. They were also trying to leverage debt financing to optimize the funding so the rates do not have to bear it all.

Councilmember McCarthy stated that the part based on usage was to encourage people to conserve. He would support putting more of the charge on usage because it would encourage people to save water and thus money. He acknowledged the tradeoff between steady revenue and the encouragement of saving water. Mr. Burnham offered that it was a balance; 25% of the revenue collection was in the base fees to ensure there was some fiscal stability. There would be opportunities to review the tier structures that could get at some of the outcomes related to water conservation and saving money.

Their job was to make sure that the rates were data-driven and defensible.

Councilmember Harris pointed out that lower-income citizens may not use less water, especially if they had more than one generation of family living in a single household. It was those types of things that needed to be factored into consideration. She also noted that some locations no longer needed a watering system, and they may choose to turn the water off. However, they were still charged for the meter. She would like to have those types of situations considered as well.

#### WASTEWATER FUND

##### CURRENT 5-YEAR FINANCIAL OUTLOOK -- WASTEWATER WASTEWATER FUND SCENARIO RESULTS SUMMARY

Mr. Clifton noted that wastewater was at capacity for not just treatment but also to the collection system. The concern was that the system would no longer have capacity, and they would be unable to approve any additional growth. That was the extreme measure they wanted to avoid. Deferred replacement took them closer to catastrophic failure.

3/4" TYPICAL WASTEWATER BILL IMPACT (4K GAL), FY24-33  
COMPARISON OF SCENARIO FUNDING VS 10-YEAR CIP  
WASTEWATER FUND CIP EXPENDITURES FY24-33  
RESIDENTIAL, 3/4" TYPICAL WASTEWATER BILL (4K GAL), FY24-33  
WASTEWATER CHARTS -- COMMERCIAL, 2" TYPICAL BILL (30K GAL), FY24-33  
RESIDENTIAL RATE COMPARISONS -- WASTEWATER  
COMMERCIAL RATE COMPARISONS -- WASTEWATER  
DISCUSSION  
RECLAIMED WATER FUND  
CURRENT 5-YEAR FINANCIAL OUTLOOK -- RECLAIMED WATER  
RECLAIMED WATER FUND SCENARIO RESULTS SUMMARY  
2" TYPICAL COMMERCIAL BILL IMPACT (73K GAL), FY24-33  
COMPARISON OF SCENARIO FUNDING VS 10-YEAR CIP  
RECLAIMED WATER CIP EXPENDITURES FY24-33  
RECLAIMED CHARTS -- GOLD COURSE, 2" TYPICAL BILL (28K GAL), FY24-33  
RECLAIMED CHARTS -- 4" TYPICAL BILL (500K GAL), FY24-33  
RECLAIMED CHARTS -- COMMERCIAL, 2" TYPICAL BILL (73K GAL), FY24-33  
DISCUSSION

Mayor Daggett asked if any of the projects would be candidates for General Obligation bonds or other types of funding. Management Services Director Rick Tadder stated that bonding was always a possibility and staff could provide more information in advance of the next election cycle.

LOOKING FORWARD -- KEY MILESTONES  
COMMUNICATIONS AND OUTREACH  
GOALS  
MEETING PLATFORMS  
PROJECT WEBSITE  
ADDITIONAL MATERIALS  
UPCOMING EVENTS  
ADDITIONAL OPPORTUNITIES

Mayor Daggett stated that anywhere projects could be delayed to allow for a more graduated rate the better. She would like to discuss the implications of the full funding model; she believed it was the way to go, but the sticker shock was significant. She would like more discussion about scenarios and when to advance those numbers. Mr. Hancock stated that it was premature to put that information out into the public space. They were looking for some preliminary direction to start the rate development.

A break was held from 10:45 a.m. through 11:00 a.m.

Mr. Tadder, Management Analyst Chris Rhode, and Business Attraction Manager Jack Fitchett continued the presentation.

PRIORITY BASED BUDGETING OBJECTIVES UPDATE  
SUMMARY OF SUMMER OUTREACH  
COMMUNITY OUTREACH -- SUMMARY  
COMMUNITY OUTREACH -- ONLINE SURVEY  
COMMUNITY OUTREACH -- DEDICATED EVENTS  
COMMUNITY OUTREACH -- IN THE COMMUNITY  
COMMUNITY OUTREACH -- OUTREACH TO YOUTH  
NOTABLE PUBLIC INPUT  
SUGGESTED CHANGES  
SUMMARY OF CHANGES  
HIGH PERFORMING GOVERNANCE  
SAFE AND HEALTHY COMMUNITY  
INCLUSIVE AND ENGAGED COMMUNITY  
SUSTAINABLE, INNOVATIVE INFRASTRUCTURE  
ROBUST AND RESILIENT ECONOMY  
LIVABLE COMMUNITY  
ENVIRONMENTAL STEWARDSHIP  
DEFINITIONS (1 OF 2)  
DEFINITIONS (2 OF 2)  
COMMUNITY OUTREACH PLAN

Mayor Daggett asked if staff had any concerns with the proposed changes. Mr. Rhode explained that the objectives were vetted through staff and leadership and their feedback had been incorporated. They were comfortable with all of the changes.

Council discussed the priorities and objectives. The conversation focused on the following:

- Trauma-informed community.
- Removal of the reference to anti-racist.
- Access to education.

Council agreed to the following changes:

- Minor edits to grammar and sentence structure.
- Livable Community -- add "work with regional partners to" at the beginning of the third bullet. New sentence to read "Work with regional partners to provide equitable and inclusive educational and cultural opportunities for Flagstaff residents of all ages."
- Environmental Stewardship -- add back in "with awareness of social inequities" to the fifth bullet.

Council offered words of appreciation to the PBB Team and their efforts with community outreach.

A break was held from 12:01 p.m. through 12:35 p.m.

Ms. Tinchler led the Council through an engagement exercise that covered the following:

HIGH PERFORMING GOVERNANCE  
OUR CURRENT SUCCESSES & CHALLENGES  
3 MOTIVATORS OF HIGHLY EFFECTIVE TEAMS  
HIGH PERFORMING GOVERNANCE: PETITIONS & FAIR  
INQUIRY AND ADVOCACY  
HOW DO WE STICK WITH THIS/HOLD EACH OTHER ACCOUNTABLE  
THE ADVANTAGE: WHY ORGANIZATIONAL HEALTH TRUMPS EVERYTHING ELSE IN BUSINESS

Mr. Clifton and City Clerk Stacy Saltzburg continued the presentation.

CITIZEN PETITIONS & FAIRS  
CITIZEN PETITIONS  
RECENT PETITION TOPICS  
SOME PRINCIPLES TO CONSIDER  
FUTURE AGENDA ITEM REQUESTS (FAIR)

CURRENT FAIRS  
CONSIDERATIONS  
CITIZEN PETITION  
FAIR CITY  
COUNCIL INITIATIVE FUND

Discussion by the Council included the following key points:

Concerns about there not being any mechanism for the minority of Council to advance ideas.

- Having an opportunity to hear and consider other ideas was important.
- The FAIR process should consider municipal issues, not those outside of the city jurisdiction.
- The process should not be overly prescriptive.
- Not advancing citizen petitions sends the message that the Council was not listening or does not care about the issue presented.
- The Council needs to trust each other and set a high bar for the advancement of petitions and FAIRs.
- More latitude was needed in how a FAIR is agendized or framed for discussion. Try not to limit the discussion too much.

Council's direction was to make no changes and keep things the way they were with the process.

Council offered closing comments about what they took away from the conversations at the retreat.

**5. Adjournment**

The Council Retreat of the Flagstaff City Council held October 12, 2023, adjourned at 3:09 p.m.

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MAYOR

ATTEST:

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CITY CLERK